



## **OG&E Reaches Settlement With Parties on Redbud Purchase**

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Oklahoma Corporation Commission asked to review, approve acquisition

OKLAHOMA CITY, July 31 /PRNewswire-FirstCall/ -- Oklahoma Gas and Electric Co. (OG&E) today announced that all but one of the parties involved in the utility's pending request for Oklahoma Corporation Commission approval of its acquisition of the Redbud power plant near Luther have agreed to support OG&E's purchase of the 1,230-megawatt plant.

OG&E will acquire a 51 percent interest in the Redbud plant for a purchase price of about \$434.5 million and will operate the plant on behalf of its co-owners, the Grand River Dam Authority (GRDA) and the Oklahoma Municipal Power Authority (OMPA). Redbud Energy LP, a subsidiary of Kelson Holdings and current owner of the plant, also signed the Joint Stipulation And Settlement Agreement which now goes to the Corporation Commission for consideration. Only AES Shady Point, LLC, which operates a coal-fired plant that sells power to OG&E, did not sign the agreement.

"We are pleased that representatives of a broad spectrum of our customer base recognize the benefits the Redbud plant brings to OG&E and its customers," said Pete Delaney, chairman, president and chief executive officer of OGE Energy Corp. (NYSE: OGE), parent company of OG&E.

"Redbud represents the most cost-effective means available to meet OG&E's growing base load generation needs. The natural gas-fired plant is already connected to the OG&E system. Its purchase price is about 25 percent less than the cost of constructing a new gas facility with similar capabilities," Delaney said.

In addition to OG&E and Redbud Energy, parties signing off on the agreement are the Public Utility Division of the Corporation Commission; the office of the Oklahoma Attorney General; Oklahoma Industrial Energy Consumers and the OGE Shareholders Association.

The agreement supports OG&E's request filed last March asking the Commission to recognize the prudence of the purchase 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.

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

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 definitive agreements with GRDA, OMPA and Kelson to purchase the plant. The facility is located near the center of OG&E's service area in northeast Oklahoma County. 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.

Kelson Holdings, a Maryland-based company, owns or leases four combined-cycle gas-fired plants with a total generating capacity of about 4,000 MWs.

SOURCE OGE Energy Corp.

CONTACT: Media, Brian Alford, +1-405-553-3187, or Financial, Todd Tidwell, +1-405-553-3966, both of OGE Energy Corp.  
Web site: <http://www.oge.com>  
(OGE)