



## **OG&E files application to acquire Redbud Plant**

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*Facility will help meet company's future power generation needs*

OKLAHOMA CITY – Oklahoma Gas and Electric Co. (OG&E) today filed an application with the Oklahoma Corporation Commission seeking pre-approval of a plan for OG&E and two state power authorities to buy the 1,230-megawatt Redbud power plant.

OG&E will acquire a 51 percent interest in the Redbud plant for approximately \$434.5 million and will operate the plant, while the Grand River Dam Authority (GRDA) will own 36 percent and the Oklahoma Municipal Power Authority (OMPA) 13 percent. The total cost of the Redbud facility is about \$852 million.

In its filing, OG&E is asking the Commission to recognize the prudence of the transaction and to issue an order approving a cost-recovery mechanism to go into effect as soon as the sale is completed and the plant begins supplying electricity to OG&E's customers. The net monthly impact for an average OG&E residential customer is estimated at \$2.82 per month.

OG&E's current rates are about 28 percent lower than the national average and 17 percent lower than the regional average. Due to nationwide growth in power generation needs, OG&E comparisons are expected to continue to be similarly favorable following the purchase of Redbud.

OG&E also announced today that it has filed for the necessary approvals of the transaction at the Federal Energy Regulatory Commission.

"Redbud represents our most cost-effective means available to meet the growing base load generation needs of the system," said Pete Delaney, OGE Energy Corp. Chairman, President and CEO. "It's a modern, natural gas-fired plant connected to the OG&E system that can be purchased for about 25 percent less than the cost of constructing a new gas facility with similar capabilities. We continue to work on promoting energy efficiency among our customers but our analysis shows this plant is needed assuming efficiency gains are achieved."

OG&E partnered with GRDA and OMPA to bid on Redbud shortly after the company's request for pre-approval of its plan to build a coal-fired generating plant near Red Rock was denied by the Commission in October 2007.

Redbud is a highly efficient, combined-cycle plant that has four 300-megawatt-plus generating units and operates more efficiently than older units in the OG&E fleet. It will provide savings to OG&E customers because the company dispatches power from its fleet on a "least cost" basis. It also is capable of quickly ramping up and down its capacity contribution, which is a particularly valuable complement to OG&E's commitment to add additional wind power to its system.

In January, OG&E signed a definitive agreement with Kelson Holdings LLC, a Maryland holding company, to purchase the plant. The facility is located near the center of OG&E's service area in northeast Oklahoma County near Luther. OG&E has purchased capacity from Redbud since 2005.

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 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 owns and operates electric generating facilities. It owns or leases four combined-cycle gas-fired plants with a total generating capacity of about 4,000 MWs. Kelson Holdings is indirectly and wholly owned by Harbinger Capital Partners.

Media Contact:  
Brian Alford  
405-553-3187

Financial Contact:  
Todd Tidwell  
405-553-3966