



## **OG&E Agrees to \$25 million Annual Rate Cut**

October 11, 2002 4:00 AM EDT

### ***More than \$150 million in total savings to come over 3-year period***

OKLAHOMA CITY -- In a settlement announced today by OG&E Electric Services, the Oklahoma Corporation Commission staff, the state Attorney General and others, OG&E customers would receive a \$25 million annual reduction in their electric rates.

The rate cut, and benefits related to OG&E's acquisition of new generation capacity, will save OG&E customers more than \$150 million over three years. The agreement is subject to approval by the three-member Corporation Commission, which is scheduled to consider it in November.

If the settlement is approved, the \$25 million rate reduction will immediately lower the average residential customer's bill by approximately \$15 a year. After new generation is acquired, the settlement guarantees that reduction, at least, to be doubled.

The company, which had originally asked for a \$26 million rate increase, expressed mixed reaction to the settlement of the case.

"We are pleased to settle this case for a number of reasons, first being the benefit to our customers," said OG&E spokesman Brian Alford. "We also are pleased that our need for additional generating capacity has been recognized and that we will be able to satisfy our customers' growing demand for new capacity. This settlement enables us to recover ice storm expenses, and to avoid the risk and uncertainty a trial of this case would cause for our customers, shareowners and employees."

He added, however, that settling for a \$25 million annual rate cut leaves OG&E with a number of serious concerns.

"The need for us to invest in the reliability of our electric system is very real, and it is not going away," Alford said. "But given the extreme rate-cut plans that were advanced by others in this case, we have agreed to this settlement at this time to avoid the possibility of a bigger cut, and the terrible consequences such a cut would inflict on our company, our service, and our people."

The agreement allows OG&E to purchase at least 400 megawatts of electric generation capacity, resulting in an additional customer savings of more than \$75 million over three years in reduced fuel costs, the elimination of a costly government-mandated contract requiring OG&E to purchase power from a cogeneration plant, and the elimination of an existing purchased power contract.

The agreement also allows OG&E to recover, through sales of electricity outside the OG&E service area, operating expenses associated with repairs to the electric system after the record-setting ice storm earlier this year.

"Our goal in this rate case has been to ensure that our customers have a dependable and adequate supply of electricity, quick response to power outages and excellent customer service," Alford said. "Today's settlement will benefit our customers in the short-term, in no small part because their electric company won't be devastated by a huge rate cut. But it creates uncertainty about the reliability of our electric system over the long term."

Alford noted the settlement agreement, if approved, would be OG&E's 9th rate reduction without an increase in the last 16 years. In that time, the company has had two major workforce reductions and sharply focused on improving efficient operations.

OG&E, Oklahoma's largest electric utility with more than 700,000 customers in a service territory spanning 30,000 square miles in Oklahoma and western Arkansas, is a subsidiary of OGE Energy Corp. (NYSE: OGE), which also is the parent company of Enogex Inc., a natural gas pipeline and energy marketing business with principal operations in Oklahoma, Arkansas and Texas.

Media contact:  
Brian Alford  
Manager, Corporate Communications  
Phone: (405) 553-3187  
alfordbt@oge.com

Financial contact:  
Eric Weekes  
Treasurer  
Phone: (405) 553-3581  
weekeseb@oge.com