

# **Public Service Company of Oklahoma (“PSO”)**

Natural Gas Procurement  
September 14, 2021

# PSO Natural Gas-Fired Units

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- PSO owns 6 natural gas-fired power plants, which include 16 individual units
- In 2020, the combined capacity factor\* of the 16 units was **13.3%**
  - Northeastern U1.....54.6%
  - Comanche U1.....11.2%
  - Southwestern U3.....11.1%

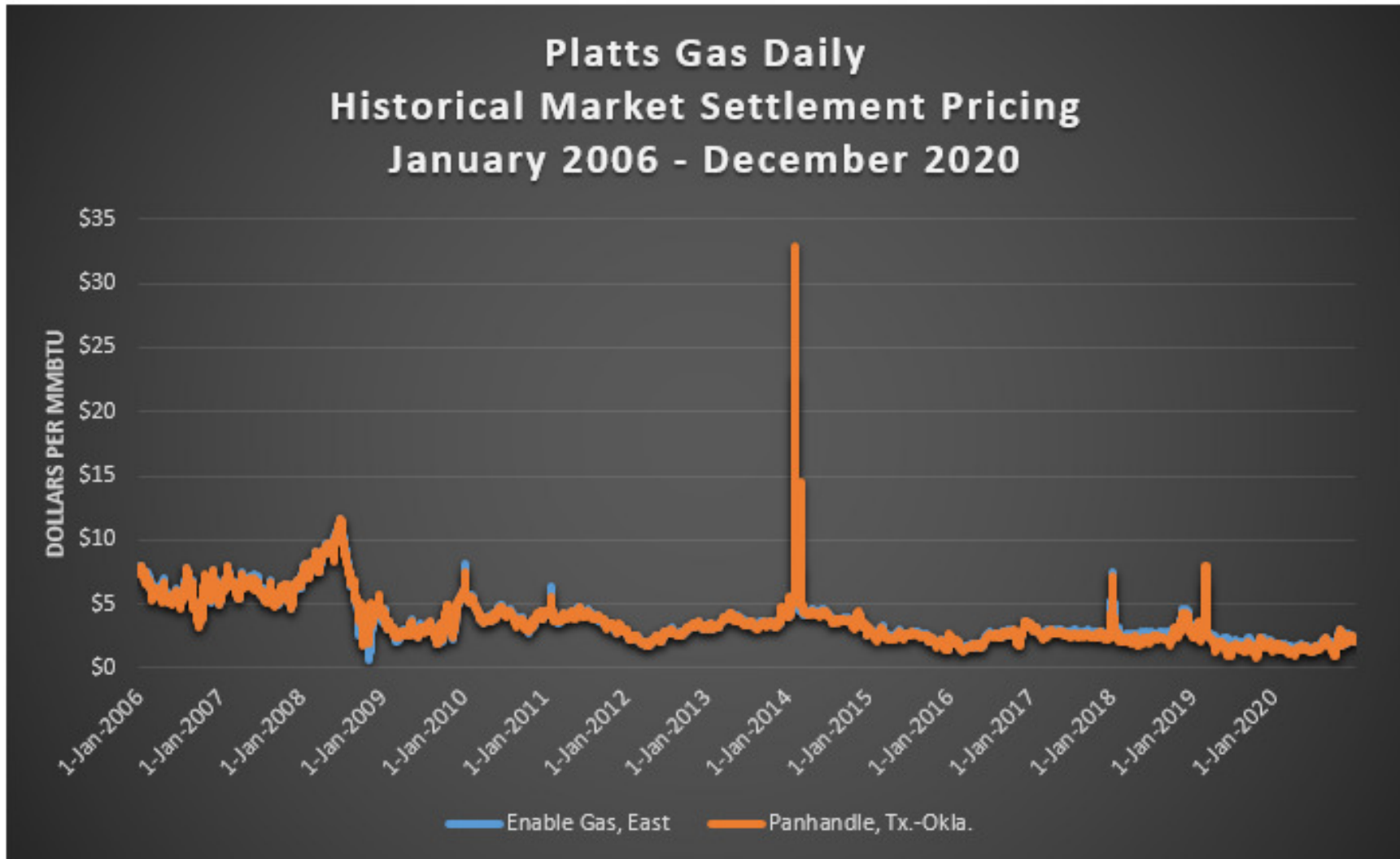
\*Capacity factor is calculated by dividing megawatts produced by total megawatts at full load burn

# Natural Gas Procurement Strategy

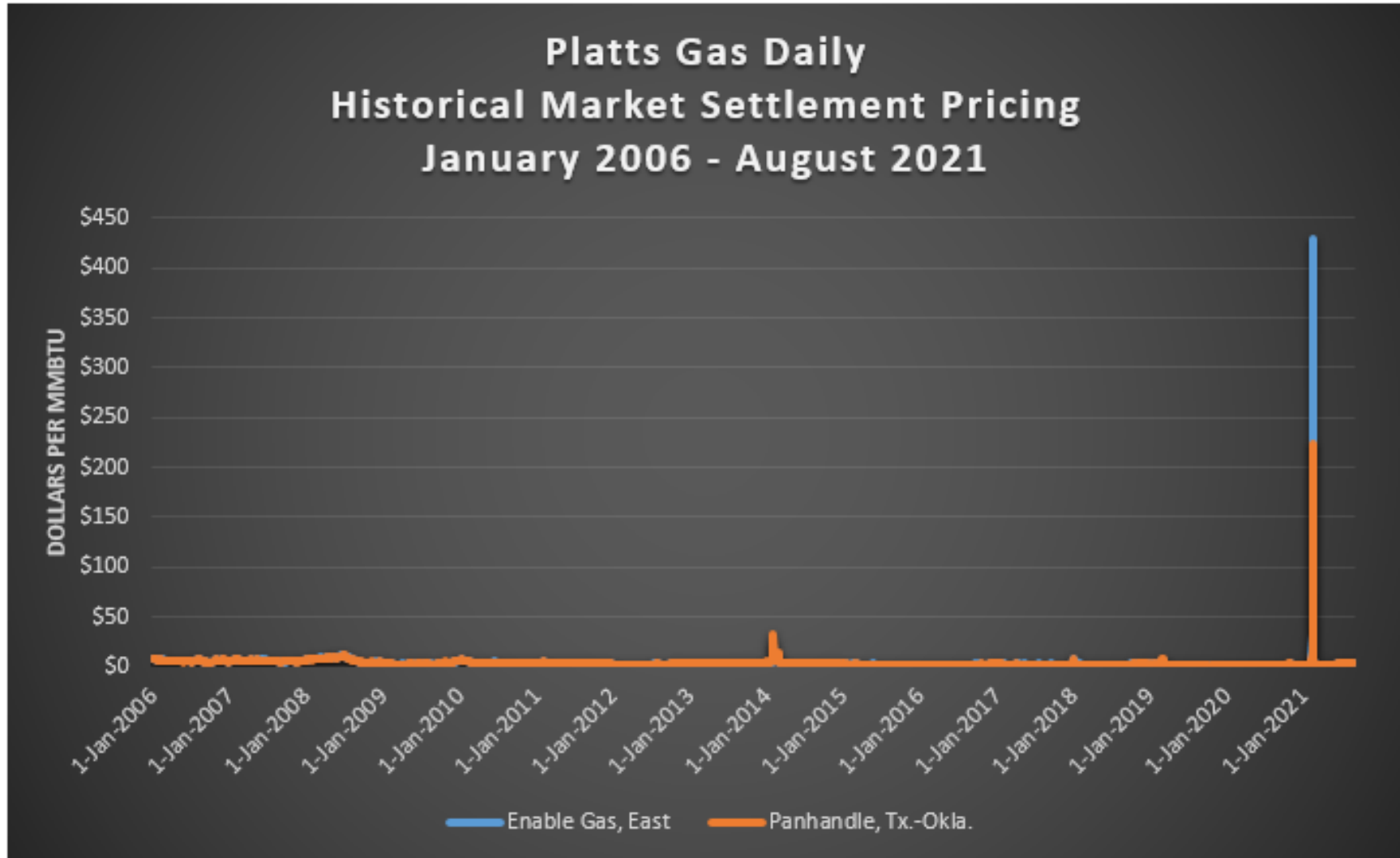
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- Consistent with units that have relatively low capacity factors, PSO needs instantaneous, hourly and daily flexibility in the delivery of natural gas
- For this reason, PSO has predominantly relied on daily spot market natural gas purchases (Platts Gas Daily Indices)
  - The exception, is that PSO has historically purchased monthly baseload gas during the peak months (June – September), to largely support Northeastern U1
- The strategy of purchasing daily spot market and monthly baseload natural gas (during peak months) has been beneficial to PSO's customers
  - Between 2015 and 2020, PSO gas-fired units consumed an average of **183k** MMBtus per day during the months of July and August, compared to just **69k** MMBtus per day during the months of January and February

# Historical Natural Gas Settlement Pricing (January 2006 – December 2020)



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# Check / Adjust Strategy Baseload Natural Gas Supply

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- Baseload Fixed Price Natural Gas Supply (Monthly, Seasonal)
  - Consistently pursued during the peak months, will now be considered/pursued during the off-peak months (particularly the winter months)
  - *Will gas suppliers be willing to sell and will the gas be available?*
  
- Long-Term Fixed Price Natural Gas Supply
  - While this strategy will be considered, it is more risky due to the low capacity factor of the units, particularly in the off-peak months (pipeline cashout, market sales)
  - *Will gas suppliers be willing to sell and will the gas be available?*

# Conclusion

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- PSO will continue to monitor firm transportation capacity and adjust as necessary
- PSO will consider/pursue monthly and/or seasonal baseload RFP's to secure a portion of expected gas supply requirements for Northeastern Unit 1
  - Remaining gas supply requirements will be sourced from the spot market
- PSO will continue conducting a periodic gas storage analysis (every three years)
- PSO is committed to pursuing strategies that are in the best interest of its customers

**QUESTIONS?**