

News from the **Oklahoma Corporation Commission**

Matt Skinner, Public Information

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January 07, 2004

MEDIA ADVISORY – PROPOSED ONG SETTLEMENT STATUS

The Oklahoma Corporation Commission has concluded its hearing on the proposed ONG rate settlement. The Commissioners agreed to take the matter under advisement in order to conduct a through review of all the evidence and testimony in the case.

At this time, it is not known when the Commissioners will vote on the matter.

-OCC-

(All OCC advisories and news releases are available at the Commission web site www.occ.state.ok.us)

Jeff Cloud



Commissioner

For Further Information, Contact:
Bob Vandewater (405) 521-2824

01-21-04

CLOUD NAMED TO BUSINESS, UTILITY ADVISORY BOARDS

Oklahoma Corporation Commissioner Jeff Cloud has agreed to serve on advisory boards for two prestigious university-based organizations related to utility regulation research and education.

This month, Cloud agreed to serve during 2004 as vice chairman of the Advisory Board of the Public Utility Division of the Financial Research Institute.

The Financial Research Institute, a unit of the College of Business at the University of Missouri, Columbia, Mo., promotes education, research and service across various areas of finance and seeks to increase public understanding of the many business challenges faced by modern corporations.

The Institute's Public Utilities Division focuses specifically on utility industry regulatory issues. It also sponsors an annual public utilities symposium that brings together regulators, students, corporate managers and others to discuss issues confronting regulated industries.

After serving for a year as vice chairman of the Advisory Board of the Institute's Public Utilities Division, the schedule would call for Cloud to move up in 2005 to the chairmanship of the board. That Advisory Board is made up of regulators and representatives of various segments of the utility industry and consumers.

Separately, Cloud also has agreed to serve on the Advisory Board of the Center for Public Utilities, a branch of the College of Business Administration and Economics at New Mexico State University, Las Cruces, N.M.

The Center for Public Utilities provides educational and research services to the energy, water and telecommunications industries and regulatory commissions across the United States.

(more)

(Cloud, pg 2.)

Through a forum of conferences and graduate degree programs, the Center strives to help keep the utility industry and utility regulatory commissions in tune with ever-changing market realities and conditions that challenge existing policies.

Cloud just recently completed his first full year on the Corporation Commission. That three-member panel occupies the lead role atop the agency of the same name that regulates many Oklahoma utilities, oil and gas drilling and production across the state, parts of the trucking industry and more.

Cloud was sworn in to his commission post on Jan. 13, 2003, after winning election on Nov. 5, 2002, to a full six-year term on the Oklahoma regulatory panel. Commission members serve staggered terms so that one member's seat normally is up for election through statewide voting every two years.

Besides putting his expertise and experience to work additionally as a member of the advisory boards of the Financial Research Institute and the Center for Public Utilities, Cloud also serves as a member of the Electricity Committee for the National Association of Regulatory Utility Commissioners (NARUC).

NARUC, based in Washington, D.C., is the national organization of officials and government agencies engaged in regulation of utilities and carriers across the country. NARUC's member agencies regulate activities of telecommunications, energy and water utilities within their respective states.

The mission of NARUC's Electricity Committee is to develop and advance policies that promote the public interest and lead to reliable, safe and affordable supplies of electricity, to improve the quality and effectiveness of regulatory agencies and to enhance public trust in those agencies.

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January 23, 2004

BOTH A BOOM AND A BUST?

Corporation Commissioners express concern over latest energy stats

OKLAHOMA CITY -- Oklahoma's oil and gas industry is experiencing a revival many thought would never occur.

But members of the Corporation Commission, which regulates oil and gas exploration and production in Oklahoma, say the latest numbers show there is still a dark lining to that silver cloud.

Commission Chairman Denise Bode says there is a dire need for a national energy policy that will reduce oil and natural gas price volatility and encourage more domestic production.

Bode likens the domestic energy situation to throwing a party that only a few can attend.

"Our numbers show prices for Oklahoma oil and gas at near-record levels, but production continues to lag," said Bode.

"The nation's long-standing policy of 'cheap energy at any price' has, ironically, caused far higher price volatility than should be the case, as domestic producers were put out of business over recent years at record rates. Rigs were scrapped, and experienced oil field hands found work in other sectors," she explained.

"Now we are faced with fewer domestic producers scrambling to meet demand while handicapped by a lack of equipment and manpower. The latest numbers, which track January through September of 2003, show both oil and gas production for the period lagging behind the 2002 total, even though prices are sharply higher.

"The last time energy prices were near these levels, Oklahoma had over eight hundred rigs actively exploring for oil and natural gas," said Bode. "The latest Baker-Hughes rig count for Oklahoma is only 146."

(more)

(Production, pg. 2)

Vice-chair Bob Anthony said the situation shows the clear need for a multi-faceted policy that addresses more than just energy concerns.

"As a member of both the Gas Committee and the Special Natural Gas Task Force of the National Association of Regulatory Utility Commissioners, I have received various estimates that agree on one central point: natural gas

demand in this country will continue to grow and producers are having a difficult time meeting even current needs.

“It is the classic ‘Catch 22’ situation. Natural gas usage is increasing because it is offered as the clean-burning, environmentally friendly fuel. Yet, environmental concerns prohibit producers from drilling in many of the most promising areas both on and offshore.

“Meanwhile, production from the mature areas that have been drilled for years continues to decline and becomes more expensive to replace. Although prices to consumers are at an all-time high, that extra money is not necessarily going to producers to meet the increasing drilling expenses. Part of it goes to middlemen marketers and investors who often allow the speculative commodities and futures markets to dictate price more than true market conditions,” Anthony explained.

Commissioner Jeff Cloud noted, “We finished 2003 with intent-to-drill applications at a 15-year high in Oklahoma. However, the number of rigs in Oklahoma actively exploring for oil and natural gas is only at about a 29-month high.”

Cloud explained, “The Oklahoma Corporation Commission faces the awesome responsibility of protecting the environment and providing a system for resolving issues and disputes involving producers, mineral owners, and surface owners. We also are responsible for ensuring the orderly and beneficial production of Oklahoma’s oil and natural gas resources. Our employees are going ‘above and beyond’ to meet the challenge. I deeply appreciate the Oil and Gas Division staff’s diligence and hard work. We must do everything possible to ensure this excellent service continues and we must provide a business climate that is favorable for increased investment in the critical energy sector.”

(more)

(Production, pg. 3)

The latest oil and gas industry numbers from the commission show the number of drilling applications rose to a 15-year high in 2003 with a total of 5,119.

However, the latest Commission data on Oklahoma oil production shows oil production decreased for the first nine months of 2003, totaling about 48.6 million barrels. That was down from about 50.1 million barrels in the same time period a year before.

Perhaps more telling is that the production slump came in spite of the fact that oil prices for the 2003 period were very high, averaging more than 27 dollars a barrel. Production for the time period was even less than for the same period in 1998, when Oklahoma crude prices dropped to 60 year lows (5 to 6 dollars per barrel), when adjusted for inflation.

September 2003 oil production totaled about 5.2 million barrels, an increase of approximately 110 thousand barrels from the August (revised) production of about 5.1 million barrels.

Natural gas production in Oklahoma during the first nine months of 2003 totaled about 1.13 trillion cubic feet. That is also a decrease from the same time period in 2002, when natural gas production totaled about 1.18 trillion cubic feet.

As was the case for oil, the drop in production comes in spite of a sharp increase in the price of natural gas. The average price for Oklahoma gas during the first nine months of 2003 was about \$5.00 per thousand cubic feet, up from \$2.69 for the same time period in 2002.

September 2003 gas production totaled slightly less than 112 billion cubic feet, a sharp decrease from the August 2003 (revised) production total of about 129 billion cubic feet.

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All OCC advisories and releases are available at www.occ.state.ok.us

****Please Note: All production numbers are subject to change, and should be used for trend purposes only.**

EDITORS, PRODUCERS: ATTACHED IS A CHART SHOWING THE COUNTY-BY-COUNTY BREAKDOWN OF THE PRODUCTION NUMBERS.

ALSO ATTACHED IS AN EXCEL CHART SHOWING APPROVED INTENTS-TO-DRILL FROM 1944-2003.

FOR MORE STATISTICS ON OIL AND GAS PRODUCTION IN OKLAHOMA, CALL LARRY CLAXTON, MANAGER - STATISTICS/SURETY DEPARTMENT, OIL AND GAS DIVISION, OKLAHOMA CORPORATION COMMISSION (405) 521-2273.

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January 30, 2004

COMMISSION APPROVES UTILITY SETTLEMENT OFFERED BY ATTORNEY GENERAL, ONG, STAFF

(Agreement includes potential of multi-million dollar refund, continuation of money-saving program)

OKLAHOMA CITY - The Corporation Commission has approved a settlement in the Oklahoma Natural Gas rate case. The settlement (technically referred to as a stipulated agreement) was formulated and agreed to by the Attorney General, Commission staff, and Oklahoma Natural Gas (ONG) officials before it was offered to the Commissioners. It is about \$10 million less than ONG's original request.

Chairman Denise Bode had words of praise for those who worked on the agreement.

"I am particularly pleased the agreement will mean the smooth continuation of the ONG program ordered by the Commission in 2000 which required the company to take over responsibility for the upkeep of the aging gas service lines of customers. The lowest estimate shows that since its inception, the program has saved ONG customers more than \$46 million. A big part of this agreement is to reimburse ONG for the investment it has made on behalf of consumers.

"The Attorney General is required to represent the interests of the ratepayers before the Commission, while OCC staff must balance the needs of both the utility and the consumer, and ONG has a mandate to provide reliable service while at the same time meeting its fiduciary responsibilities to its shareholders," explained Bode. "All parties to this case worked hard to put together an agreement to present to the Commissioners that is fair and balanced."

Commissioner Jeff Cloud said the agreement includes "a provision that requires more than half --\$16 million--of the total amount be refunded to consumers if the Commission determines the actual, justifiable amount due the company is found to be lower than had been projected."

"All the parties to this agreement are to be commended for stepping up to the plate and working together for the common good," said Cloud. "They have reached an agreement that admirably fulfills the law's requirement that such settlements be 'fair, just and reasonable.' "

(more)

(ONG, pg.2)

In a separate opinion Commissioner Bob Anthony noted that in 2000 ONG was authorized to start a program to assist with the testing and maintenance of service lines on customer's property.

“This program has improved public safety through the periodic testing of the lines and ratepayers have saved between \$46 million and \$70 million,” Anthony said. “ONG is entitled to earn a return on its cost of running the program. However, I feel the Commission should review those costs in the context of ONG's overall operations by taking into account other expenses that may have decreased, and not set rates on a piecemeal basis.”

All the Commissioners repeated their warnings regarding natural gas prices, which are unregulated and set by market forces of supply and demand. This unregulated cost makes up most of a ratepayer's bill, and has been steadily rising as a result of the cold winter in the northeastern United States.

It is estimated that today's agreement will increase the average residential ONG customer's bill about \$1.40 a month, based on usage of 79 decatherms a year. The rate hike is temporary, and will last 18 months. ONG is scheduled to present a general rate case by January 2005.

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March 12, 2004

COMMISSIONERS SAY “GOODBYE” TO OIL AND GAS DIVISION DIRECTOR, WELCOME INTERIM

(Oklahoma City) Larry Fiddler, the director of the Oklahoma Corporation Commission’s Oil and Gas Conservation Division, is resigning to accept a position in the private sector. Tim Baker, currently the division’s head of the Pollution Abatement/Underground Injection Control department, has been named interim director effective March 8.

“This decision is one of the most difficult I’ve ever had to make,” said Fiddler. “It has been a privilege to serve this agency and the people of Oklahoma. I am truly proud of the work this division has done, and will continue to do, for Oklahoma’s vital energy industry and for the state as a whole.”

Commission Chairman Denise Bode said Fiddler “will be sorely missed.”

“Larry’s dedication and professionalism set a very high standard,” said Bode. “I am truly thankful for the great work he has done for Oklahoma, and very sorry to see him go.”

Commissioner Jeff Cloud said Fiddler’s departure “leaves some big shoes to fill.”

“There’s an old saying in business that ‘no one is irreplaceable,’ said Cloud. “ I think we should add to that, ‘but there are a few who come darn close.’ Larry is certainly one of those few.”

Vice-Chairman Bob Anthony agreed, adding that the Commission is fortunate to be able to turn to Tim Baker.

“Larry’s knowledge and expertise were invaluable resources to the Commission,” said Anthony. “His ability and willingness to tackle complex issues and problems made our jobs as Commissioners much easier. I am extremely pleased that we have Tim, who will bring the same attributes to this difficult job.”

Commissioners Bode and Cloud also praised the naming of Tim Baker as interim division director, citing his vast experience and proven reputation. Baker has been with the Oil and Gas division for more than 20 years.

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March 23, 2004

KEEPING THE LIGHTS ON

Corporation Commissioners approve new rules on electric reliability

OKLAHOMA CITY -- Citing changes to the marketplace and the role electrical service plays in both national security and economic development, the Oklahoma Corporation Commission today approved new rules aimed at bolstering the reliability of electrical service in Oklahoma.

Chairman Denise Bode said while the Commission's rule-making process began as a response to concerns and complaints Oklahomans have brought to the Commission, there is also a nationwide effort to beef up electric reliability rules.

"Last fall's huge blackout in the northeastern U.S. was partly caused by the neglect of basic maintenance programs and vegetation management around some power lines," said Bode. "The Federal Energy Regulatory Commission (FERC) has asked the utility regulatory agencies in all the states to make sure they have rules in place that would help prevent such things from happening again. The blackout was graphic proof that the nation's electric grid is only as strong as its weakest link."

Bode said the rules will help both utilities and customers.

"If utilities are doing a good job in the area of reliability and quality of service, their customers should know it. One of the key provisions of the rules is the establishment of a public scorecard that will rank each utility on key reliability factors, based on annual reports that will now be required of each utility."

Vice Chairman Bob Anthony said changes in the marketplace also prompted the rules.

"As power companies have merged across the nation, some have pulled money from basic maintenance programs and spent elsewhere, or simply put it to the bottom line," said Anthony. "While there is a necessary move to let the marketplace work more freely when it comes to utility services, we must safeguard against the weakening of our critical electric infrastructure, and never forget that the electric grid is merely a sum of all its parts. There is no doubt that some of these parts can and must be strengthened. At the same time, both our state and national economy need to be assured of a reliable power supply if there is to be continued growth."

(more)

(reliability, pg 2)

Commissioner Jeff Cloud praised the cooperative effort that marked the rule-making process.

"Commission staff and representatives of the Attorney General worked closely with utilities and independent power producers to come up with rules that make sense and will accomplish the task," said Cloud. "This isn't something that is being forced on the industry, but rather something that all agree is needed. Further, what was approved today can

be called a ‘living document,’ subject to whatever revision is needed to be sure the overall objectives are met in a fair and equitable manner.”

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April 19, 2004

COMMISSIONERS PLEDGE SUPPORT

Promise to assist lawmakers in difficult task of deciding future of telecommunications

(Oklahoma City) The Oklahoma Corporation Commission is offering its full support and cooperation to state lawmakers who will be grappling with the issue of telecommunications deregulation in the coming months. Legislative leadership announced today that Senate Bill 1119 would be shelved in order to afford more time to study the issue.

“The Corporation Commission certainly is willing to provide its expertise to assist state lawmakers during an interim study of the telecommunications issues raised in the debate over Senate Bill 1119,” said Commissioner Jeff Cloud.

“The telecommunications industry continues to evolve and as always the commission is prepared to explore these issues and supports a thorough and deliberative process that gives all sides an opportunity to address their concerns,” added Cloud.

Commission Chair Denise Bode said there is no doubt this is not a simple task.

“Five years ago, I was the Commission’s representative on the blue ribbon panel which included legislators, the governor, and the attorney general. The panel recommended the OCC develop light-handed regulation of the telecommunications industry, which the agency accomplished. The OCC stands ready to work again with the legislature on these complex issues.”

Vice-Chairman Bob Anthony said the bill had the possibility of amending the state constitution.

“The measure could have far broader implications than even supporters or opponents realized,” said Anthony. “There is no doubt that the right thing to do is to take a long, careful look at all the elements involved, and this agency will help in whatever way needed.”

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April 23, 2004

MEDIA ADVISORY MEDIA ADVISORY MEDIA ADVISORY MEDIA

A BIG DEAL

(Upcoming meeting in Oklahoma will pave the way for reliable, plentiful, and reasonably priced electricity)

Officials of Southwest Power Pool, Inc. (SPP) and the newly formed Southwest Power Pool Regional State Committee (SPP RSC) will hold a news conference to discuss the historic and unique effort to not only ensure electricity reliability for the region, but also develop a system that will allow the region to make full use of its electricity potential for economic growth. The ultimate result could mean millions of dollars in investment and jobs for Oklahoma. Top officials with the Federal Energy Regulatory Commission (FERC) are also expected to join the news conference, but at this writing it is not known if they will be able to join in-person, or by phone.

Among other things, the effort involves the push to make SPP a Regional Transmission Organization (RTO), using a one-of-a-kind model that brings together federal officials, regulators from 7 states, municipal utilities, and the private sector in a working relationship. The states involved include Oklahoma, Arkansas, Kansas, Texas, Louisiana, New Mexico and Missouri.

WHAT: SPP Regional State Committee News Conference
WHEN: Tuesday, April 27, 12:00P CDT
WHERE: Westin Hotel Oklahoma City, One North Broadway
Oklahoma City, OK

Dial-up connections will be available for those who cannot attend in person.

Please contact Lamona Lawrence at 501-614-3370 or llawrence@spp.org.

The working sessions on this matter will begin at 2 p.m. on Monday, April 26 at the Westin. All sessions are open to the media. For more information on the meeting schedule, contact the SPP at **501-614-3296**.

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April 27, 2004

MEDIA ADVISORY MEDIA ADVISORY MEDIA ADVISORY MEDIA

Pat Wood, the chairman of the Federal Energy Regulatory Commission, officials of Southwest Power Pool, Inc. (SPP) and Denise Bode, Commission chair and newly-elected president of the Southwest Power Pool Regional State Committee (SPP RSC) will hold a news conference **today** to discuss the historic and unique effort to not only ensure electricity reliability for Oklahoma and surrounding states, but also develop a system that will allow the region to make full use of its electricity potential for economic growth. The ultimate result could mean millions of dollars in investment and jobs for Oklahoma.

WHAT: News Conference
WHEN: TODAY Tuesday, April 27, 12:00P CDT
WHERE: Century Ballroom-Westin Hotel, Oklahoma City, One North Broadway Oklahoma City, OK

Dial-up connections will be available for those who cannot attend in person.

Please contact Lamona Lawrence at 501-614-3370 or llawrence@spp.org.

BACKGROUND: Among other things, the effort involves the push to make SPP a Regional Transmission Organization (RTO), using a one-of-a-kind model that brings together federal officials, regulators from 7 states, municipal utilities, and the private sector in a working relationship. The states involved include Oklahoma, Arkansas, Kansas, Texas, Louisiana, New Mexico and Missouri. Southwest Power Pool, Inc. is a group of 48 electric utilities serving more than 4 million customers across all or parts of eight southwestern states. This membership is comprised of investor-owned utilities, municipal systems, generation and transmission cooperatives, state authorities, federal agencies, wholesale generators, and power marketers. SPP serves as a regional reliability council of the North American Electric Reliability Council and, since 1997 has provided independent security coordination and tariff administration, pursuant to a FERC approved tariff, across its service area with over 33,000 miles of transmission lines with a gross plant investment approaching \$4 billion.

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May 5, 2004

IMPROVED 911 SERVICE FOR SAND SPRINGS

Corporation Commissioners approve funding for 911 upgrades

The Oklahoma Corporation Commission has approved a reimbursement of \$25,000 for improvements to Sand Springs enhanced 911 (E911) emergency call system. The money pays the costs of purchasing and installing eligible equipment.

An enhanced 911 system identifies the location of the caller so police, fire, medical or other emergency responders may be dispatched quickly to the scene.

Commission Chairman Denise Bode said the E911 fund is one of the most important safety assistance programs administered by the commission.

"The funding enables counties and municipalities to install and upgrade a 911 system that enables emergency responders to quickly locate those needing help in situations where every second counts," said Bode.

Commissioner Jeff Cloud said in the case of Sand Springs, the money will enable the community to make necessary upgrades to its system.

"The money will fund a mapping interface to more efficiently enter and find addresses in the community. While the mapping data currently exists in the system, it is not accessible with current software and hardware," explained Cloud.

Commissioner Bob Anthony noted the fund was established by the Legislature in the Oklahoma Telecommunications Act of 1997 with administration assigned to the Oklahoma Corporation Commission. Its purpose is to reimburse 911 systems for installation of upgraded equipment that allows emergency personnel to quickly locate callers even when that caller is unable to speak.

"Unfortunately, the initial funding is nearly depleted while many systems across the state are still seeking assistance with upgrades," Anthony said. "Perhaps the proposed reviews of changes in telephone regulations scheduled for study can also include discussions of allocating additional monies to this very worthwhile program."

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May 12, 2004

Commission General Administrator Receives Honor

OKLAHOMA CITY - Citing her outstanding leadership qualities, high standards, achievements, and strong commitment to public service, the Oklahoma Chapter of the American Society for Public Administration has presented Oklahoma Corporation Commission General Administrator Dee Porter with its Distinguished Public Service Award.

"The honor is given to public servants whose work has achieved the recognition of their colleagues within the public service community," explained Ed Long, the Chapter's coordinator of this year's awards process.

Porter says the award is a testament to the high quality of staff it has been her privilege to serve.

"In my public sector career, I have been incredibly blessed to have the honor of working with people who are, quite simply, the best," said Porter. "Their dedication to their respective tasks and their utmost dedication to meeting the awesome responsibility placed on someone charged with the public's trust have made my work as fulfilling as I ever hoped it to be."

Past and present co-workers of Ms. Porter nominated her for the award.

Ms. Porter has been the General Administrator of the Oklahoma Corporation Commission since October of last year. Her responsibilities include overseeing the day-to-day operation of the agency.

Prior to coming to the Commission, Ms. Porter served as Deputy Director and Chief Operations Officer for the Oklahoma Department of Rehabilitation Services, and as Deputy Director and Clinic Administrator of the Oklahoma City Indian Clinic.

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May 25, 2004

HIGH-VOLTAGE JOBS

Corporation Commissioners approve a special contract expected to pump millions into Oklahoma's economy

OKLAHOMA CITY – The Oklahoma Corporation Commission has approved a special contract between Public Service Company of Oklahoma (PSO) and Elkem Metals Company that will result in more jobs and capital for Oklahoma's economy. The terms of the contract will allow Elkem to resume production at its calcium carbide facility in Pryor. The plant ceased production in 2001.

Commission Chairman Denise Bode says it's good news for all of Oklahoma.

"Testimony in the case shows that not only will the plan add approximately 50 jobs and a 2 million dollar payroll to the economy of Mayes County, the firm expects to spend some 8 to 15 million dollars a year in Oklahoma," said Bode. "This case perfectly illustrates the essential role electric power plays in economic development efforts."

Bode praised PSO, Elkem, and Commission staff for their work on the contract.

"This contract represents the kind of fresh, creative thinking we must have if Oklahoma is to reach its economic potential," she added.

Commission Vice-chairman Bob Anthony agreed, calling the contract "innovative."

"The agreement includes protections for other ratepayers, while at the same time allowing PSO to offer Elkem the kind of rates Elkem needs if it is to reopen the plant," said Anthony.

Anthony said the agreement protects the wallets of PSO's ratepayers, since the Elkem contract will not change the costs paid by other customers. In addition it protects the service ratepayers expect and deserve.

"The contract allows PSO to interrupt service to the Elkem plant if, during times of high demand on the PSO system, that power is needed for other customers," Anthony explained.

(Power, page 2)

Commissioner Jeff Cloud said the agreement shows what can be done when “a company steps up to meet the needs of customers.”

“Electric power is the highest cost raw material in the production of calcium carbide, accounting for approximately 40 to 50 percent of direct raw material costs,” Cloud noted. “Elkem’s only U.S. competitor in this field enjoys cheap hydroelectric service in its areas of operation, at rates below that which PSO could normally offer. The answer was this special contract based on interruptible service.”

The contract will cover a period of 4 years.

-OCC-

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July 6, 2004

Enjoy The Heat Of Summer, But Prepare For The Cold Of Winter

Commission's latest outlook projects no large utility increases in the summer, but winter could cost more

Even as they bask in the July sun, Oklahomans might want to begin thinking about budgeting for higher utility bills this winter. That's the conclusion one can draw from the latest edition of the Oklahoma Energy Price Outlook, a tool offered by the Corporation Commission to enable Oklahomans to better plan their utility budgets

"While the Outlook projections show basically flat electric bills this summer compared to last, heating costs this winter could be markedly higher," said Commission Chairman Denise Bode. "The problem, as the Commission has been warning for some years now, is that the demand for natural gas continues to grow while the lack of a national energy policy has left producers struggling. Since natural gas is used increasingly as a fuel to generate electricity, the increase we've seen in natural gas prices impacts not only your natural gas bill, but your electric bill as well."

But Bode added the dark cloud of high natural gas prices has a silver lining, particularly for Oklahoma.

"The Outlook's oil and gas section shows drilling-related activity in Oklahoma is up sharply over the past year. This not only helps the natural gas supply situation, it also means millions for the Oklahoma economy overall. At the same time, the high prices have spurred more interest in alternative energy. OG&E is offering wind power and AEP/PSO has announced a wind power program. Wind power is also playing a role in the plans of some of the state's electric cooperatives," explained Bode.

Commission Vice-chair Bob Anthony said the Outlook is a valuable tool, particularly in a time of ever-increasing energy prices.

"Information is power," asserted Anthony. "The information in the Outlook is aimed at empowering consumers by giving them the data they need to be prepared when it comes to their basic energy costs. Using the data and taking such steps as making sure your home is insulated properly can eliminate 'sticker shock' when it comes to your utility bill. Perhaps the one thing that's worse than getting a high bill is getting a high bill you weren't prepared for and didn't expect."

Commissioner Jeff Cloud said the Outlook is also noteworthy in that it is the result of a cooperative effort involving the Commission and regulated entities.

"In order to develop the Outlook, Oklahoma's largest utilities are asked to provide the Commission with essential data on a voluntarily basis. Without exception, all have proven eager to help develop this valuable resource for Oklahoma's consumers. Their cooperation and expertise in projects such as this is invaluable."

The Outlook section of the Oklahoma Corporation Commission's web site offers projections regarding natural gas and electric bills, Oklahoma oil and gas production data, and other energy information.

The Oklahoma Energy Price Outlook link can be found on the Oklahoma Corporation Commission's web home page www.occeweb.com.

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NOTE TO EDITORS, PRODUCERS - SEE ACCOMPANYING PAGES FOR ELECTRIC, GAS BILL PROJECTIONS

ELECTRIC BILL COMPARISON* (MONTHLY BILL)

+

Average Summer

OG&E

(Both Companies

PSO Summer	Res.	Comm.	Summer	Res.	Comm.	Combined) Res.	Comm.
2002	\$90.70	\$153.71	2002	\$106.91	\$233.26	\$98.81	\$193.49
2003	\$116.64	\$194.79	2003	\$126.85	\$260.79	\$121.75	\$227.79
2004	\$110.01	\$184.02	2004	\$121.90	\$252.95	\$115.96	\$218.49

Average Winter

(Both Companies

Winter	Res.	Comm.	Winter	Res.	Comm.	Combined) Res.	Comm.
2002-2003	\$65.68	\$109.83	2002-2003	\$66.57	\$135.44	\$66.13	\$122.64
2003-2004	\$69.24	\$115.78	2003-2004	\$77.83	\$153.90	\$73.54	\$134.84
2004-2005	\$72.07	\$120.36	2004-2005	\$74.90	\$149.09	\$73.49	\$134.73

***Residential – based on Summer usage of 1450 kilowatts, Winter usage of 1070 kilowatts. Excludes taxes** ***Commercial – based on Summer usage of 2300 kilowatts, Winter usage of 1760 kilowatts. Excludes taxes.**

NATURAL GAS BILL COMPARISON* (MONTHLY BILL)

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Arkla

Average

Summer (both companies)

	Summer	Res.	Comm.	Summer	Res.	Comm.	Res.	Comm.
Actual	2002	\$19.99	\$77.99	2002	\$19.96	\$88.75	\$19.98	\$83.37
Actual	2003	\$25.14	\$124.03	2003	\$29.31	\$142.17	\$27.23	\$133.10
	2004	\$25.37	\$125.56	2004	\$29.52	\$144.67	\$27.45	\$135.12

Average

Winter

	Winter	Res.	Comm.	Winter	Res.	Comm.	Res.	Comm.
Actual	2002-2003	\$89.24	\$343.47	2002-2003	\$118.10	\$399.54	\$103.67	\$371.51
Actual	2003-2004	\$111.36	\$438.53	2003-2004	\$138.19	\$486.44	\$124.78	\$462.49
	2004-2005	\$119.22	\$463.94	2004-2005	\$153.91	\$542.55	\$136.57	\$503.25

***Residential – based on Summer usage of 2 Dekatherms, Winter usage of 14 Dekatherms. Excludes taxes.**

***Commercial – based on Summer usage of 12 Dekatherms, Winter usage of 50 Dekatherms. Excludes taxes.**

News from the Oklahoma Corporation Commission

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July 15, 2004

E911 SERVICE FOR ALL OF GARFIELD COUNTY

Corporation Commissioners approve funding for 911 upgrades

(Oklahoma City) The Oklahoma Corporation Commission has approved a reimbursement of \$100,000 to help pay for an E911 system that brings emergency-response phone service to all of Garfield County.

The “E” in “E911” stands for “Enhanced”, meaning the 911 system can identify the location of the caller so police, fire, medical or other emergency responders may be dispatched quickly to the scene.

Commission Chairman Denise Bode said the E911 fund is one of the most important safety assistance programs administered by the commission.

“The funding allows counties and municipalities to install and upgrade a 911 system that enables emergency responders to quickly locate those needing help in situations where every second counts,” said Bode. “In some instances, it also provides 911 coverage to Oklahomans who up until now have had to go without this protection.”

Commissioner Jeff Cloud said such is the case in Garfield County, where the funds will enable all residents to have E911.

“The Enid police and fire departments have operated a 911 service that covered only Enid,” explained Cloud. “This funding will help pay for the Enid/Garfield County Emergency Call Center, which covers the entire county.”

Commissioner Bob Anthony noted the fund was established by the Legislature in the Oklahoma Telecommunications Act of 1997 with administration assigned to the Oklahoma Corporation Commission. Its purpose is to reimburse 911 systems for installation of upgraded equipment that allows emergency personnel to quickly locate callers even when that caller is unable to speak.

“Unfortunately, the initial funding is nearly depleted while many systems across the state are still seeking assistance with upgrades,” Anthony said. “Perhaps the reviews of changes in telephone regulations scheduled for study can also include discussions of allocating additional monies to this very worthwhile program.”

-OCC-

All OCC advisories and releases are available at www.occ.state.ok.us

News from the Oklahoma Corporation Commission

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July 15, 2004

Commission To Bring Government “of the people, by the people and for the people” To The People

Commissioners to hold public forum in Lawton

In what will be the first of a series of meetings around the state, the Oklahoma Corporation Commission will hold its daily session in Lawton on Monday in order to meet with community leaders and the general public.

“The Commission is the only elected body that meets every business day in public,” explained Commission Chairman Denise Bode. “However, those meetings are normally held in the Commission courtroom in Oklahoma City. We want to give people who can’t attend those sessions a chance to see what actually goes on in the daily course of conducting the people’s business, and even more importantly, afford them the chance to speak with us in-person about any concerns they may have regarding utility bills, telephone service, oil and gas production, trucking, or any other area that falls under Commission jurisdiction.”

Commissioner Jeff Cloud called the upcoming sessions “learning opportunities.”

“It’s not only a chance for the public to learn more about the Commission, it’s also our opportunity to get first-hand information and feedback on those issues that are of prime importance to the people of the area,” said Cloud.

Commission Vice-Chair Bob Anthony said the logistical issues surrounding such a session are well worth the effort.

“For example, I will be in the Oklahoma City Commission offices, and attend the Lawton session by telephone,” explained Anthony. “This will ensure that someone is here ‘minding the store’ for those who need to conduct business before the Commission in Oklahoma City, while at the same time providing me the invaluable opportunity to hear from and speak to those attending the Lawton session. Commission staffers will also be available both in Lawton and via the phone link-up with me in Oklahoma City.”

The Commission meeting is scheduled for Monday July 19, at 9:30 a.m. in the Lawton City Council chambers at 103 SW 4th in Lawton.

-occ-

(All OCC advisories and news releases are available at the Commission web site www.occ.state.ok.us)

News from the **Oklahoma Corporation Commission**

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July 20, 2004

Commission Turns To Proven Leader To Head Largest Division

Names Lori Wrotenbery to head Oil and Gas Conservation Division

The Oklahoma Corporation Commission has named Lori Wrotenbery to the position of Director of the Commission's Oil and Gas Conservation Division, the agency's largest division.

Commission Chairman Denise Bode called Wrotenbery "an outstanding individual with a proven track record."

"In positions in Texas, New Mexico and with regional and national groups, Ms. Wrotenbery has proven to be an outstanding leader with the ability to work with America's oil and gas producers and royalty owners to ensure the industry's survival while protecting public health, safety, and the environment," said Bode.

Commission Vice-Chair Bob Anthony said Wrotenbery brings a wealth of experience and credentials to Oklahoma.

"Ms. Wrotenbery is well-known for her work not only in New Mexico, where she served as both Chairman of the Oil Conservation Commission and Director of the state Energy Department's Oil Conservation Division, but also with such groups as the Ground Water Protection Council (GWPC). She was GWPC President, and a founding member of the State Review of Oil and Natural Gas Environmental Regulations, Inc. (STRONGER). Both government and industry has recognized her efforts; she received the 2002 Public Outreach Award from the American Association of Petroleum Geologists, and was recognized this year by the New Mexico State Senate for her contributions to the State of New Mexico."

Commissioner Jeff Cloud said with Oklahoma's largest industry - the oil and gas sector - experiencing a much-welcomed resurgence, Wrotenbery will be an invaluable asset.

"New Mexico's loss is Oklahoma's gain," said Cloud. "Ms. Wrotenbery has a record in New Mexico of trying to reduce oil and gas industry paperwork and costs by encouraging the use of the Internet for electronic filing of required documents and public access to information. That knowledge and experience will be valuable as this commission strives to make greater use of such technologies for the benefit of Oklahomans.

"The Corporation Commission's Oil and Gas Conservation Division has faced some of the most challenging times in its history," added Cloud. "Our employees are going above and beyond to meet both the needs of the general public and a revitalized energy industry that pumps millions into the state's economy. It is wonderful to know that there will be someone of Ms. Wrotenbery's caliber and proven expertise at the helm to work as a partner with industry, Division staff, and with the general public."

Wrotenbery is scheduled to begin her job with the Commission in about four weeks. She will fill the vacancy left by the resignation of Larry Fiddler, who accepted a position in the private sector.

-OCC-

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News from the Oklahoma Corporation Commission

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August 2, 2004

MEDIA ADVISORY

COMMISSION VOTE SET TO PAVE WAY TO TRACK WIRELESS 911 CALLS

WHO: Oklahoma Corporation Commission, various municipalities and municipal associations, SBC-Oklahoma.

WHAT: Hearing and vote on settlement regarding fees for 911 calls from cellular phones.

WHEN: 9:30 a.m. Tuesday 08-03-04

WHERE: Jim Thorpe Building Commission Courtroom (301) 2101 North Lincoln, OKC

WHY:

BACKGROUND

The dispute between SBC-Oklahoma and various entities is about a year and a half old. The central issue is how to pay for the cost of systems that will allow a 911 operator to trace cellular phone calls. There have been cases where 911 calls from a cellular phone have actually gone to centers in states far from where the caller was located.

The 911 Association of Central Oklahoma Governments, the Indian Nations Council of Governments, the cities of Oklahoma City and Tulsa and others objected to SBC-Oklahoma's initial proposal of a per-call charge for all cellular calls made to a 911 center, plus a one-time installation fee.

In response to concerns from local governments, the Corporation Commission suspended SBC-Oklahoma's proposed tariff in November of 2002. Commission staff was instructed to work with all parties in the matter in the hopes of reaching a settlement. Again, that settlement is expected to be voted on tomorrow.

-OCC-

(All OCC advisories and news releases are available at the Commission web site www.occ.state.ok.us)

News from the Oklahoma Corporation Commission

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August 3, 2004

Can You Find Me Now?

Corporation Commission approves plan to ensure answer is "yes" when calling 911 from a cellular phone

(Oklahoma City) The Oklahoma Corporation Commission today approved an agreement setting in place tariffs to pay for technology that will enable 911 call centers to trace cellular phone calls to a specific, correct location.

Commission Chairman Denise Bode says there are real-life horror stories in Oklahoma and in other states involving incidents in which emergency personnel could not find those needing help because the 911 call was made from a cellular phone.

"Because cellular phones work so differently from so-called 'land line' phones, many times there's no telling what the 911 operator will see on her screen as a location for the caller, or even just where the 911 call will go," explained Bode. "There have been cases where the emergency call has been routed to a 911 center in a completely different state.

"There is a way to fix the problem, but the question that had to be settled was how to pay for it," continued Bode. "Today's agreement answers that question."

Commission Vice Chair Bob Anthony said the agreement is the result of months of hard work by Commission staff, SBC-Oklahoma and representatives of local governments in Oklahoma.

"In response to concerns expressed by local governments, the Commission stopped SBC's attempt to place a per-call charge on all cellular phone calls to 911," said Anthony. "We then urged all parties to the case to work with Commission staff to see if an agreement could be reached acceptable to all. It's been a long, hard road that's stretched out over a year, and all involved should be congratulated for their perseverance and dedication in this matter."

(more)

(E 9-1-1, pg 2)

Commissioner Jeff Cloud called the agreement "a win-win."

"This agreement opens the door to the technology needed to ensure 9-1-1 services work properly in our ever-increasing wireless society, while at the same time providing a fair way of paying for them," said Cloud. "Local governments that were justifiably concerned about the financial burden if they would have been charged for each cellular 9-1-1 call report their concerns have been addressed, and as a 9-1-1 service provider, SBC can get

on with the job at hand.”

SBC had filed a tariff request with the Oklahoma Corporation Commission in October, 2002 that would have charged 9-1-1 operations 23 cents for each cellular 911 call received, as well as a one-time charge of \$3,900. The tariff request was suspended by the Commission in November 2002.

Today’s agreement removes the per-call charge and bases the charges on the method traditionally used to charge 9-1-1 operations, based on population.

There are two phases to the plan. Phase 1 involves equipment that will allow emergency personnel to trace a cellular phone call to the nearest tower, and record the number for callback. The cost for this will be a monthly fee of \$8.12 per 1,000 population, and a one-time charge of \$101.54 per 1,000 population.

Phase 2 will give emergency personnel the ability to locate the caller to within 50 feet of the caller’s actual location. The cost will be an additional \$2.71 per 1,000 population, and a one-time charge of \$87.31 per 1,000 population.

Just when the phases will be implemented is up to each 9-1-1 operation.

-OCC-

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August 17, 2004

MEDIA ADVISORY - HIGHER PRICES, BUT LOWER OUTPUT IN LATEST COMMISSION REPORT ON OKLAHOMA'S OIL AND GAS PRODUCTION **

(Oklahoma City) The latest Oklahoma Corporation Commission report on oil and natural gas production in Oklahoma shows that while both oil and natural gas prices rose in April, production declined.

April 2004 oil production totaled 4,498,875 barrels, a decrease of 969,073 barrels over the (revised) March 2004 production of 5,467,948 barrels.

The average price-per-barrel for Oklahoma oil in April 2004 was \$35.71 a barrel, compared to the March 2004 average price of \$ 34.07 a barrel.

April 2004 natural gas production totaled about 122 billion cubic feet, a drop of about 12 billion cubic feet from the (revised) March 2004 production of approximately 134 billion cubic feet.

The average price for Oklahoma gas in April 2004 was \$4.81 mcf (thousand cubic feet), compared to \$4.61 mcf for March 2004.

Comparing the first four months of 2004 with the same time period a year ago shows the same picture, with the exception of natural gas prices.

Total oil production for January – April 2004 was 19,898,951 barrels, down 2,051,363 barrels from the same time period a year earlier.

The average price-per-barrel for Oklahoma oil for January – April 2004 was \$34.47, compared to \$31.50 for the same time period a year earlier.

Total natural gas production in Oklahoma for January – April 2004 was about 520 billion cubic feet, down about 2.5 billion from the same time period a year earlier.

(more)

(Production, pg. 2)

The average price for Oklahoma gas for January – April 2004 was \$4.96, compared to \$5.36 for the same time period a year earlier.

-occ-

All OCC advisories and releases are available at www.occ.state.ok.us

****Please Note: All numbers are subject to change, and should be used for trend purposes only.**

A CHART SHOWING THE COUNTY-BY-COUNTY BREAKDOWN OF THE PRODUCTION NUMBERS IS ATTACHED. THE CHART IS ALSO AVAILABLE ON THE INTERNET AT <http://www.occ.state.ok.us/Divisions/OG/ogmonth-apr.pdf>

FOR FURTHER INFORMATION ON OIL AND GAS PRODUCTION IN OKLAHOMA, CALL LARRY CLAXTON, MANAGER - STATISTICS/SURETY DEPARTMENT, OIL AND GAS DIVISION, OKLAHOMA CORPORATION COMMISSION (405) 521-2273.

News from the Oklahoma Corporation Commission
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August 27, 2004

COMMISSION APPROVES OG&E, POWERSMITH AGREEMENT

Move will ensure reliable electric service, strengthen Oklahoma's economy and provide ratepayer savings

(Oklahoma City) In a unanimous vote, the Oklahoma Corporation Commission today approved a power sales agreement (PSA) between Oklahoma Gas and Electric (OG&E) and PowerSmith. The PSA sets forth the conditions under which OG&E will buy needed electricity from PowerSmith's cogeneration facility in Oklahoma City. The facility also provides steam used by the Dayton Tire manufacturing plant in Oklahoma City.

Commission Chairman Denise Bode said the deal is a classic "win-win".

"First and foremost, the agreement will ensure the area served by OG&E can count on having the reliable, affordable power it needs both for current customers, for economic development and for jobs. Studies show reliable and affordable electricity is one of the most important items on the lists of companies who are scouting locations or considering expansion plans.

"The agreement's economic benefits to Oklahoma are multi-faceted," Bode continued. "It is estimated that over 15 years, OG&E customers will realize a savings of approximately 30 million dollars over what they would otherwise have had to pay in fuel charges on their electric bill. At the same time, the agreement opens the door for PowerSmith to continue providing the steam Dayton Tire officials say they need to keep the Oklahoma City plant open. With about 1800 employees, the Dayton Tire facility has an estimated economic impact of some 800 million dollars a year on the Oklahoma economy."

Commission Vice-Chair Bob Anthony said the agreement "presents the Commission with a unique set of circumstances."

"This is the first time the Commission has been presented with a proposed agreement under the federal Public Utility Regulatory Policies Act (PURPA) involving an existing plant that has been in operation for some years. Further, this is the first time such an agreement was independently negotiated and agreed to by the utility and the cogeneration facility.

"But most noteworthy is the fact that this agreement breaks new ground by allowing OG&E to decide, within certain parameters, just when to purchase electricity from PowerSmith. This is very different from other cogeneration contracts that basically require the utility to take all the power the facility produces, regardless of whether or not it's needed. The bottom line is that OG&E will now have the flexibility it needs to be able to meet its customers' power needs in a cost-effective manner, and it opens the door to significant potential savings."

Commissioner Jeff Cloud said the agreement meets both the mandate of the Oklahoma Constitution and PURPA that the contract be "fair, just and reasonable."

"The numbers that make up the debate over such issues are incredibly complex, and the Commission has the daunting task of carefully weighing, reviewing and triple-checking the data used by the parties to the case to back up their sometimes competing claims. This would be impossible without the extraordinary effort and expertise of this agency's staff. It would be an understatement to say the successful conclusion to this case is the result of a great deal of very hard work; work that in the end, will benefit the people of Oklahoma."

The power sales agreement is scheduled to take effect September 1.

-OCC-

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News from the Oklahoma Corporation Commission

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10-12-04

GOOD NEWS FOR OKLAHOMA'S ECONOMY, BANK ACCOUNT

Commissioners hail new numbers showing Oklahoma moving up in natural gas production rankings

Calling it "good news" for both Oklahoma's energy industry and Oklahomans in general, Oklahoma's Corporation Commissioners have announced that Oklahoma is now the second largest natural gas producer among all the states. According to numbers compiled by the Corporation Commission and the Energy Information Administration, Oklahoma finished calendar year 2003 one spot behind perennial front-runner Texas, with New Mexico slipping to the number three spot previously occupied by Oklahoma.

Commission Chairman Denise Bode says the increase is the result of "a combination of factors."

"The most significant factor in Oklahoma moving up in national importance in energy production is the grit demonstrated by Oklahoma's producers in hanging on through the tough times of the last 2 decades, when the failure of the Federal government to put in place a national energy policy, and 'dumping' by the OPEC nations, made it almost impossible for Oklahoma's oil and gas producers to make any kind of profit," said Bode. "But what sustained them was the fact Oklahoma made it a priority to keep our oil and gas resource base strong through removal of tax penalties and more efficient oversight by the Corporation Commission.

"The Commission began revamping its processes to reduce red tape and speed the processing of drilling applications, poolings, and other items that are part of the regulation of the oil and gas industry," added Bode. "The result has been a system that has allowed producers to get on with their important work without undue burden, while at the same time allowing the Commission to meet its constitutional obligation to properly regulate the industry and protect the environment."

(more)

(Ranking, pg 2.)

Commission Vice-Chair Bob Anthony, a member of the Natural Gas Committee of the National Association of Regulatory Utility Commissioners (NARUC), says the numbers show just how important Oklahoma is when it comes to meeting the nation's critical need for natural gas.

"The demand for natural gas continues to grow," said Anthony. "While it was once viewed only as a fuel for heating, it is now used in various industrial production processes, as well as to fuel electric generating facilities all over the country. Because it 'burns clean,' it goes a long way toward helping areas meet stringent clean air laws.

"Many of those cities are in areas that never give a thought to the tremendous amount of work involved here

in Oklahoma and in other producing states in getting that natural gas to them. Oklahoma's oil and gas producers have always played a vital role in America's economy, and these numbers show that isn't going to change any time soon."

Commissioner Jeff Cloud says what's good news for Oklahoma's energy industry is good news for all Oklahomans, as "we are all in the energy business in Oklahoma."

"The positive impact of what some call 'the comeback' of the domestic producer isn't just in jobs at the well-head or drilling platform," asserted Cloud. "It benefits the entire state, as revenue from the operations finds its way into both the private and public sectors. According to the Office of State Finance, Oklahoma natural gas production generated about \$444 million in production taxes in the last fiscal year, and almost \$90 million in the first two months of this fiscal year. This is money that finds its way into the classroom, into the justice system, into roads and into other vital government services."

In calendar year 2003, Oklahoma had marketed natural gas production of about 1.67 tcf (trillion cubic feet), an increase of about 120 billion cubic feet from 2002. In rankings, Texas was the number one natural gas producer (about 5.28 tcf) followed by Oklahoma, New Mexico (about 1.55 tcf), Wyoming (about 1.50 tcf) and Louisiana (about 1.37 tcf).

-OCC-

All OCC advisories and releases are available at www.occ.state.ok.us

Election News Props Up Oil, But Inventory Reports Loom

Associated Press

November 3, 2004 8:45 a.m.

Oil futures went as high as \$50.25 a barrel in electronic trading Wednesday, but was moving back and forth through the \$50 level, as traders anxiously watched results from the U.S. presidential election.

The increase came amid uncertainty about international oil output, with a strike looming in Nigeria and saboteurs attacking pipelines in Iraq. But weekly petroleum inventory reports likely will have the bigger effect on trading today.

The crude contract for December delivery on the New York Mercantile Exchange recently was up 27 cents at \$49.89 a barrel in electronic trading at midday in Europe Wednesday, off its earlier high of \$51.20 a barrel. The price started to rise during the Asian day when some traders began to feel that U.S. election returns favored President Bush over challenger John Kerry.

Heating oil meanwhile, stood at \$1.41 a gallon, up two cents, while on London's International Petroleum Exchange, December Brent crude futures rose 65 cents to \$47.20 a barrel.

Analysts are wary of the effect that a Bush re-election would have on developments in the oil-rich Middle East, where militants hostile toward the incumbent's policies in the Arab world have vowed to remove or kill foreigners in Saudi Arabia and Iraq.

Mr. Bush also wants to boost the U.S. strategic reserve of petroleum, which would drive down available supply and push up the price. Mr. Kerry wants to look for alternative sources of energy and reduce America's dependence on oil from the Middle East.

"Bush is pro-oil and I think there was a fear that Kerry may go on a witch-hunt on oil companies," said Esa Ramasamy, oil editorial manager at energy reporting agency Platts.

Tuesday's closing price for crude was its lowest in a month and came just over a week after Nymex crude settled Oct. 22 at a record \$55.17, in a high matched on Oct. 26.

Before Wednesday's spike, prices had been declining for about a week as concerns eased about heating-oil supplies ahead of the Northern Hemisphere winter and production in the Gulf of Mexico -- buffeted by Hurricane Ivan -- came back on line.

Prices are about 70% higher than a year ago, but would need to surpass \$90 a barrel to approximate the all-time high, in inflation-adjusted terms, set in 1980.

Traders on Wednesday were awaiting the U.S. Energy Department's weekly petroleum supply report.

Last week, oil prices tumbled from record levels on Nymex after the Energy Department said U.S. commercially available crude supplies had increased by four million barrels to 283.4 million barrels -- roughly double what Wall Street was expecting.

Washington also has about 670 million barrels stockpiled in its Strategic Petroleum Reserve, located in underground caverns in Texas and Louisiana.

Messrs. Bush and Kerry represent differing views on how to use that reserve. Mr. Bush wants the stockpile increased, while Mr. Kerry has long urged Mr. Bush to make reserves available to reduce prices.

In northern Iraq on Tuesday, saboteurs blew up an oil pipeline and attacked an oil well. The attacks were expected to halt oil exports for the next 10 days.

In Nigeria, oil giant Royal Dutch/Shell Group's first-round bid to block a strike targeting oil exports failed, again threatening the flow of crude from the world's seventh-largest exporter.

News from the Oklahoma Corporation Commission

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December 17, 2004

COMMISSION APPROVES PSO/AMERICAN AIRLINES AGREEMENT

Special contract will help keep thousands of jobs in Oklahoma

Following the lead set by voters and area officials in their approval of incentives to keep the Tulsa facility of American Airlines open, the Oklahoma Corporation Commission today approved a special contract between Public Service Company of Oklahoma (PSO) and American. The vote was 2-1. The three-year contract will reduce American's power costs by about 15 percent.

Commission Chairman Denise Bode called it a "pure pocketbook issue for all involved."

"We are talking about a facility that directly employs more than 8,000 people in Oklahoma," said Bode. "Indirectly, it supports an additional 14,000 jobs. American's total impact on the local economy is estimated at \$2.6 billion.

"Obviously, the loss of this facility would be a major blow to individual Oklahomans and to the state's economy as a whole," Bode continued. "Further, it is worth noting that if this facility should close and the jobs lost, electric rates in PSO's service area would probably have to go up as well as there would be a far smaller base to support the cost of providing electricity."

Commissioner Jeff Cloud said the final proposal is the result of the diligent efforts of commission staff, PSO and the Oklahoma Industrial Energy Consumers.

"The original proposal would have passed on to PSO's customers the entire cost of this contract. The agreement approved today means the company will bear at least 15 percent of the cost. It's expected that the rest of the cost will be paid through a reduction in the so-called 'off-systems sales margin credit'. This small credit is part of the fuel adjustment clause on the PSO electric bill. If for some reason the off-system sales don't generate enough money for a credit, PSO will have to make up the difference itself, with no added cost to customers," Cloud said.

(MORE)

(PSO-American cont.)

"Also, under the original proposal PSO's biggest customers – who are also major employers and contributors to our economy – would have paid as much as \$50,000 a year more in power costs," Cloud added. "I want to especially thank the members of the Oklahoma Industrial Energy Consumers (OIEC), and OIEC executive director Tom Schroedter for their invaluable assistance in analyzing this issue and helping to craft a solution that does not pose a burden on other sectors of Oklahoma's economy."

Commission Vice-Chair Bob Anthony issued a dissenting opinion in the matter.

Under the agreement, the monthly bill of a PSO residential customer using 1,000 kilowatt hours a month would increase about 23 cents.

-OCC-

(All OCC advisories and news releases are available at the Commission web site www.occ.state.ok.us)

**EDITORS – PLEASE NOTE: COMMISSIONER ANTHONY’S DISSENTING OPINION
FOLLOWS**

Dissenting Opinion of Commissioner Bob Anthony

Cause PUD No. 200400261

TO: Commissioner Denise Bode
Commissioner Jeff Cloud
FROM: Commissioner Bob Anthony
DATE: September 15, 2004
RE: Deliberations of PSO Special Contract With American Airlines

I do not support making average PSO residential customers pay an additional 23 cents per month for three years to subsidize American Airlines electric bills by up to \$1.6 million per year for that period. Instead, the Oklahoma Corporation Commission could issue an order upholding the recommendations of the PUD Staff and the OIEC allowing a special discounted electricity contract between PSO and American Airlines with the discount to be covered by PSO shareholders and not the utility’s other customers. Recovery of the proposed discount is a subsidy whether or not it is disguised as a reduction in the amount of off-system sales credited back to ratepayers.

The Commission should not set an example for other distressed companies in the PSO service territory to seek special treatment at the expense of the electric company’s remaining customers. For example, there are between 15 and 20 other industrial customers in the vicinity of American Airlines. Extending the same treatment to just these customers located in the same geographic area could add an additional 55 cents for each 1,000 kilowatt hours per month on the

bills of the utility's residential customers.

PSO utility customers are already facing the possibility of significant increases in their utility bills. These could come from a potential hike requested in the company's pending rate case; possible recovery of increased vegetation management costs needed to meet the Commission's new reliability rules, and the possibility of allowing PSO to recapture the amount in the fuel adjustment clause the company says was under-collected as a result of allocation errors at the AEP corporate level. These pending cases or applications, if granted in full, would be over \$100 million in additional costs to ratepayers, with more than \$50 million of that amount being an annual increase.



News from the Oklahoma Corporation Commission

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December 21, 2004

COMMISSION APPROVES CREDIT FOR OG&E CUSTOMERS

Agreement means savings for ratepayers

As the result of an order approved today by the Oklahoma Corporation Commission, Oklahoma Gas and Electric Company customers will begin receiving a monthly credit in January. Specifically, today's order gives final approval to a stipulated agreement regarding the establishment of a new OG&E cogeneration credit rider.

Commission Chairman Denise Bode said the credit is partly the result of the new cogeneration contract between OG&E and PowerSmith, which was approved by the Commission earlier this year.

"When we approved the PowerSmith contract in August, I called it a 'win-win', in part because it helped ensure affordable, reliable power for all of OG&E customers and would save them money," said Bode. "Today's approval of the new credit rider reflects those savings."

Vice-Chairman Bob Anthony noted the balance of the savings comes from reductions in the contract between OG&E and AES Shady Point.

"The AES facility at Poteau provides a double benefit to the state by burning Oklahoma coal and making electricity available to OG&E," Anthony explained. "Capacity charges for the plant decline over the life of the contract. Nearly \$50 million of the \$80 million annual reduction reflected in today's order is the result of the most recent recalculation these capacity charges."

Commissioner Jeff Cloud praised the work of all those involved in formulating the stipulated agreement on the new credit rider.

"Commission staff, the Attorney General's office, representatives of the Oklahoma Industrial Energy Consumers (OIEC), OG&E, and AES Shady Point should be congratulated for their successful effort," said Cloud. "Their hard work will benefit all of OG&E's Oklahoma customers."

It is estimated that under the new cogeneration credit rider, an OG&E residential customer using 1,000 kilowatt hours will save approximately \$5 a month.

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News from the Oklahoma Corporation Commission

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OKLAHOMA JOINS WITH OTHER STATES TO 'INSURE' NEW YEAR IS A SAFE ONE FOR MOTOR CARRIERS AND DRIVING PUBLIC

(Motor carrier officers will begin special enforcement effort New Year's Day)

Oklahoma Corporation Commission Motor Carrier Enforcement Officers will join their counterparts in 37 other states beginning New Year's Day in a program aimed at making sure trucking companies have the insurance required to safely operate on Oklahoma's highways.

"Oklahoma is part of a compact of 38 states which work together under the Single State Registration (SSR) program," explained Commission Chairman Denise Bode. "Beginning on New Year's Day, the designated authorities in each of the 38 states stop and check trucks to be sure they have their SSR for the new year."

Commissioner Jeff Cloud said the program's bottom line is protection of motorists.

"The SSR program promotes highway safety and maintenance of proper insurance," noted Cloud. "Under the program, truckers registered through a participating state are required to keep a copy of the SSR in each vehicle. This document cannot be obtained without the proper insurance."

Commission Vice-Chairman Bob Anthony added that the single state registration program is another example of benefiting industry by streamlining government regulation while maintaining regulatory oversight.

"This cooperative program allows a trucking company to file its annual registration in one state, rather than having to acquire decals in each state in which that company does business," Anthony said. "Yet it still allows each state to maintain its regulatory oversight of the trucks running on its highways."

Notices were sent out in September by Oklahoma and the other states reminding all motor carriers of the need to renew their SSR. Trucking companies should be aware that officers will also be checking for any unpaid fines owed the state. Any motor carrier with questions about the program can call the OCC's Transportation Division at (405) 521-2251.

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