



Red Rock Plant Needed to Keep OG&E Rates Low

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OKLAHOMA CITY, June 19 /PRNewswire-FirstCall/ -- OG&E said today that the proposed Red Rock power plant remains the best solution for customers as the company seeks to meet the growing demand for electricity.

The company's statement follows its filing Monday of rebuttal testimony in its regulatory proceeding before the Oklahoma Corporation Commission that seeks pre-approval to build a new coal-fired power plant at the company's Sooner facility near Red Rock, Okla.

"The simple fact is the Red Rock proposal meets our customers' increasing energy needs and minimizes the financial impact over the long term," said Howard Motley, OG&E vice president for regulatory affairs. "We ran numerous financial models, including those requested by the Attorney General's energy consultant, and none changed the conclusion that Red Rock is the best choice for customers."

In his testimony, Motley also made three additional points:

- Responding to recent filings by other parties, Motley said the Oklahoma Commission has a history, dating back more than 30 years, of exercising its authority to approve utilities' recovery of major power plant investments before construction begins.
- He also said recovery of such major investments can and should begin while construction is in progress, which will help avoid "rate shock" to customers after construction is complete.
- And, he pointed out that there are only 12 states with electric rates lower than OG&E's, and all of those rely almost completely on hydro- electric, nuclear or coal generation.

"OG&E has been able to keep customer rates low by carefully balancing a portfolio of power-generating assets, including natural gas, coal, and wind power," Motley said. "Adding a state-of-the art, efficient coal unit to the OG&E generating fleet will help us retain the right fuel balance and keep customer rates as low as possible as demand for electricity continues to grow.

With coal prices 85 percent less than natural gas, Red Rock will best serve our customers' interests."

Red Rock, a 950-megawatt generating unit proposed in partnership with AEP-Public Service of Oklahoma and the Oklahoma Municipal Power Authority, 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 cost of construction adjacent to OG&E's existing Sooner Power Plant.

OG&E owns and operates 6,100 megawatts of generating capacity at six active power plants. Coal-fueled generating units account for 43 percent of OG&E's generating capacity.

OG&E is a regulated electric utility serving more than 755,000 customers across a service area spanning 30,000 square miles in Oklahoma and western Arkansas. The company is a subsidiary of OGE Energy Corp. (NYSE: OGE), which also is the parent company of Enogex Inc., a natural gas pipeline business with principal operations in Oklahoma.

SOURCE OG&E

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