



## OG&E Energy Corp. reports earnings for 2017 and outlook for 2018

February 22, 2018

OKLAHOMA CITY, Feb. 22, 2018 /PRNewswire/ -- OGE Energy Corp. (NYSE: OGE), the parent company of Oklahoma Gas and Electric Company ("OG&E"), and holder of 25.7 percent limited partner interest and 50 percent general partner interest in Enable Midstream Partners LP, today reported earnings of \$3.10 per average diluted share in 2017, compared with earnings of \$1.69 per average diluted share in 2016. Consolidated earnings per average diluted share for 2017 include a \$1.18 per share gain due to the remeasurement of deferred taxes as a result of 2017 tax reform at its unregulated midstream investment.

In 2017, OG&E, a regulated electric utility, reported net income of \$306 million and contributed \$1.53 per diluted share, compared with \$284 million, or \$1.42 per diluted share in 2016. OGE Energy Holdings, which is primarily Natural Gas Midstream Operations, received cash distributions from Enable Midstream of approximately \$141 million and contributed earnings of \$324 million, or \$1.62 per diluted share in 2017, compared to earnings of \$54 million, or \$0.27 per diluted share in 2016. The holding company posted a loss of \$11 million or \$0.05 per diluted share compared to breakeven results in 2016. Federal tax reform legislation passed in December of 2017 increased Enable Midstream earnings by \$245 million or \$1.23 per diluted share and decreased earnings at the holding company \$11 million or \$0.05 per diluted share due to the remeasurement of deferred taxes.

"I'm proud of the performance and execution of OG&E and Enable in 2017," said OGE Energy Corp. Chairman, President and CEO Sean Trauschke. "Operationally, the utility outpaced 2016 which was the best in company history and Enable's results highlight their financial and operational strength as commodity prices improve."

### Fourth Quarter results

For the three months ended Dec. 31, 2017, OGE Energy reported earnings of \$1.48 per diluted share including a \$1.18 per diluted share resulting from tax reform, compared with \$0.29 per diluted share in the fourth quarter of 2016. Excluding the impact of tax reform, the increase is primarily due to higher earnings from the Enable Midstream business partially offset by lower utility earnings.

### Discussion of 2017 results

**OG&E** reported gross margin of \$1.36 billion in 2017, which was approximately \$16 million lower than 2016. The decrease in gross margin for the year was due in part from lower revenues due to unfavorable weather partially offset by new customer growth. Offsetting lower gross margin were lower depreciation and amortization expense as a result of the March 2017 Oklahoma rate order and an increase in other income primarily from higher allowance for funds used during construction associated with the Mustang Energy Center and environmental compliance projects. As a result, OG&E's net income increased from \$284 million in 2016 to \$306 million in 2017.

**OGE Energy Holdings (primarily Natural Gas Midstream Operations)** contributed earnings to OGE of approximately \$324 million for 2017 compared to \$54 million for 2016. Excluding tax reform, Enable earnings were higher due to increased margins, volumes and pricing primarily in the gathering and processing segment.

### 2018 Outlook

OG&E is projected to earn \$1.43 to \$1.53 per average diluted share. The Company projects the earnings contribution from its ownership interest in Enable Midstream to be approximately \$0.48 to \$0.52 per average diluted share. Additionally, OGE Energy consolidated earnings guidance for 2018 is \$1.90 to \$2.05 per average diluted share. The guidance assumes approximately 200 million average diluted shares outstanding and normal weather for the year. More information regarding the Company's 2018 earnings guidance and the Company's 2017 financial results is contained in the Company's Form 10-K filed with the Securities and Exchange Commission.

### Conference Call Webcast

OGE Energy will host a live webcast for discussion of the results of 2017 and the 2018 outlook on Thursday, February 22, at 8 a.m. CST. The conference will be available through [www.oge.com](http://www.oge.com). OGE Energy Corp. is the parent company of OG&E, a regulated electric utility with approximately 842,000 customers in Oklahoma and western Arkansas. In addition, OGE holds a 25.7 percent limited partner interest and a 50 percent general partner interest of Enable Midstream Partners LP, created by the merger of OGE's Enogex LLC midstream subsidiary and the pipeline and field services businesses of Houston-based CenterPoint Energy.

### Non-GAAP Financial Measures

OG&E has included in this release the non-GAAP financial measure Gross Margin. Gross Margin is defined by OG&E as operating revenues less fuel, purchased power and certain transmission expenses. Gross margin is a non-GAAP financial measure because it excludes depreciation and amortization, and other operation and maintenance expenses. Expenses for fuel and purchased power are recovered through fuel adjustment clauses and as a result changes in these expenses are offset in operating revenues with no impact on net income. OG&E believes gross margin provides a more meaningful basis for evaluating its operations across periods than operating revenues because gross margin excludes the revenue effect of fluctuations in these expenses. Gross margin is used internally to measure performance against budget and in reports for management and the Board of Directors. OG&E's definition of gross margin may be different from similar terms used by other companies.

### Reconciliation of Gross Margin to Revenue attributable to OG&E

OG&E  
Year Ended  
December 31,

(Dollars in Millions)	<b>2017</b>	2016
Operating revenues	<b>\$ 2,261.1</b>	\$ 2,259.2
Cost of sales	<b>897.6</b>	880.1
Gross Margin	<b>\$ 1,363.5</b>	\$ 1,379.1

Some of the matters discussed in 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, access to existing lines of credit, access to the commercial paper markets, actions of rating agencies and their impact on capital expenditures; the ability of the Company and its subsidiaries to access the capital markets and obtain financing on favorable terms as well as inflation rates and monetary fluctuations; the ability to obtain timely and sufficient rate relief to allow for recovery of items such as capital expenditures, fuel costs, operating costs, transmission costs and deferred expenditures; prices and availability of electricity, coal, natural gas and NGLs; the timing and extent of changes in commodity prices, particularly natural gas and NGLs, the competitive effects of the available pipeline capacity in the regions Enable serves, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable's interstate pipelines; the timing and extent of changes in the supply of natural gas, particularly supplies available for gathering by Enable's gathering and processing business and transporting by Enable's interstate pipelines, including the impact of natural gas and NGLs prices on the level of drilling and production activities in the regions Enable serves; business conditions in the energy and natural gas midstream industries, including the demand for natural gas, NGLs, crude oil and midstream services; competitive factors including the extent and timing of the entry of additional competition in the markets served by the Company; the impact on demand for our services resulting from cost-competitive advances in technology, such as distributed electricity generation and customer energy efficiency programs; technological developments, changing markets and other factors that result in competitive disadvantages and create the potential for impairment of existing assets; factors affecting utility operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, unusual maintenance or repairs; unanticipated changes to fossil fuel, natural gas or coal supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints; availability and prices of raw materials for current and future construction projects; the effect of retroactive pricing of transactions in the SPP markets or adjustments in market pricing mechanisms by the SPP; federal or state legislation and regulatory decisions 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, safety laws or other regulations that may impact the cost of operations or restrict or change the way the Company operates its facilities; changes in accounting standards, rules or guidelines; the discontinuance of accounting principles for certain types of rate-regulated activities; the cost of protecting assets against, or damage due to, terrorism or cyberattacks and other catastrophic events; creditworthiness of suppliers, customers and other contractual parties; social attitudes regarding the utility, natural gas and power industries; identification of suitable investment opportunities to enhance shareholder returns and achieve long-term financial objectives through business acquisitions and divestitures; increased pension and healthcare costs; costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters, including, but not limited to, those described in this Form 10-K; difficulty in making accurate assumptions and projections regarding future revenues and costs associated with the Company's equity investment in Enable that the Company does not control; and other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission including those listed in Risk Factors in the Company's Form 10-K for the year ended December 31, 2017.

Note: Consolidated Statements of Income, Financial and Statistical Data attached.

**Oklahoma Gas and Electric Company**  
**Financial and Statistical Data**  
**(Unaudited)**

(Dollars in millions)	Three Months Ended December 31,		Year Ended December 31,	
	<b>2017</b>	2016	<b>2017</b>	2016
Operating revenues by classification:				
Residential	<b>\$ 184.1</b>	\$ 201.9	<b>\$ 884.1</b>	\$ 951.9
Commercial	<b>137.7</b>	139.5	<b>588.3</b>	573.7
Industrial	<b>44.3</b>	47.2	<b>200.6</b>	194.6
Oilfield	<b>34.9</b>	38.5	<b>159.5</b>	156.9
Public authorities and street light	<b>48.6</b>	49.9	<b>208.0</b>	204.3
Sales for resale	<b>0.1</b>	0.1	<b>0.2</b>	0.3
System sales revenues	<b>449.7</b>	477.1	<b>2,040.7</b>	2,081.7
Provision for rate refund	<b>1.8</b>	(12.7)	<b>26.8</b>	(33.6)
Integrated market	<b>6.7</b>	16.3	<b>23.5</b>	49.3
Other	<b>43.7</b>	50.1	<b>170.1</b>	161.8

Total operating revenues	<b>\$ 501.9</b>	\$ 530.8	<b>\$ 2,261.1</b>	\$ 2,259.2
MWh sales by classification <i>(In millions)</i>				
Residential	<b>1.2</b>	2.0	<b>8.8</b>	9.3
Commercial	<b>1.9</b>	1.9	<b>7.6</b>	7.6
Industrial	<b>0.9</b>	0.8	<b>3.6</b>	3.6
Oilfield	<b>0.8</b>	0.8	<b>3.2</b>	3.2
Public authorities and street light	<b>0.8</b>	0.8	<b>3.1</b>	3.2
Sales for resale	—	—	—	—
System sales	<b>5.6</b>	6.3	<b>26.3</b>	26.9
Integrated market	<b>0.4</b>	1.5	<b>1.8</b>	3.0
Total sales	<b>6.0</b>	7.8	<b>28.1</b>	29.9
Number of customers	<b>841,830</b>	833,582	<b>841,830</b>	833,582
Weighted-average cost of energy per kilowatt-hour <i>(In cents)</i>				
Natural gas	<b>2.940</b>	3.012	<b>2.821</b>	2.488
Coal	<b>1.971</b>	2.152	<b>2.069</b>	2.213
Total fuel	<b>2.139</b>	2.429	<b>2.211</b>	2.199
Total fuel and purchased power	<b>2.905</b>	2.979	<b>3.049</b>	2.842
Degree days (A)				
Heating - Actual	<b>1,303</b>	1,086	<b>2,877</b>	2,800
Heating - Normal	<b>1,329</b>	1,329	<b>3,349</b>	3,349
Cooling - Actual	<b>97</b>	165	<b>1,944</b>	2,247
Cooling - Normal	<b>74</b>	74	<b>2,092</b>	2,092

**OGE Energy Corp.**  
**Consolidated Statements of Income**  
**(Unaudited)**

	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
<i>(In millions, except per share data)</i>	<b>2017</b>	2016	<b>2017</b>	2016
OPERATING REVENUES	<b>\$ 501.9</b>	\$ 530.8	<b>2,261.1</b>	2,259.2
COST OF SALES	<b>201.1</b>	234.7	<b>897.6</b>	880.1
OPERATING EXPENSES				
Other operation and maintenance	<b>123.8</b>	111.0	<b>480.3</b>	465.6
Depreciation and amortization	<b>76.3</b>	81.8	<b>283.5</b>	322.6
Taxes other than income	<b>21.0</b>	21.1	<b>89.4</b>	87.6
Total operating expenses	<b>221.1</b>	213.9	<b>853.2</b>	875.8
OPERATING INCOME	<b>79.7</b>	82.2	<b>510.3</b>	503.3
OTHER INCOME (EXPENSE)				
Equity in earnings of unconsolidated affiliates	<b>32.6</b>	22.3	<b>131.2</b>	101.8
Allowance for equity funds used during construction	<b>12.5</b>	5.0	<b>39.7</b>	14.2
Other income	<b>12.3</b>	7.1	<b>46.4</b>	26.0
Other expense	<b>(4.8)</b>	(6.1)	<b>(14.1)</b>	(16.9)
Net other income	<b>52.6</b>	28.3	<b>203.2</b>	125.1
INTEREST EXPENSE				
Interest on long-term debt	<b>39.8</b>	35.9	<b>153.6</b>	143.2
Allowance for borrowed funds used during construction	<b>(5.4)</b>	(2.8)	<b>(18.0)</b>	(7.5)
Interest on short-term debt and other interest charges	<b>1.4</b>	1.3	<b>8.2</b>	6.4
Interest expense	<b>35.8</b>	34.4	<b>143.8</b>	142.1
INCOME BEFORE TAXES	<b>96.5</b>	76.1	<b>569.7</b>	486.3
INCOME TAX (BENEFIT) EXPENSE	<b>(198.3)</b>	18.2	<b>(49.3)</b>	148.1
NET INCOME	<b>294.8</b>	57.9	<b>619.0</b>	338.2
BASIC AVERAGE COMMON SHARES OUTSTANDING	<b>199.7</b>	199.7	<b>199.7</b>	199.7
DILUTED AVERAGE COMMON SHARES OUTSTANDING	<b>199.8</b>	200.0	<b>200.0</b>	199.9
BASIC EARNINGS PER AVERAGE COMMON SHARE	<b>\$ 1.48</b>	\$ 0.29	<b>\$ 3.10</b>	\$ 1.69
DILUTED EARNINGS PER AVERAGE COMMON SHARE	<b>\$ 1.48</b>	\$ 0.29	<b>\$ 3.10</b>	\$ 1.69
DIVIDENDS DECLARED PER COMMON SHARE	<b>\$ 0.33250</b>	\$ 0.30250	<b>\$ 1.27000</b>	\$ 1.15500

 View original content: <http://www.prnewswire.com/news-releases/oge-energy-corp-reports-earnings-for-2017-and-outlook-for-2018-300602550.html>

SOURCE OGE Energy Corp.

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