

Oklahoma turned one February storm into \$1.35 billion of 30-year debt. Your capital plan is where the next surprise gets absorbed.

Oklahoma Natural Gas serves nearly nine in ten of the state's gas customers across 19,800 miles of main, and roughly \$750 million of ONE Gas capital flows into system safety and integrity every year. Winter Storm Uri showed how fast an unplanned cost can dwarf a year's budget — and how long ratepayers carry it. Invizion helps gas utilities re-sequence a capital portfolio in a click, and defend every trade-off.

\$1.35B¹	~89%²	19,800 mi²	~\$750M²
Ratepayer-backed bonds the Oklahoma Development Finance Authority issued in 2022 to recover Oklahoma Natural Gas's Winter Storm Uri costs.	Share of Oklahoma's natural gas distribution market served by Oklahoma Natural Gas.	Miles of natural gas distribution main Oklahoma Natural Gas operates across the state.	ONE Gas's expected 2025 capital spend, weighted toward system safety and integrity.

THE OKLAHOMA LANDSCAPE

Four forces are moving your project list at once

Oklahoma's gas sector is overwhelmingly investor-owned, heavily used for home heating, and still absorbing the cost of a single 2021 storm. Each of these forces reshuffles the capital plan you approved last year.

SYSTEM INTEGRITY — AGING PIPE & SAFETY

19,800 miles to keep safe, one vintage at a time

Oklahoma Natural Gas operates about 19,800 miles of distribution main and 500 miles of transmission pipe in the state, and ONE Gas has said a significant portion of its capital is directed at the safety, integrity, and reliability of that system²

Under federal pipeline-safety rules, vintage main and service-line replacement is not optional — it is a continuous, mandated program that competes for the same dollars every year, and the roughly \$750 million ONE Gas spends annually is heavily weighted toward it²

DECARBONIZATION — A PRODUCER STATE

Different pressure than the coasts — but not none

Oklahoma is one of the country's largest natural gas producers, with roughly 2.9 trillion cubic feet of marketed production a year³ and nearly 990,000 Oklahoma households rely on gas⁴ The building-electrification and gas-ban pressure reshaping California and New York — where gas is one of the roughly 60% of U.S. homes that burn it⁵ — is largely absent here.

The state has instead moved to protect gas: in 2025 the legislature authorized construction-work-in-progress recovery for new gas-fired power plants⁶ The real long-horizon risk is national — federal methane and pipeline-safety rules and the economics of RNG and hydrogen, not a state mandate.

SUPPLY & PRICE — WINTER PEAKING

One storm, thirty years of recovery

During Winter Storm Uri in February 2021, Oklahoma Natural Gas incurred roughly \$1.3 billion in extraordinary gas-purchase and operational costs in a matter of days¹ Oklahoma's securitization statute let the state finance them: in August 2022 the Oklahoma Development Finance Authority issued \$1.35 billion in ratepayer-backed bonds, amortized over 30 years¹

The mechanism protected utility balance sheets, but the legal and rate-design questions it raised⁷ are a reminder that design-day and supply-cost planning now carry decade-scale consequences.

CAPITAL RECOVERY — PBRC & RATE BASE

The recovery clock runs through the PBRC

Oklahoma Natural Gas grows rates chiefly through the Corporation Commission's Performance-Based Rate Change (PBRC) mechanism rather than infrequent full rate cases. Its 2024 PBRC settlement added \$31.4 million in revenue on an Oklahoma rate base of about \$2.27 billion, at a 9.4% authorized ROE and a 59% equity ratio²

Every dollar of that rate base has to be justified to the OCC⁸ which means the sequence and timing of capital projects is itself a regulatory argument.

WHO DELIVERS OKLAHOMA'S GAS

One dominant LDC, two smaller regulated systems, a thin public tier

Oklahoma's gas distribution is overwhelmingly investor-owned and OCC-regulated. ONE Gas's Oklahoma Natural Gas — spun out of ONEOK in 2014 and headquartered in Tulsa — dwarfs the rest.⁸

Investor-owned gas LDCs

Rates & capital recovery regulated by the OCC

Oklahoma ~842,000 residential + ~77,000
Natural Gas (ONE Gas) commercial/industrial customers · ~89% of the state market²

Summit Utilities Oklahoma Part of Summit's ~525,000 customers across Arkansas, Oklahoma & Texas⁹

Arkansas Oklahoma Gas (AOG) ~60,000 customers; 28 eastern-Oklahoma communities incl. Poteau & Sallisaw¹⁰

ONE Gas serves about 2.3 million customers across Oklahoma, Kansas and Texas, and Oklahoma Natural Gas is the largest gas distributor in the state.¹¹

Municipal & public gas systems

Locally governed, outside OCC rate jurisdiction

City-owned town gas systems A limited number of Oklahoma municipalities own and operate local gas distribution; retail rates are set locally, not by the OCC.

A small remainder of the market With Oklahoma Natural Gas at ~89% share, municipal and other systems together cover only a thin slice of the state.²

No large public gas authority Unlike some states, Oklahoma has no dominant municipal gas authority or wholesale public-gas agency; the sector is investor-owned.

Every capital dollar has to be defensible

Whether the recovery runs through an annual PBRC or a full rate case, the OCC asks the same question: why this project, why now, why at this cost?

Oklahoma Corporation Commission (OCC) regulates the delivery charges and service reliability of the state's investor-owned gas utilities; the commodity cost of gas is passed through, not marked up.¹²

Performance-Based Rate Change (PBRC) is Oklahoma Natural Gas's primary rate mechanism. The 2024 settlement added \$31.4 million in revenue on a ~\$2.27 billion rate base at a 9.4% ROE and 59% equity ratio.²

Active 2026 dockets include Oklahoma Natural Gas's PBRC (PUD 2026-000010), Arkansas Oklahoma Gas's rate case (PUD 2026-000012), and Summit Utilities Oklahoma's PBRC (PUD 2026-000021).⁶

The Uri securitization — an OCC financing order under Oklahoma's securitization statute — let the ODFA issue \$1.35 billion in ratepayer-backed bonds to recover Oklahoma Natural Gas's storm costs over 30 years.¹⁷

How Oklahoma gas capital actually gets paid for

Oklahoma's gas utilities recover capital mainly through state ratemaking and securitization rather than large federal grants. The constraint is sequencing: which projects earn their place in the rate base, and when.

\$1.35 billion Uri securitization (ODFA, August 2022) — 30-year ratepayer-backed bonds recovering ~\$1.3 billion of Oklahoma Natural Gas's extraordinary 2021 storm costs plus carrying charges.¹

PBRC rate-base recovery — Oklahoma Natural Gas's ~\$2.27 billion Oklahoma rate base earns a 9.4% ROE; its 2024 PBRC added \$31.4 million in revenue.²

~\$750 million a year of ONE Gas capital (\$762.1M in 2024; ~\$750M planned for 2025), weighted toward system safety and integrity across its three states.²

Affordability is the constraint — with nearly 990,000 Oklahoma households on gas⁴ and a 30-year Uri surcharge already on their bills,¹ every new capital addition competes against rate pressure.

OKLAHOMA'S GAS SECTOR, IN BRIEF

Questions Oklahoma gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Who is Oklahoma's largest natural gas utility?

Oklahoma Natural Gas, a division of Tulsa-based ONE Gas, serves roughly 842,000 residential and 77,000 commercial and industrial customers — about 89% of the state's gas-distribution market — across some 19,800 miles of main²

What was the Winter Storm Uri securitization in Oklahoma?

After the February 2021 storm, Oklahoma Natural Gas incurred about \$1.3 billion in extraordinary gas costs. Under Oklahoma's securitization statute the Oklahoma Development Finance Authority issued \$1.35 billion in ratepayer-backed bonds in August 2022, spreading the cost over 30 years³.

How do Oklahoma gas utilities recover capital investment?

Chiefly through the Corporation Commission's Performance-Based Rate Change (PBRC) mechanism. Oklahoma Natural Gas's 2024 PBRC added \$31.4 million in revenue on a ~\$2.27 billion rate base at a 9.4% ROE and a 59% equity ratio²

Does Oklahoma have a natural gas ban or building-electrification mandate?

No. Oklahoma is a major gas-producing state where nearly 990,000 households heat with gas, and policy has moved to support gas — the 2025 legislature authorized construction-work-in-progress recovery for new gas-fired plants^{4,6}

Besides Oklahoma Natural Gas, who else distributes gas in the state?

Summit Utilities Oklahoma (part of Summit's ~525,000-customer footprint) and Arkansas Oklahoma Gas (~60,000 customers across 28 eastern-Oklahoma communities) are the other investor-owned LDCs; a small number of municipal town systems make up the rest^{5,10}

How does Invizion help Oklahoma gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. When a PBRC filing, a storm-driven cost, or a new integrity requirement changes what has to happen first, you can model it, re-sequence the whole project portfolio automatically, and keep a defensible record of every trade-off for the Corporation Commission.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →