



OG&E Announces 6-Year Construction Initiative

January 17, 2007

Clean-Air Technology, Reliability Improvements Planned; New Power Plant
Proposed

OKLAHOMA CITY, Jan. 17 /PRNewswire-FirstCall/ -- OG&E Electric Services today filed with the Oklahoma Corporation Commission the first part of a six-year construction initiative that is estimated to include up to \$3.3 billion in major projects designed to expand capacity, enhance reliability and improve environmental performance.

OG&E's proposal begins with construction of the Red Rock power plant, a 950-megawatt generating unit planned in partnership with AEP-Public Service of Oklahoma and the Oklahoma Municipal Power Authority to meet growing consumer demand for electric power.

Planned adjacent to OG&E's Sooner Power Plant facilities in northern Oklahoma, Red Rock will use the most efficient proven technology for coal-fired electric generation. OG&E's share will be about \$759 million of the projected \$1.8 billion construction cost for the plant.

The six-year construction proposal includes strengthening and expanding the electric transmission, distribution and substation systems and replacing aging infrastructure. Other projects involve installing new emission-control equipment at existing OG&E power plants to ensure they fulfill the company's commitment to meet all environmental requirements.

"In the 105 years OG&E has powered the growth and vitality of the communities we serve in Oklahoma, economic conditions now are as robust as we have ever seen," said Steven E. Moore, chairman and CEO of OGE Energy Corp. (NYSE: OGE), parent company of OG&E. "Our customers have set new records for electricity demand for seven years in a row, and we must plan now to meet their needs in the years ahead. We have given thoughtful consideration to supply, demand, environmental stewardship, system reliability and customer cost. Working together with the Corporation Commission, we are confident we can strike the right balance for Oklahoma's future."

OG&E estimates that in its service area, demand for electricity will grow by about 50 percent over the next 25 years. Under state law and Commission rules, OG&E's filing seeks appropriate scrutiny of its proposal and pre-approval for building and recovery of financing costs in order to minimize the rate impact for customers. This will allow OG&E to build Red Rock as the first in a series of major projects that will enable the company to meet the increasing demand.

"In projects with the length of construction time that we are proposing, regulatory pre-approval provides an appropriate forum for discussion of our proposal in advance of any construction. This reduces risk and uncertainty, which helps reduce cost," Moore said. "That's important to us. We want to make sure we keep OG&E's electric rates below the national average."

The Red Rock proposal will save customers an estimated \$200 million in construction costs, compared to two smaller, stand-alone units that might otherwise be built separately by OG&E and PSO. The proposed plant also should deliver significant savings in operating cost.

OG&E considered a variety of options for expanding its power supply, including purchased power and gas-fired generation. In responding to PSO's request for proposals for new electric generation, OG&E put forward what it believes is an innovative, cost-efficient and environmentally responsive plan.

The Red Rock plant's technologically advanced coal-burning process addresses customer concerns about the price volatility of natural gas. For OG&E customers alone, fuel savings as a result of using coal rather than natural gas as fuel for Red Rock will save an estimated \$65 million during the first year of operation.

The Red Rock project features a new steam-generation unit designated as Ultra Super Critical. Red Rock is the second plant to be built in the United States that will use this proven advancement in efficiency for coal-fired power generation. This environmentally progressive technology is considered to be the most effective available to OG&E for around-the-clock base load power generation. In addition, the company is reserving space adjacent to Red Rock that can be used for next-generation technology when it is available.

OG&E is asking for Commission consideration of its proposal this summer. This expedited request is made in order to help hold down project costs and increase the likelihood that Red Rock is available to meet the electrical power needs projected by OG&E and PSO.

PSO will own 50 percent of the new Red Rock unit; OG&E will operate the facility and own 42 percent and the Oklahoma Municipal Power Authority, which provides electric power to about 20 communities in the state, will own 8 percent.

OG&E serves more than 755,000 customers in a service area spanning 30,000 square miles in Oklahoma and western Arkansas. The company has electric generating capacity of 6,220 megawatts from eight power plants and two wind farms. OGE Energy also is the parent company of Enogex Inc., a natural gas pipeline business with principal operations in Oklahoma.

SOURCE OGE Energy Corp.

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