OG&E, GRDA and OMPA to Acquire Redbud Power Plant From Kelson Holdings

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OG&E to acquire 51 percent interest and operate 1,230-MW facility

OKLAHOMA CITY, Jan 21, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- OGE Energy Corp. (NYSE: OGE) announced today that its regulated utility subsidiary, Oklahoma Gas and Electric Company (OG&E), has signed definitive agreements with Kelson Holdings LLC (Kelson Holdings), the Grand River Dam Authority (GRDA) and the Oklahoma Municipal Power Authority (OMPA) to purchase the natural gas-fired Redbud power plant near Luther, Okla.

Kelson Holdings, a Maryland holding company, agreed to sell Redbud for $852 million following a competitive sale process involving Redbud. Subject to various regulatory approvals and closing conditions, OG&E will acquire a 51 percent interest in the Redbud facility, GRDA 36 percent and OMPA 13 percent. OG&E would operate the plant, which has four, 300-megawatt-plus generating units.

"The purchase of the Redbud plant fills the need for electric generation that was to have been met by the construction of the coal-fired Red Rock plant, which was cancelled late last year," said Pete Delaney, OGE Energy Corp. Chairman, President and CEO. "Redbud is a new, efficient combined-cycle, gas-fired plant connected to the OG&E transmission system near the Oklahoma City area, -- similar to our McClain gas-fired plant, which we acquired in 2004. Our purchase price is below the cost of constructing a new, gas-fired facility, locking in savings for our customers for years to come."

He added that the opportunity to participate in the Redbud sale process required quick action on the company's part.

"This was an opportunity that required quick action," Delaney said. "This is our second attempt to acquire the plant following an earlier offer for Redbud as an alternative to the McClain power plant purchase. We had to meet some short timelines in an effort to participate in this competitive bidding process and are very pleased to be able to put together a partnership with GRDA and OMPA to take advantage of this opportunity for our customers."

Delaney also stressed that in addition to the Redbud acquisition OG&E will continue to focus on reducing demand through conservation, efficiency and demand-side management initiatives.

OG&E serves more than 762,000 retail customers across 30,000 square miles in Oklahoma and western Arkansas, and a number of wholesale customers throughout the region. With about 6,100 megawatts of capacity in eight power plants, OG&E generates electricity from natural gas and western coal. OG&E also has two wind farms with 170 megawatts of capacity, with plans and projects expected to increase that total by 600 megawatts in the years ahead.

GRDA, with total generation capability of 1,480 megawatts, transmits and delivers wholesale electricity across a 24-county service area in Northeast Oklahoma to municipal power providers, electric cooperatives and industries.

OMPA provides wholesale electricity to 35 Oklahoma cities and towns that own their electric systems.

Kelson Holdings is a leading independent power producer engaged in the business of owning and operating electric generating facilities. Kelson Holdings currently owns or leases four combined-cycle gas-fired facilities located in SPP and SERC having an aggregate total generating capacity of 4,002 MWs. Kelson Holdings is indirectly and wholly owned by Harbinger Capital Partners.

Some of the matters discussed on this news release may contain forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "possible", "potential", "project" and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including the availability of credit, actions of rating agencies and their impact on capital expenditures; the Company's ability and the ability of its subsidiaries to obtain financing on favorable terms; prices of electricity, coal, natural gas and natural gas liquids, each on a stand-alone basis and in relation to each other; business conditions in the energy industry; competitive factors including the extent and timing of the entry of additional competition in the markets served by the Company; unusual weather; availability and prices of raw materials for current and future construction projects; federal or state legislation and regulatory decisions (including the decisions related to the deferral of capitalized costs associated with the cancelled Red Rock power plant project) and initiatives that affect cost and investment recovery, have an impact on rate structures or affect the speed and degree to which competition enters the Company's markets; environmental laws and regulations that may impact the Company's operations; changes in accounting standards, rules or guidelines; the discontinuance of regulated accounting principles under SFAS No. 71; creditworthiness of suppliers, customers and other contractual parties; the higher degree of risk associated with the Company's nonregulated business compared with the Company's regulated utility business; the impact of the proposed initial public offering of limited partner interests of OGE Enogex Partners L.P.; and other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission including Risk Factors and Exhibit 99.01 to the Company's Form 10-K for the year ended December 31, 2006.

SOURCE OGE Energy Corp.

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