



**We Energize Life**



# Investor Update

November 2020



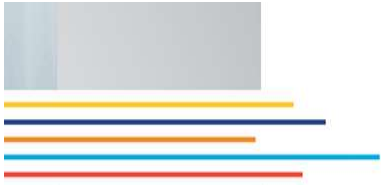


# Safe Harbor

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 natural gas liquids ("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; the impact of extraordinary external events, such as the current pandemic health event resulting from COVID-19, and their collateral consequences, including extended disruption of economic activity in our markets; costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters; 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, 2019 and in the Company's Form 10-Q for the quarter ended September 30, 2020.



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# OGE Energy Corporate Structure

## OGE Energy Corp

(NYSE: OGE)

- Ratings: Moody's Baa1; S&P BBB+; Fitch BBB+; Stable outlook
- Dividend growth rate in line with utility earnings growth

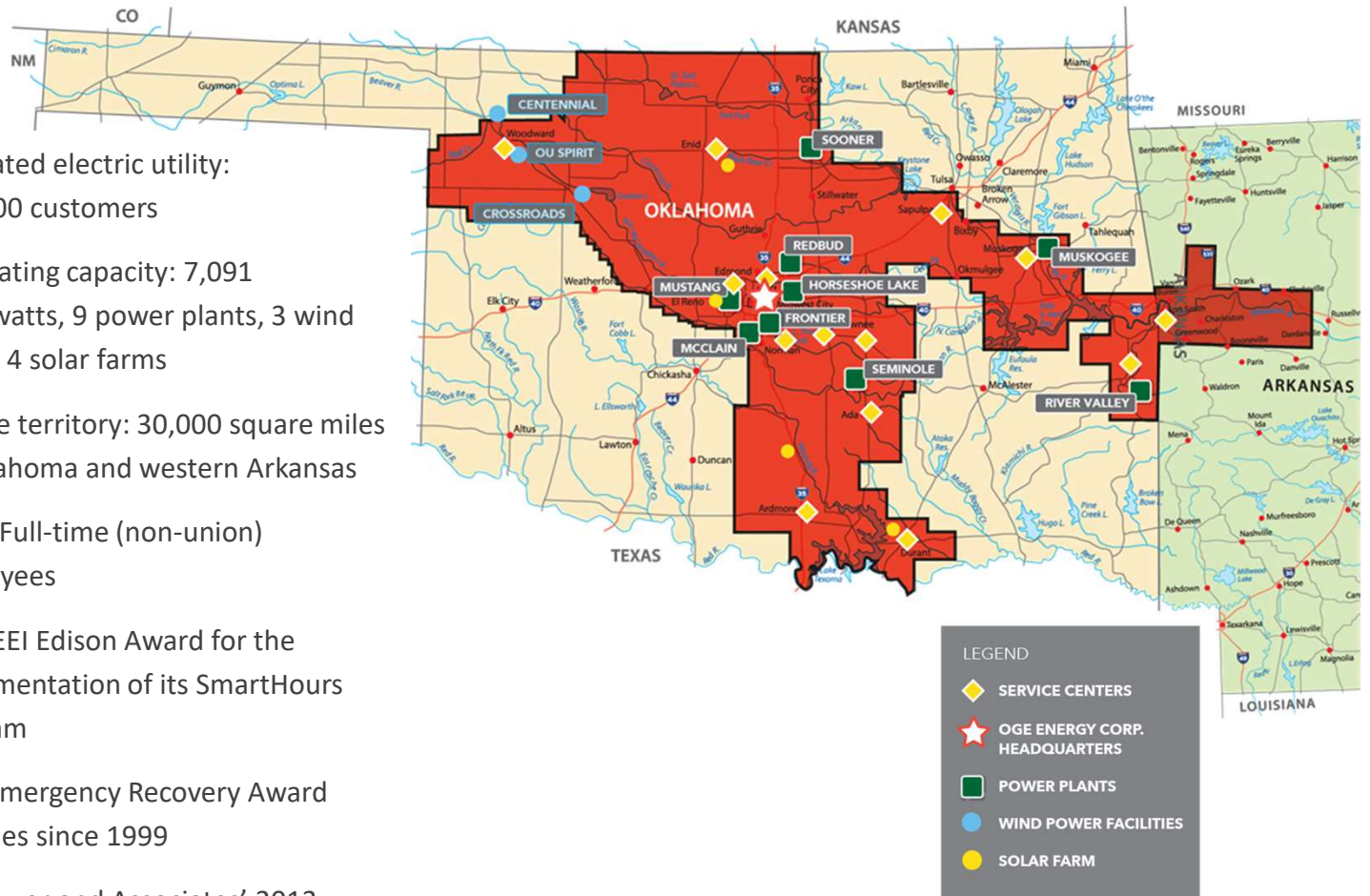


- Well positioned regulated utility with growing service territory with some of the lowest retail rates in the nation
- Utility long-term growth rate of 4% – 6%
- Ratings: Moody's A3; S&P A-; Fitch A-; Stable outlook
- OGE holds a 25.5% limited partner interest and a 50% general partner interest of Enable Midstream Partners, LP



# OG&E Facts

- Regulated electric utility:  
865,000 customers
- Generating capacity: 7,091 megawatts, 9 power plants, 3 wind farms, 4 solar farms
- Service territory: 30,000 square miles in Oklahoma and western Arkansas
- 2,425 Full-time (non-union) Employees
- 2013 EEI Edison Award for the implementation of its SmartHours Program
- EEI's Emergency Recovery Award 16 times since 1999
- J.D. Power and Associates' 2013, 2014, & 2015 Electric Utility Residential Customer Satisfaction Award

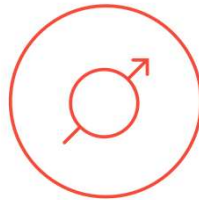


# Investment Thesis

## Clear line of sight for total return



Strong credit ratings



Utility growth rate of 4-6 percent



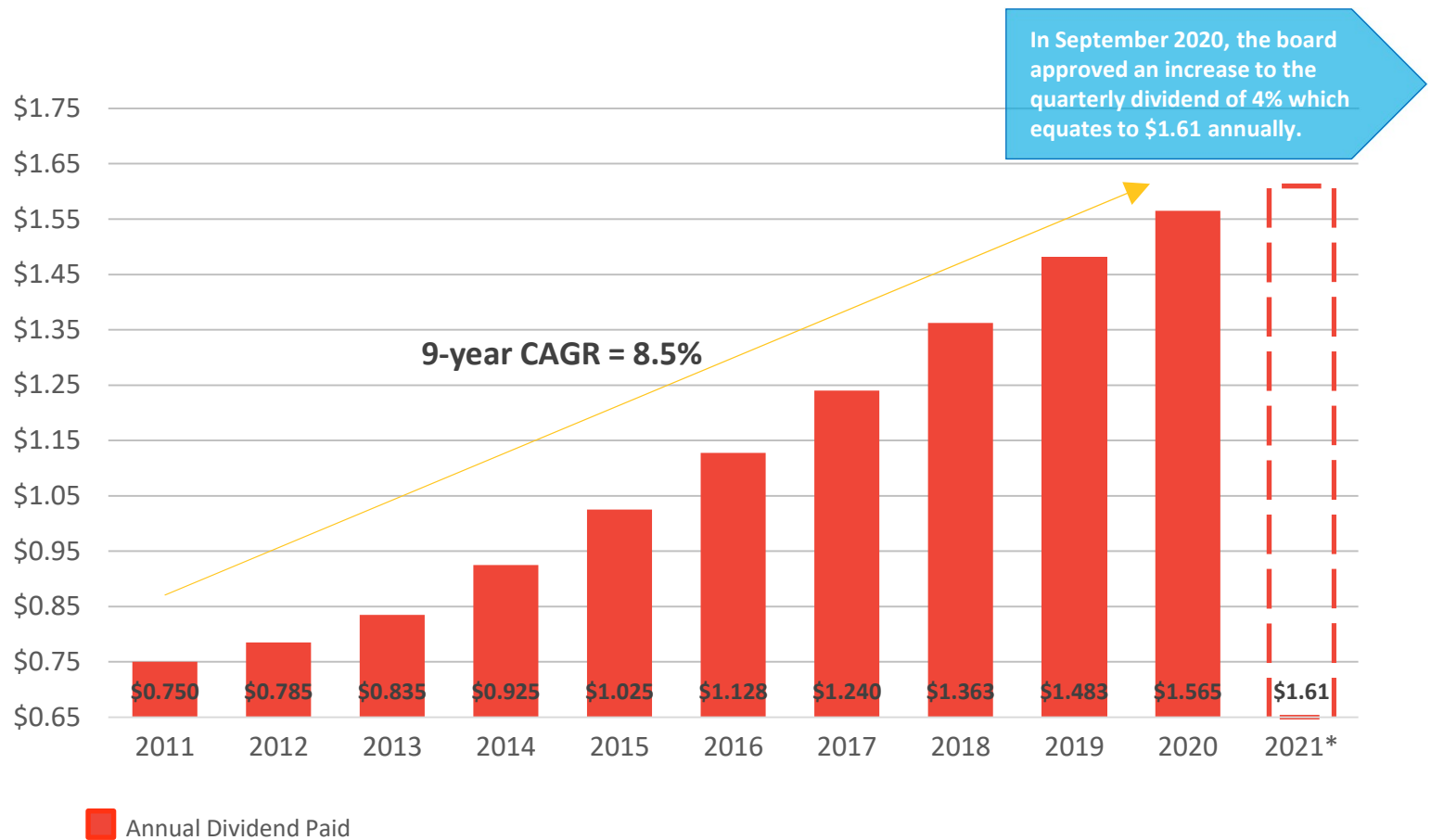
Annual dividend growth rate in line with earnings growth



Strong balance sheet, liquidity and cash flow – no public equity required

- A strong economy in Oklahoma and Arkansas supports organic growth opportunities in our existing footprint
- Management team is focused on growing the regulated business

# Strong, Consistent Dividend Growth



\*Quarterly dividend rate of \$0.4025 declared by the Board of Directors in September 2020. The dividend must be approved by board each quarter.

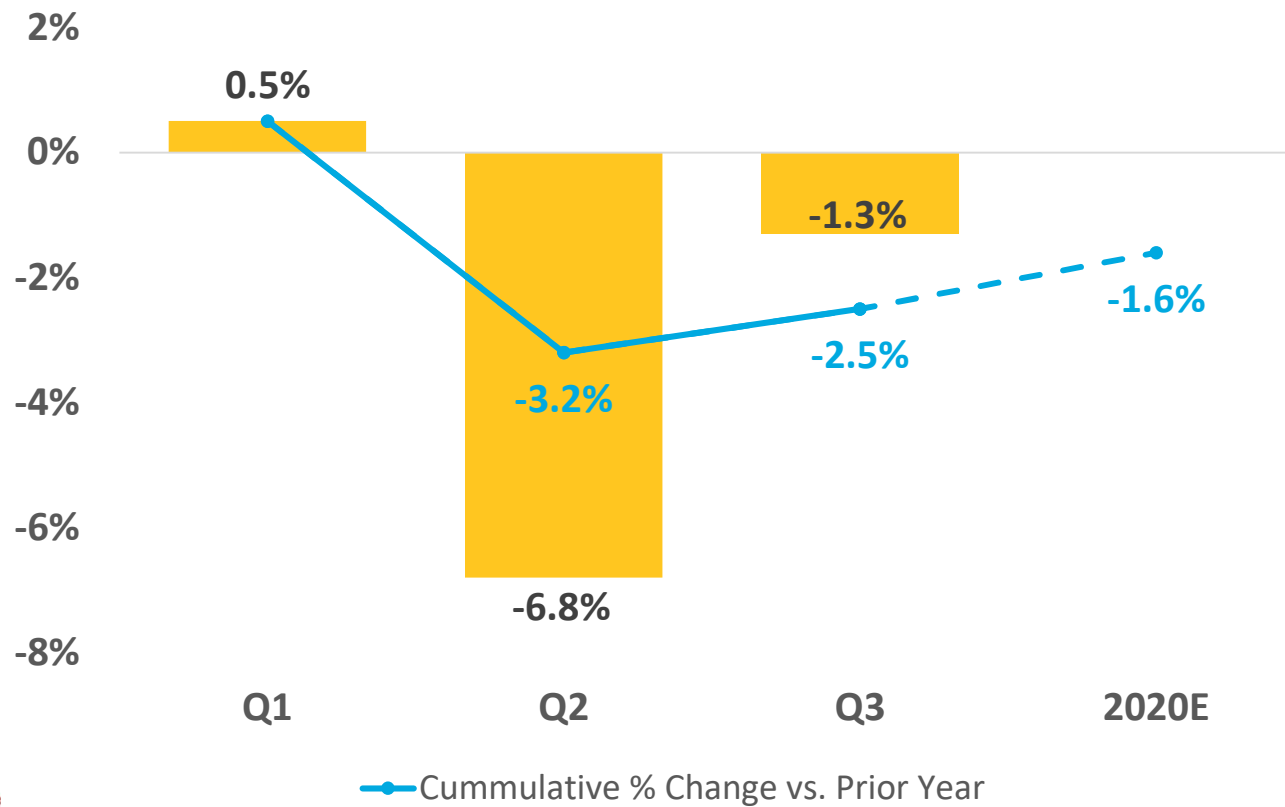


## 3Q Business Update

- Mitigated COVID impact
- Economic recovery fueled by improving unemployment and load
- Continued successful regulatory outcomes in Oklahoma and Arkansas
- ESG efforts advance, Environmental results are industry leading
- Sustainable business model
- Continued economic recovery sets up growth in 2021

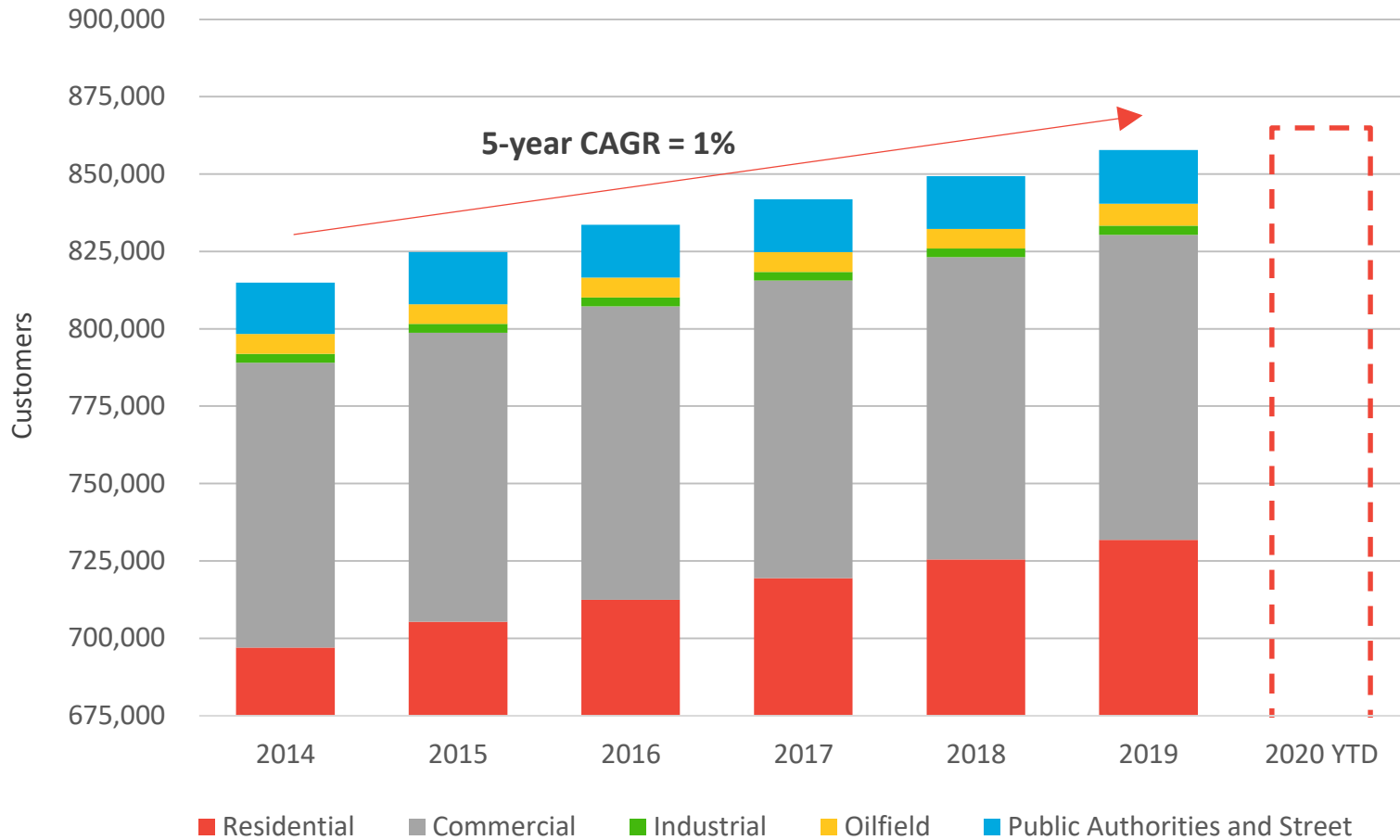
# Improving Economy

Total Normalized MWh Sales  
% Change vs. Prior Year

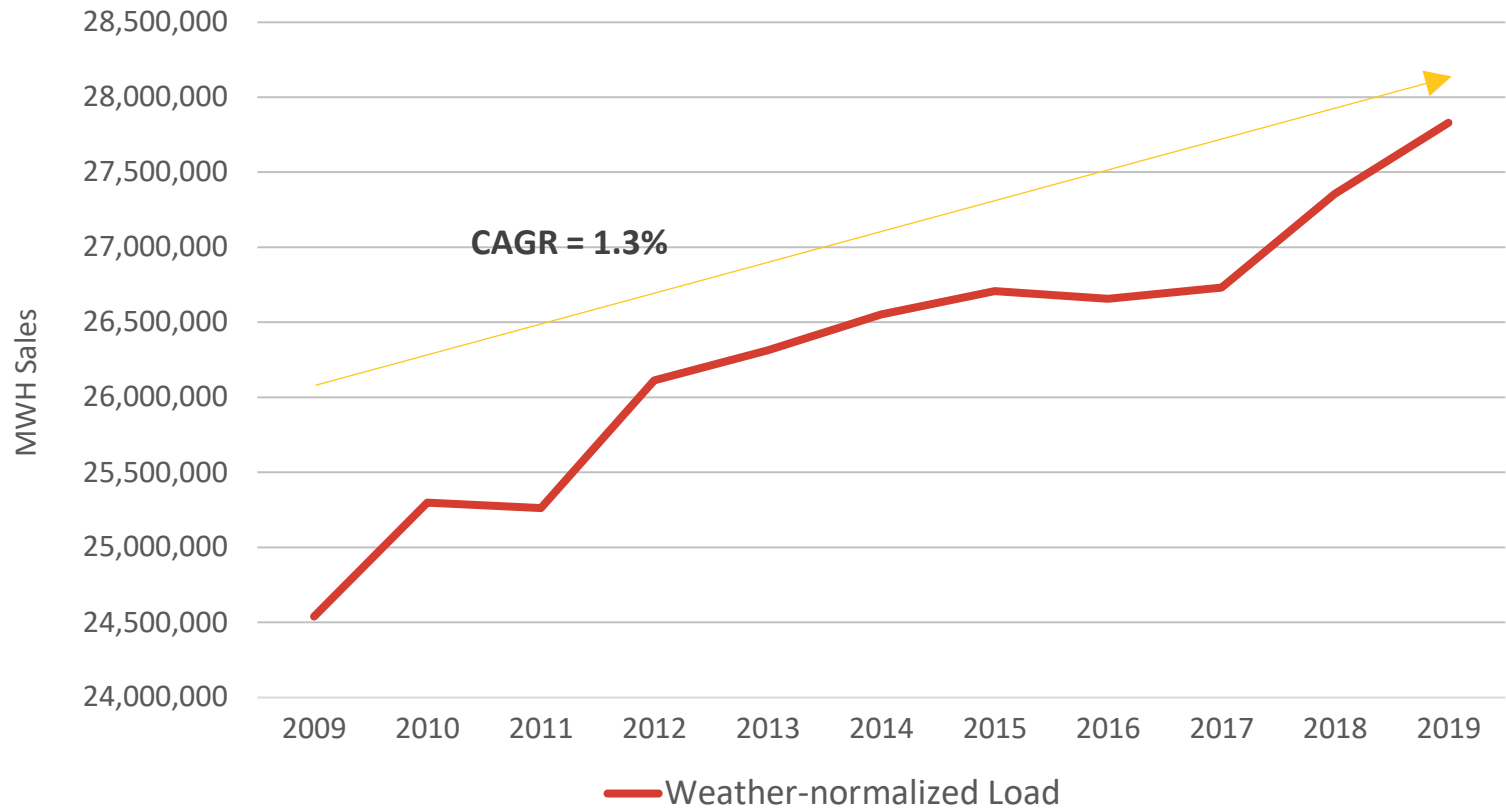




# Customer Growth

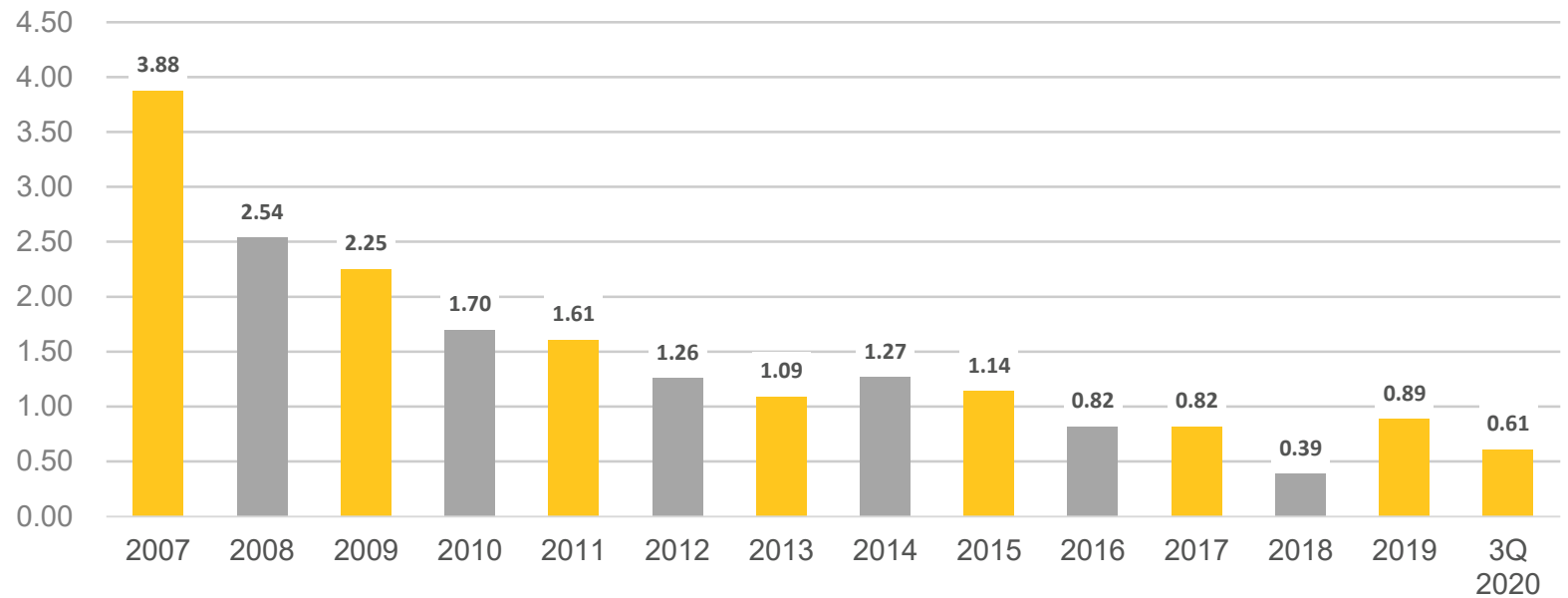


# Load Growth Trends



# Safety

OSHA Incident Rate 2007 – 2020

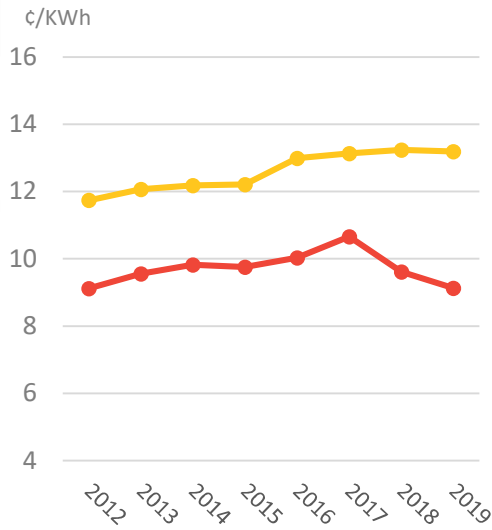


- 2019 was a top 4 safety year for the company

# Customer Value



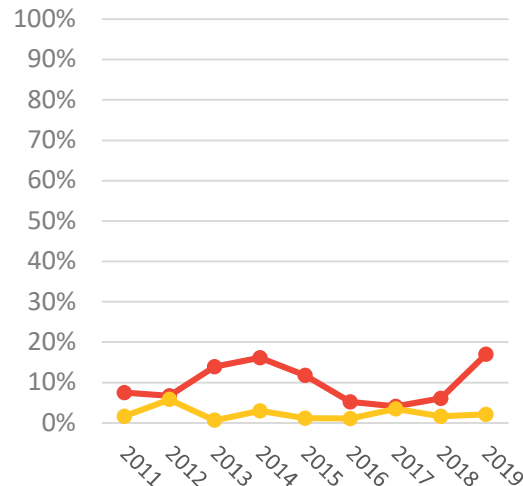
## Low Residential Rates



OG&E Nation



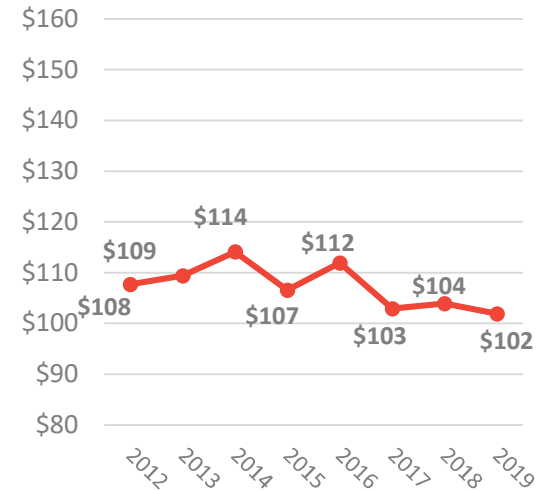
## Solid Generating Plant Performance



Coal EFOR  
Combined Cycle EFOR



## Stable Residential Bills



Average Residential Bill

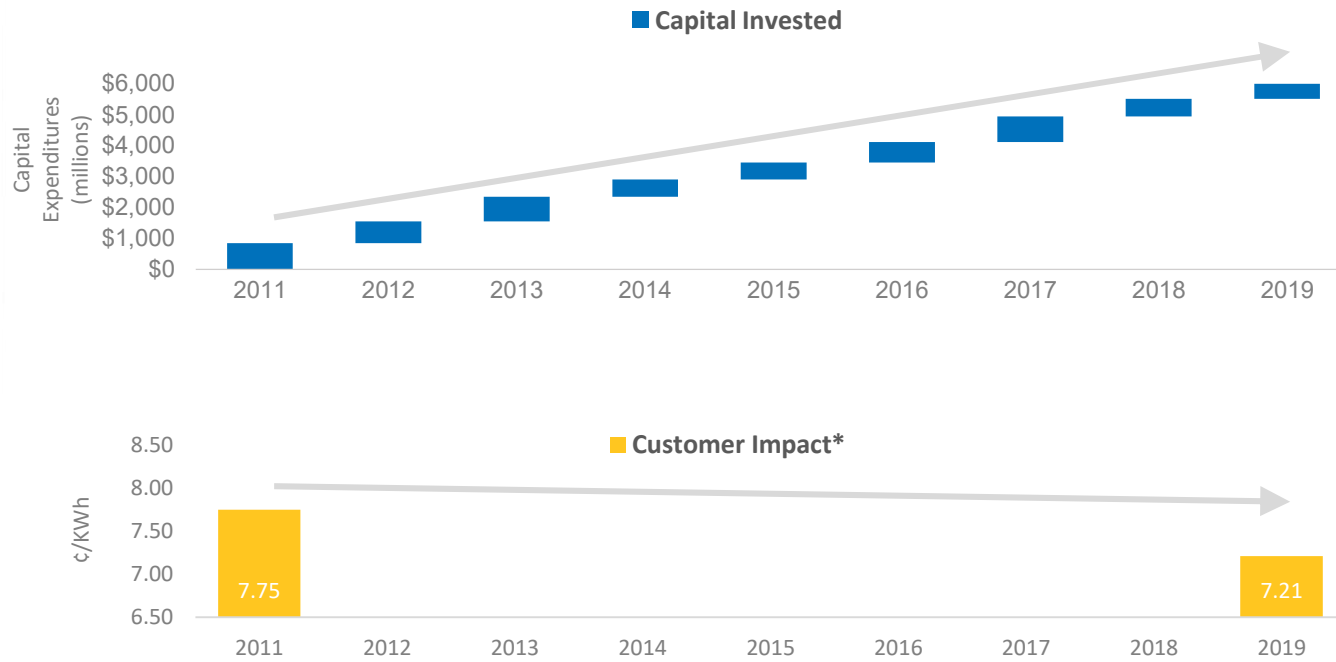
Source: EEI Typical Bills and Average Rates Report Summer 2019  
Residential Avg Rates - Oklahoma

Source: OGE Energy 10K filings, Annual average of monthly bills



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# Creating Value for Customers and Shareholders



Invested  
**\$6.2B**

CAGR  
**-0.90%**

\*Customer Impact is Oklahoma Retail Average Rate Comparison, EEI Typical Bills and Average Rates Report Summer 2011 and 2019.



# Stewardship at OGE

OGE Energy Corp. has a long-standing commitment to stewardship, striving to protect the environment and promote sustainability in all its business activities.

## Environmental Stewardship

Entering 2020, expected reductions from the 2005 baseline:

- Nitrogen Oxide (NO<sub>x</sub>) – nearly 75%; Sulfur Dioxide (SO<sub>2</sub>) – nearly 90%; Carbon Dioxide (CO<sub>2</sub>) – approximately 40%
  - Expect to reduce carbon dioxide emissions to 50% below 2005 levels by 2030
- Each year, the company returns 98% of the water it uses to generate electricity. In addition, two of our plants use water from municipal wastewater treatment facilities, conserving 2.27 billion gallons of fresh water annually
- OGE currently recovers more than 81 percent of ash generated to sell to the concrete industries, and in the last five years we've diverted about 1.5 million tons of ash from landfills by doing so

## Environmental Compliance Plan

- Reduced coal generation capacity in 2019 by 40% (1,000 MWs of coal generation converted to natural gas)
- Dry Scrubbers installed on 2 coal units (1,000 MWs)

## Renewable Generation

- Increased fleet capacity from zero to 11% over the past 10 years
- OGE developed the first wind & solar farms in Oklahoma
- OGE has facilitated renewable generation development by sponsoring and building transmission lines, connecting growing wind resources to large load centers

## Smart Hours Program

- Nationally recognized demand side management program that allows customers to respond to demand pricing signals thereby reducing peak generation loads. In 2019 the demand response capacity was 116 MW.

## Vehicle Fleet Conversion

- Converting 50% of light duty vehicles to electric by 2025 and 100% of light duty vehicles by 2030
- Reducing the emissions of all fleet vehicles, including medium and heavy-duty trucks, by 60% over current levels by 2030

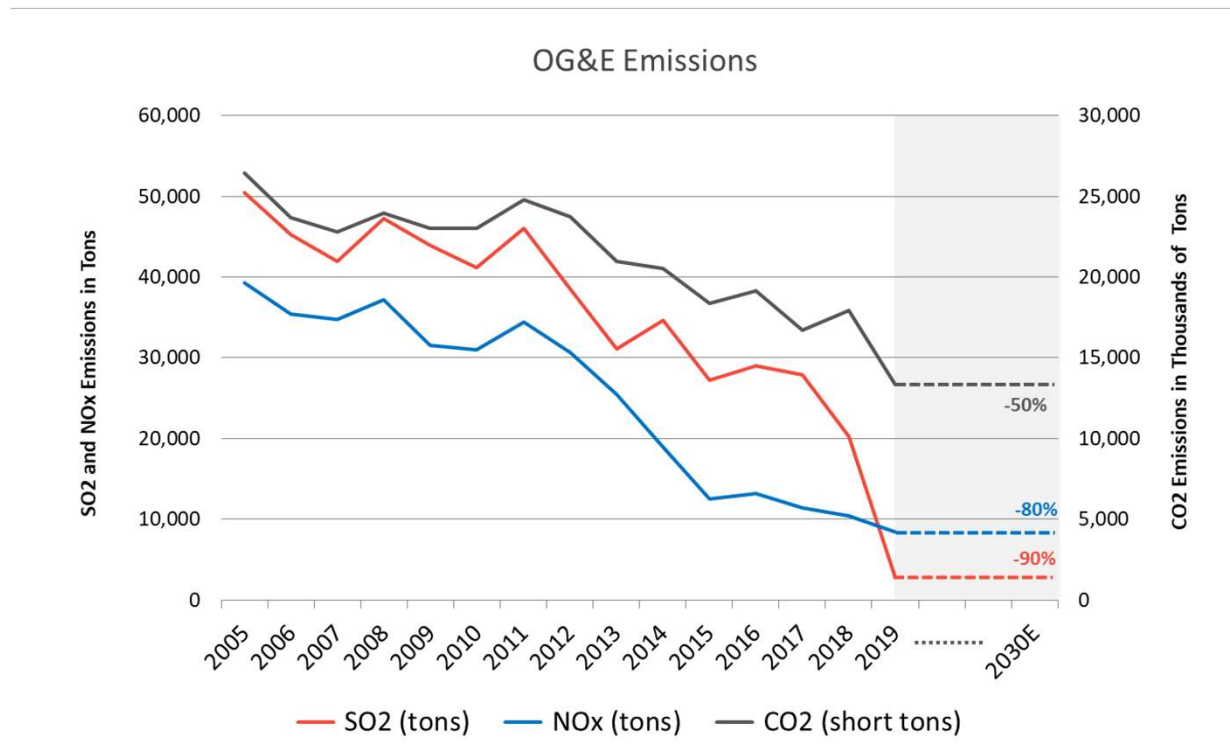


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# Stewardship: Shifting Resources and Reducing Emissions

OG&E is gradually shifting generation resources and reducing emissions while maintaining fuel diversity and we are not done...



# Stewardship: Long Term Carbon Direction

2018 announced emissions expectation:

- 40% CO<sub>2</sub> emissions reduction by 2019 from 2005
- 50% by 2030

OG&E's announced reductions are consistent with those recommendations of the IPCC's 1.5-degree projections through 2030

Global total net CO<sub>2</sub> emissions

Billion tonnes of CO<sub>2</sub>/yr

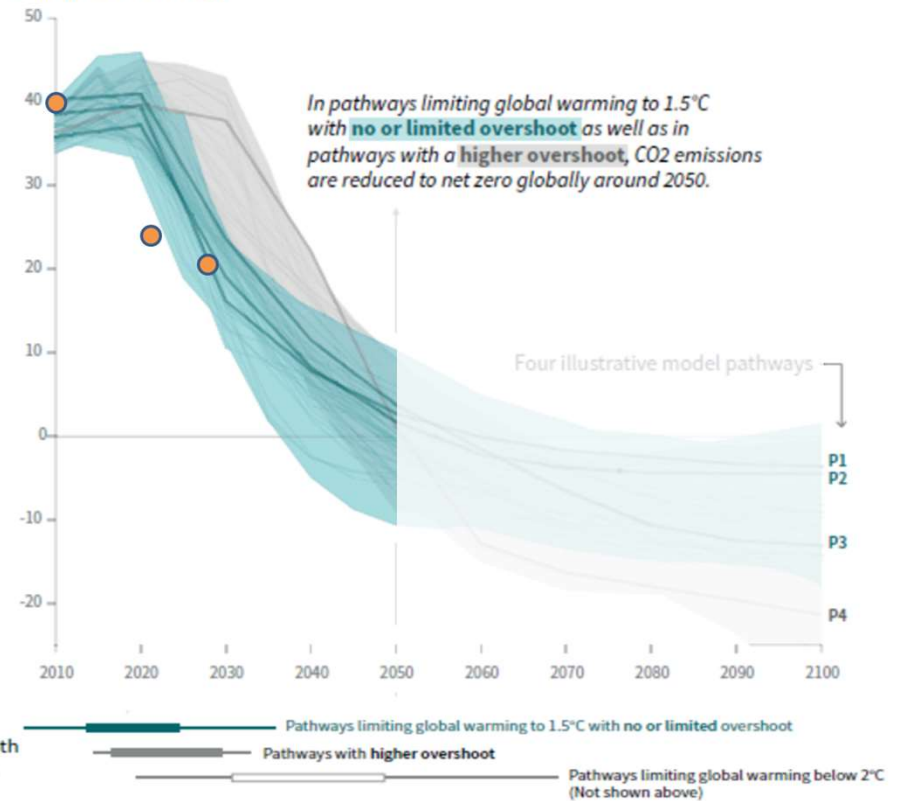


Chart taken from the IPCC 2018 Summary for Policymakers, with OG&E's emissions expectations imposed for illustrative purposes.



# Focus on Community Development



**20,000**  
volunteer hours



Contributed  
**\$1.2 million**  
to the **United Way  
Pacesetter Campaign**,  
which includes funds  
from special events,  
rallies and company  
match of \$.50  
on the dollar



Recognized as one of  
the **100 Most  
Trustworthy  
Companies in the  
Nation** by Forbes  
Magazine

**EI Emergency  
Assistance Award**  
for recovery efforts  
following 2019  
flooding in OK and AR,  
our 16th since 1999



Established the **OGE  
Renewable Energy  
Scholarship** and paid  
internship for MBA  
candidates at the  
University of Oklahoma

Provide **scholarships of  
up to \$5,000** per year  
for under-represented  
students pursuing STEM  
disciplines at Oklahoma  
State University

Annually award **three,  
4-year college  
scholarships** to  
deserving students in our  
service area



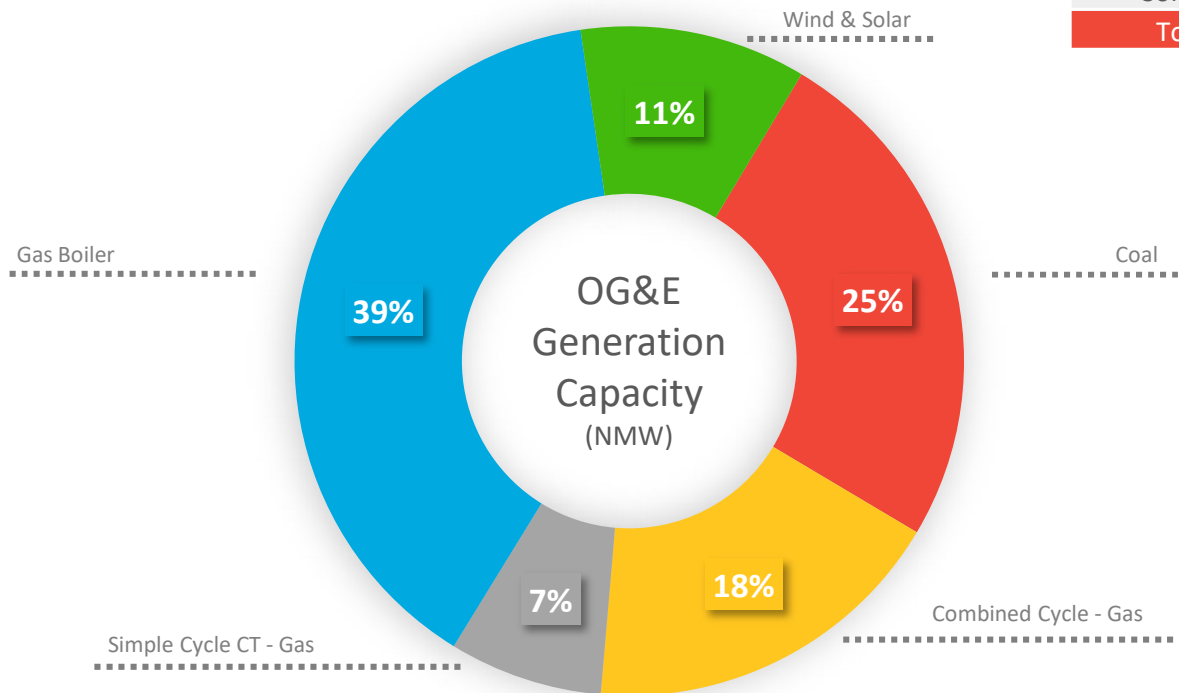
**More than \$1.8  
million in  
grants**  
contributed through  
the **OGE Energy  
Corp. Foundation** to  
support programs,  
organizations and  
institutions that  
enhance the quality  
of life and economic  
well-being of our  
communities



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# OG&E Generation Fleet

Generation Type	Capacity (NMW)
Combined Cycle	1,324
Coal	1,854
Gas Boiler	2,891
Simple Cycle CT	551
Wind*	791
Solar**	22
<b>Total</b>	<b>7,433</b>



\*OG&E's current wind power portfolio also includes 342 MWs of purchased power contracts

\*\*An additional 5MW will go into service next year

# River Valley Optimization

**Purchase Price \$27.5M**

**With current natural gas infrastructure in place, we can operate the plant with a blend of 40% gas and 60% coal**

This heat input from gas is approximately 50% higher than originally expected

We are modifying our air permit to allow for us to burn natural gas

**Emissions from NO<sub>x</sub>, SO<sub>2</sub>, and CO are significantly reduced**

NO<sub>x</sub> reduced approximately 45%

SO<sub>2</sub> reduced approximately 40%

CO<sub>2</sub> reduced approximately 20%

**As expected, limestone consumption and ash production reduce as we increase the amount of gas burned, which decreases our overall cost of production by nearly \$3 million per year**

Limestone consumption reduction approximately 90%

Ash reduction approximately 50%



320mw coal fired power plant located near Poteau, Oklahoma

**OGI-E**

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# Frontier

**Purchase Price \$26M**

**We are adding operational flexibility at Frontier:**

Frontier was previously not offered over the weekends. We will now offer the unit 7 days a week.

Frontier was previously only dispatched at specific contract output levels. We will now be utilizing the full dispatchable range of the units to capture additional market value.



125 MW Combined Cycle unit located in the Oklahoma City metro area

**OG+E**

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# Regulatory Update



## Oklahoma Corporation Commission

- **Action in Response to COVID-19** (*PUD 202000050*) – Order received May 7<sup>th</sup> providing expense deferral
- **The Oklahoma Grid Enhancement Plan** (*PUD 202000021*) – Order received November 5<sup>th</sup> unanimously approving the settlement agreement



## Arkansas Public Service Commission

- **Administrative Orders Relating to the COVID-19 State of Emergency** (*Docket No. 20-012-A, Order 1 & 2*) – Order received April 10<sup>th</sup> providing expense deferral
- Filing our 3<sup>rd</sup> Evaluation Report for the **Formula Rate Tariff** (*Docket No. 18-046-FR*) on October 1<sup>st</sup>, with new rates effective April 1, 2021



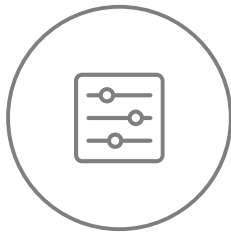
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# Oklahoma Grid Enhancement Plan

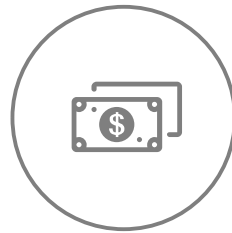
<i>Dollars in millions</i>	2020	2021	2022	2023	2024	Total
Grid Resiliency	\$50.2	\$71.8	\$86.8	\$86.8	\$86.8	\$382.4
Grid Automation	36.3	52.0	61.5	61.5	61.5	272.8
Communication Systems	-	30.0	16.7	16.7	16.7	80.1
Technology Platforms and Applications	2.5	18.4	18.0	18.0	18.0	74.9
<b>Total</b>	<b>\$89.0</b>	<b>\$172.2</b>	<b>\$183.0</b>	<b>\$183.0</b>	<b>\$183.0</b>	<b>\$810.2</b>

- Unanimous settlement reached October 5<sup>th</sup>, 2020
- Order Received November 5<sup>th</sup>, 2020
- Mechanism approves \$7 million in revenue requirement for 2020 and 2021 projects that will flow through the mechanism in 2021 and 2022
- As part of the settlement, OG&E will file a rate case by the end of Q1 2022
  - An extension to the mechanism will be requested through the rate case
- While the Settlement limits the investments to be included in the mechanism to grid automation and related communication and technology systems investments, OG&E will move forward with the entire Grid Enhancement capital plan

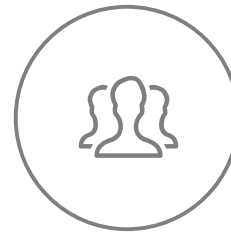
# Benefits of Reliability and Resiliency Investment



Deployment of smart grid technology provides the framework for grid modernization



Investments in Arkansas and Oklahoma are projected to significantly reduce outage times



Continually improving the customer experience



Key for continued economic development as businesses demand high reliability and enhanced products and services

# Regulatory Overview



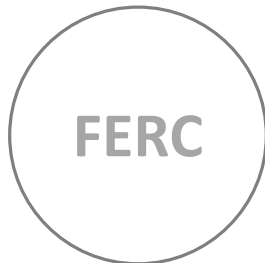
## Oklahoma Corporation Commission

- 3 elected commissioners serve with 6-year terms
- Chairman Hiett's current term ends in 2027
- Vice-Chairman Anthony's current term ends in 2024
- Commissioner Murphy's current term ends in 2022
- OG&E has a 9.5% ROE with 53% equity layer



## Arkansas Public Service Commission

- 3 appointed commissioners serve with 6-year terms
- Chairman Thomas was appointed in 2015
- Commissioner O'Guinn was appointed in 2016
- Commissioner Tate was appointed in 2019
- OG&E has a formula rate with 9.5% ROE and a 50% equity layer



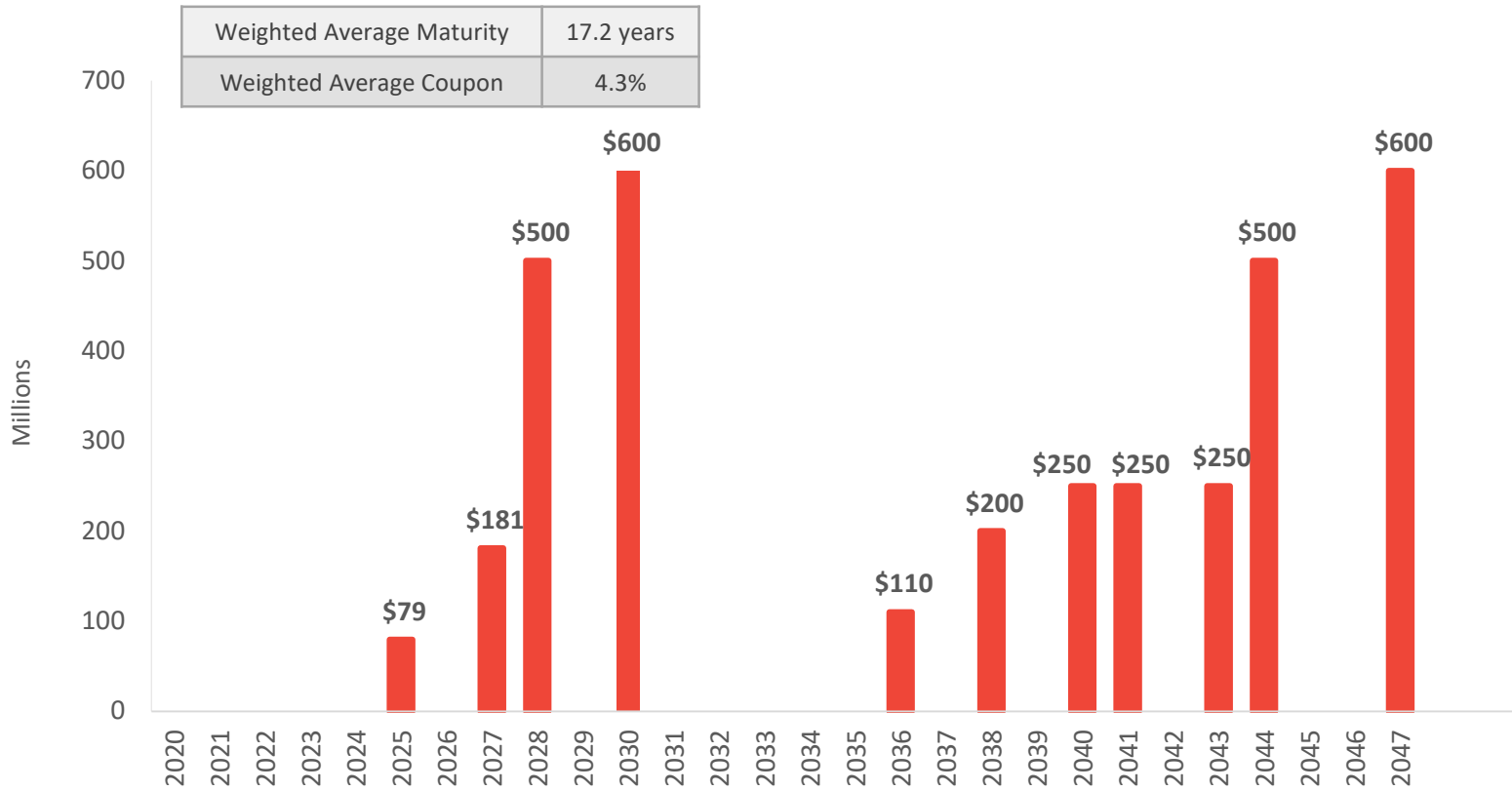
- OG&E has a formula rate with 10.5% ROE and up to 56% equity for Transmission



# Regulatory Framework

	Oklahoma	Arkansas	FERC
Formula rate plan		✓	✓
Forward/ projected test year	6 months	✓ (Rate Case)	✓
Interim rates	✓	✓	
Fuel recovery mechanism	✓	✓	
Environmental compliance rider		✓	
Storm cost recovery rider	✓		
Pension tracker	✓		
Energy efficiency rider	✓	✓	
SPP cost tracker	✓	✓	

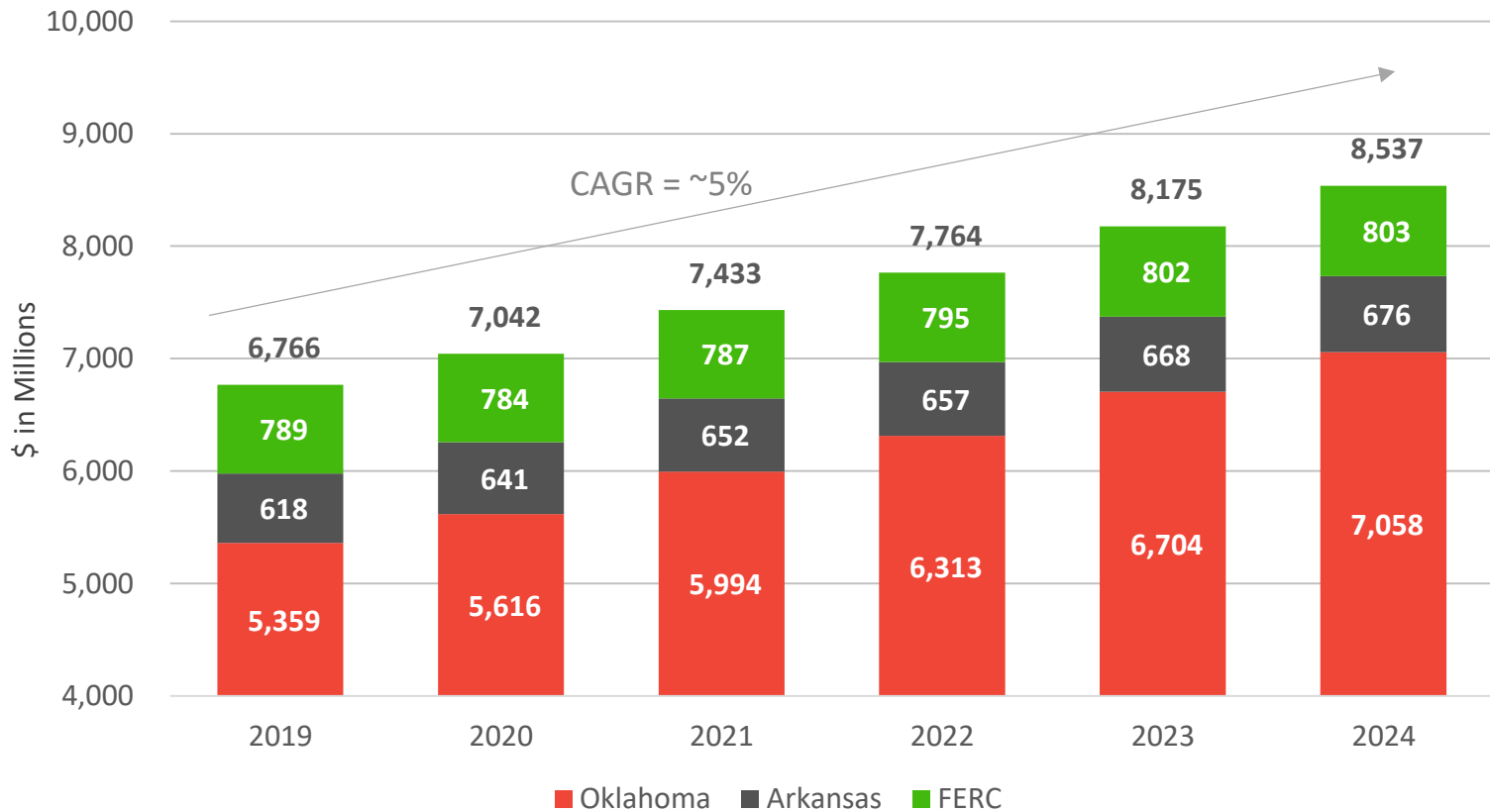
# Debt Portfolio



# Projected Capital Expenditures 2020 – 2024

<i>Dollars in millions</i>	2020	2021	2022	2023	2024	Total
Transmission	\$45	\$40	\$35	\$35	\$35	\$190
Oklahoma Distribution	215	225	225	225	225	1,115
Arkansas Distribution	30	15	15	15	15	90
Generation	135	60	60	90	60	405
Reliability, resiliency, technology and other	90	335	335	335	335	1,430
Other	60	50	60	55	55	280
<b>Total</b>	<b>\$575</b>	<b>\$725</b>	<b>\$730</b>	<b>\$755</b>	<b>\$725</b>	<b>\$3,510</b>

# Projected Rate Base



\*Includes projects under construction; Year-end totals



# Margin Sensitivities

Customer Class	1% Margin Sensitivity (In Millions)
Residential	\$6.5
Commercial	\$3.6
Industrial	\$1.3
Oilfield	\$1.1
Public authorities	\$1.2
<b>Total</b>	<b>\$13.7</b>



# Enable Midstream Partners

- Distribution coverage ratio as of September 30, 2020 was 2.04x
- Enable is on track to achieve the capital and cost reductions announced earlier this year and have fully funded their capex plan with cash flow
- Quarterly distribution rate of \$0.16525 is approximately \$73.4 million per year to OGE
- Three strategic criteria when establishing the partnership
  - Large enough entity to stand on its own
  - Self funding – transformed from user of cash to provider of cash
  - Strong liquidity and balance sheet to weather commodity cycles
- We are committed to maximizing the value of Enable for our shareholders

# COVID-19 Response Update



## Employees

- ✓ Ensuring health and safety of our employees
- ✓ Situation Room with on-staff physician
- ✓ Social distancing in the office and field
- ✓ Health screenings at all facilities
- ✓ Smart and effective use of work from home procedures



## Customers

- ✓ Delivering safe and reliable energy
- ✓ Flexibility for customers to pay bills utilizing installment plans
- ✓ Reduced fuel charge on bills ahead of schedule
- ✓ Our workers are minimizing exposure to the public with safe working procedures



## Community

- ✓ Coordinating response with regulators
- ✓ Philanthropy supporting local restaurants and Ending Hunger OKC



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