



**We Energize Life**  
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# **Q4 2021 Earnings and Business Update Conference Call**

February 24, 2022

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# Safe Harbor

Some of the matters discussed in this presentation 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," "target" 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, inflation rates 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, including through securitization, of items such as capital expenditures, fuel costs, operating costs, transmission costs and deferred expenditures; prices and availability of electricity, coal and natural gas; 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 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 and equipment 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, restrict or change the way the Company's facilities are operated or result in stranded assets; 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, including losing control of our assets and potential ransoms, and other catastrophic events; creditworthiness of suppliers, customers and other contractual parties, including large, new customers from emerging industries such as cryptocurrency; 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 the Company's markets and operational challenges if large percentages of key employee groups become sick and are unable to work for an extended period of time; potential employee engagement issues and/or increased rates of employee turnover if federal or state authorities impose COVID-19-related vaccine or testing mandates; costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters; business conditions in the energy and natural gas midstream industries, including specifically for Energy Transfer that may affect the fair value of the Company's investment in Energy Transfer's equity securities and the level of distributions the Company receives from Energy Transfer; difficulty in making accurate assumptions and projections regarding future distributions associated with the Company's investment in Energy Transfer's equity securities, as the Company does not control Energy Transfer; 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, 2021.

# Building a Sustainable Business Model



**Changed operational paradigm to focus on reliability, resiliency, and affordability**

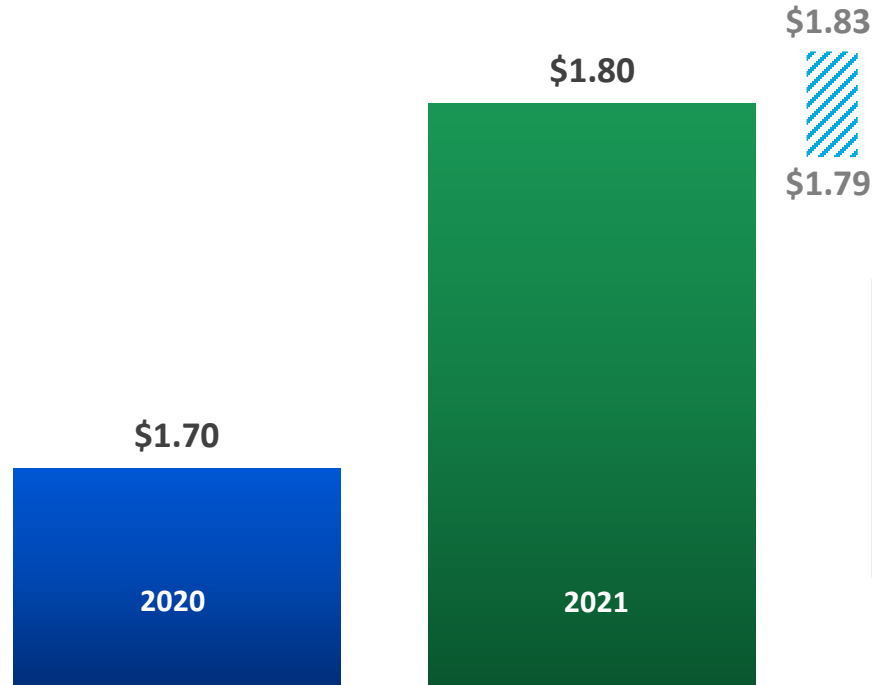


**Reframed the customer experience**



**Concentrated economic development efforts to drive customer and load growth**

# Summary of 2021 Financial Results



OG&E (Electric Utility)

✓ Strong execution allowed us to deliver at the midpoint of the narrowed utility guidance range of \$1.79 - \$1.83 per share<sup>1</sup>

- Holding Company and Other Operations resulted in a loss of \$0.04 per share
- Natural Gas Midstream Operations contributed \$1.92 per share
  - Includes \$1.32 per share gain on the Enable/Energy Transfer merger transaction
- ✓ **Consolidated earnings \$3.68 per share**

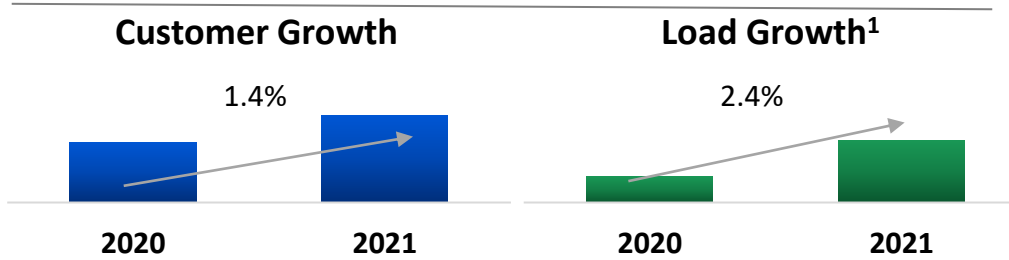
1. Original 2021 Utility guidance EPS range of \$1.76 to \$1.86.

# 2021 Achievements

- ✓ 2<sup>nd</sup> best safety year on record
  - #1 in the SEE in 2021
  - Each of the last 6 years are the best in the Company's history
- ✓ 2022 Escalent Business Customer Champion
- ✓ Continued grid modernization investments
- ✓ Planned investments in renewables
- ✓ Active regulatory schedules in OK & AR
  - Securitization legislation passed; securitization order obtained in Oklahoma
  - 4<sup>th</sup> formula rate settled in Arkansas; formula rate extension requested
  - Filed Oklahoma rate review
- ✓ Continued economic and business development activities



# Strong Economic Indicators & Load Results



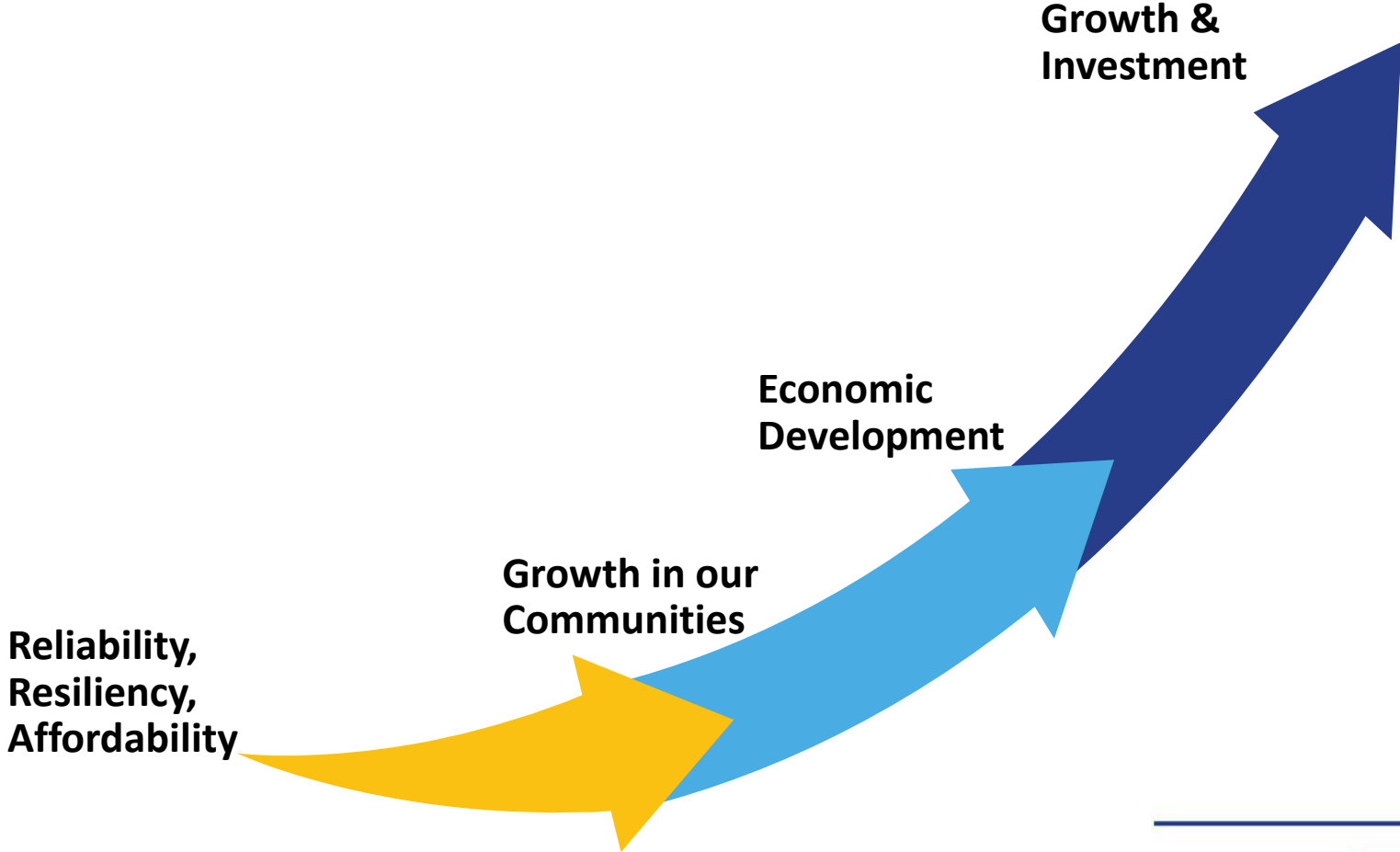
- 2022 expected load growth in 3.5% to 5% range
- Economic development attracts new customers with our nation-leading lowest electric rates<sup>2</sup>
- As of December 2021, Oklahoma City ranked #3 for lowest unemployment rates for large metropolitan areas in the U.S. at 1.6%
  - National: 4.0% (January)
- Clever Real Estate announced Oklahoma City as 12<sup>th</sup> best city in the nation for startups



1. Excludes February impact of Winter Storm Uri for industrial and oilfield which were severely impacted by forced curtailments
2. S&P Global Market Intelligence Ultimate Rankings of 2020 average bundled price to ultimate customers by parent company



# OGE Sustainable Business Model



**Long-term Vision for Shareholders**

- Grow Utility EPS 5-7% annually<sup>1</sup>
- 65-70% dividend payout



1. From the midpoint of 2021 Utility guidance of \$1.81 per share

# 2021 EPS Results

- Operational excellence allows OG&E to deliver within original and narrowed EPS guidance range

	2021	2020	Drivers
OG&E	\$1.80	\$1.70	Strong Load Growth of 2.4% ↑ Recovery of increased infrastructure investments ↑ Winter storm Uri impacts ↓ Higher depreciation on growing asset base ↓
Natural Gas Midstream Operations	\$1.92 <sup>1</sup>	(\$2.58) <sup>2</sup>	Gain on Enable transaction <sup>1</sup> from merger with ET ↑ Higher natural gas and NGL prices ↑ ET unit price change from December 3 to 31, 2021 ↓
HoldCo and Other Operations	(\$0.04)	\$0.01	Higher interest expense and lower income tax benefit ↓
Consolidated	\$3.68	(\$0.87)	

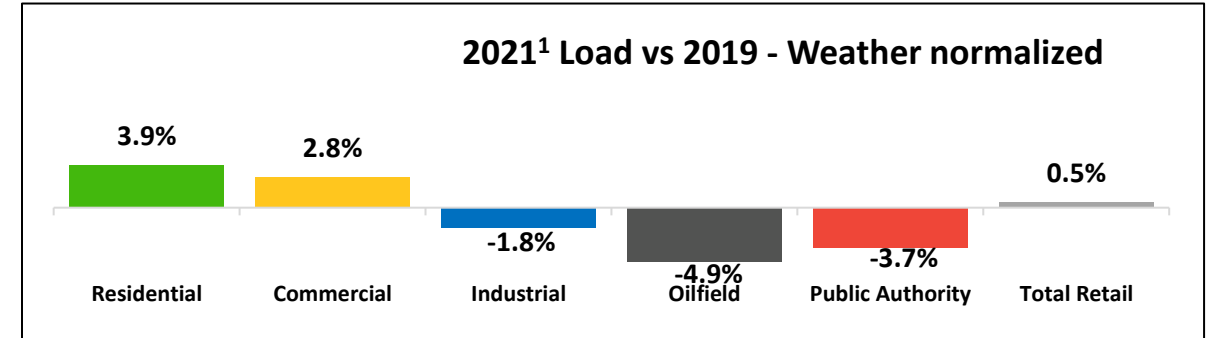
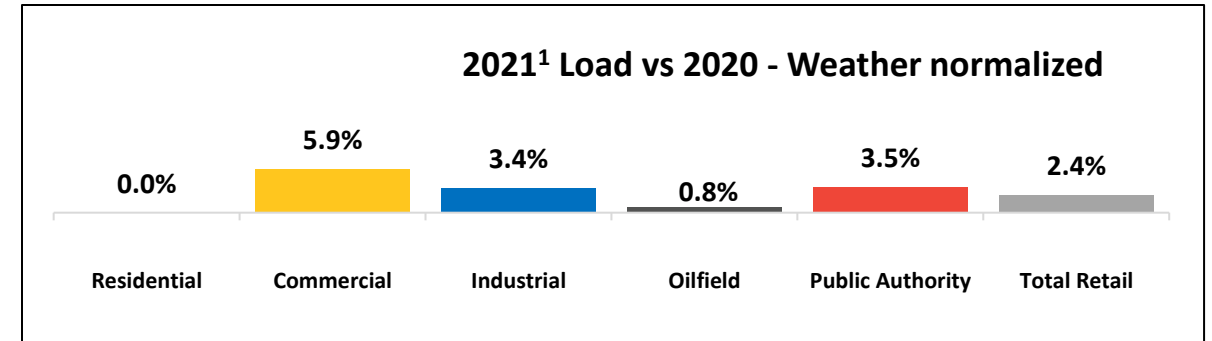
- Current year results include a gain of \$264.8 million (\$344.4 million pre-tax), or \$1.32 per diluted share, upon the closing of the merger of Enable and Energy Transfer on December 2, 2021, whereby our equity method investment in Enable was replaced with an investment in equity securities of Energy Transfer.
- Prior year results include an other than temporary impairment of the Enable investment that was recorded which impacted Consolidated results net of taxes by \$589.6 million (\$780 million pre-tax), or a loss of \$2.95 per diluted share recorded at OGE Energy Holdings.



# 2021 Load Results

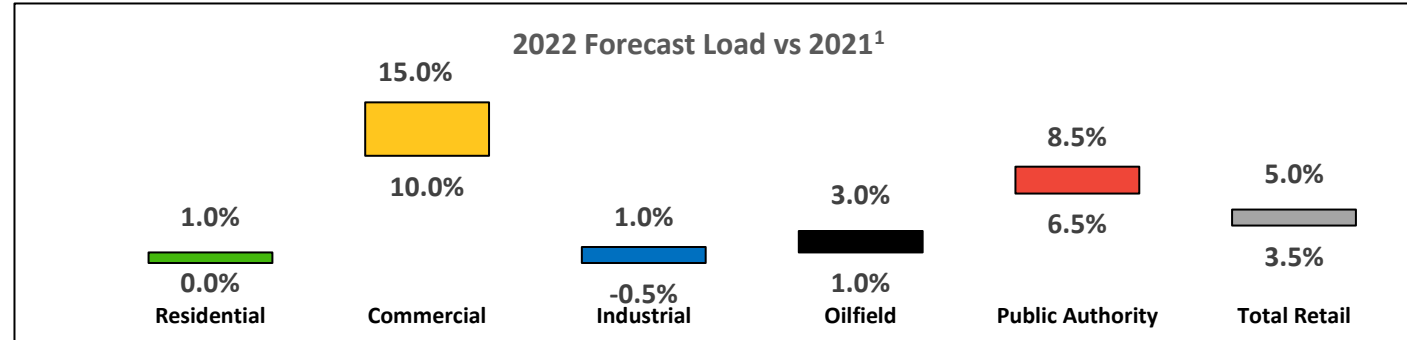
## KEY TAKEAWAYS

- 2021 full year results were 2.4% above 2020, driven by strength in commercial and industrial classes, as well as maintaining 2020 residential load levels
- 2021 load surpassed 2019 (pre-pandemic) levels



1. Excludes February impact of Winter Storm Uri for industrial and oilfield which were severely impacted by forced curtailments.

# 2022 Load Forecast

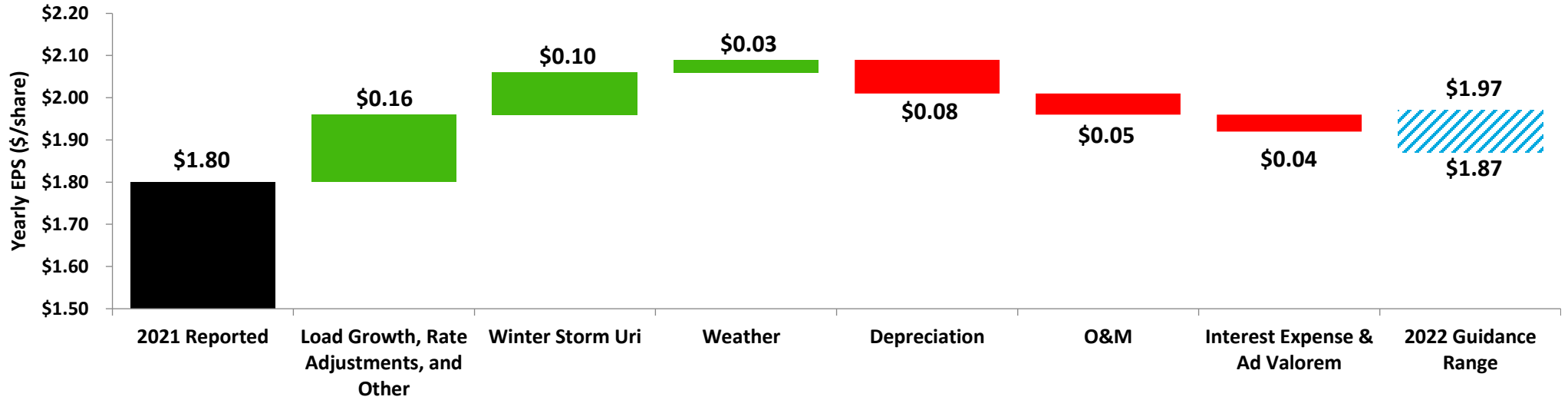


## KEY TAKEAWAYS

- Forecasting 3.5% to 5.0% load growth over 2021 levels
- Load increase is driven by strong commercial growth continuing recent momentum
- Residential growth expected to continue with strong customer growth of > 1%
- Public authority and oilfield load continuing to rebound from pandemic

# OG&E 2022 Financial Plan Drivers

- **2022 OG&E (Utility) EPS Guidance Range is \$1.87- \$1.97 per average diluted share**
  - Mid-point of \$1.92 represents 6% growth from 2021's guidance midpoint of \$1.81 EPS



## KEY TAKEAWAYS

- Solid operational results in 2021 set the stage for strong growth in 2022
- Oklahoma and Arkansas rate filings address recovery of customer-focused infrastructure investments
- 2022 load forecast demonstrates strength of local economies and attractiveness of OG&E's rates

# Investing in our Communities

- **5-year capital plan of \$4.75 billion**

- Strong customer growth and T&D resiliency projects drive grid infrastructure investment
- Over 75% of the 5-year capital plan is customer focused T&D investments
- Excludes potential investments associated with the 2021 IRP investments

**Strong load growth and robust investment needs of our communities underly confidence in 5-7% targeted utility EPS growth rate through 2026<sup>1</sup>**

<i>Dollars in millions</i>	2022	2023	2024	2025	2026	Total
Transmission	\$175	\$180	\$190	\$225	\$225	<b>\$995</b>
Oklahoma Distribution & Grid Advancement	520	540	545	515	515	<b>2,635</b>
Arkansas Distribution	25	20	20	20	20	<b>105</b>
Generation	150	130	110	110	110	<b>610</b>
Other	80	80	85	80	80	<b>405</b>
<b>Total</b>	<b>\$950</b>	<b>\$950</b>	<b>\$950</b>	<b>\$950</b>	<b>\$950</b>	<b>\$4,750</b>

1. From the midpoint of 2021 Utility guidance of \$1.81 per share



# 2022 Financing Plan Update

- **Balance sheet** strength supports long-term growth plan and dividend<sup>1</sup>
- **No equity issuances** planned in 5-year horizon
- **Utilize proceeds** from the sale of Energy Transfer units for reinvestment in core business
  - We've received an Energy Transfer quarterly distribution of approximately \$16.7 million year-to-date
- **Oklahoma Securitization**
  - Financing order received on December 16, 2021
  - 30-day appeal period ended on January 18, 2022 – no appeals filed
  - Currently before the Supreme Court of Oklahoma for certification
- **Securitization** of fuel and purchased power costs are expected to restore credit metrics
- **Forecasted FFO to debt** of 18-20% for 2022, 2023, and 2024
- **Expect to issue long term debt** at OG&E in late 2022 to support capital investment plan

# Appendix



# 4<sup>th</sup> Quarter 2021 Results

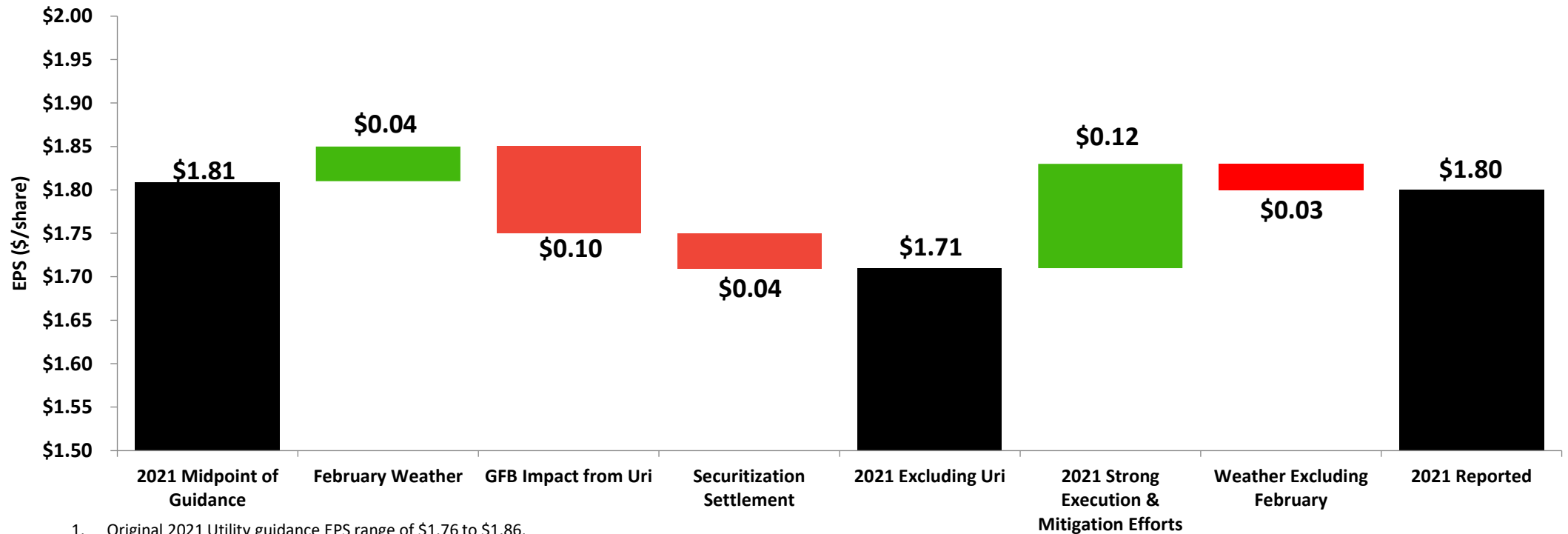
	4Q 2021	4Q 2020	Drivers
OG&E	\$0.20	\$0.21	Recovery of increased infrastructure investments ↑ Unfavorable weather ↓ Recognition of loss associated with the Winter Storm Uri regulatory settlement ↓ Higher depreciation on growing asset base ↓ Higher O&M ↓
Natural Gas Midstream Operations	\$1.42 <sup>1</sup>	\$0.11	Gain on Enable transaction <sup>1</sup> from merger with ET ↑
HoldCo and Other Operations	(\$0.03)	(\$0.05)	Lower income tax expense ↑ Higher interest expense ↓
Consolidated	\$1.59	\$0.27	



1. Current year results include a gain of \$264.8 million (\$344.4 million pre-tax), or \$1.32 per diluted share, upon the closing of the merger of Enable and Energy Transfer on December 2, 2021, whereby our equity method investment in Enable was replaced with an investment in equity securities of Energy Transfer.

# EPS Bridge from 2021 Midpoint to 2021 Actual

✓ Strong execution allowed us to deliver at the midpoint of the narrowed guidance range of \$1.79 - \$1.83 per share<sup>1</sup>

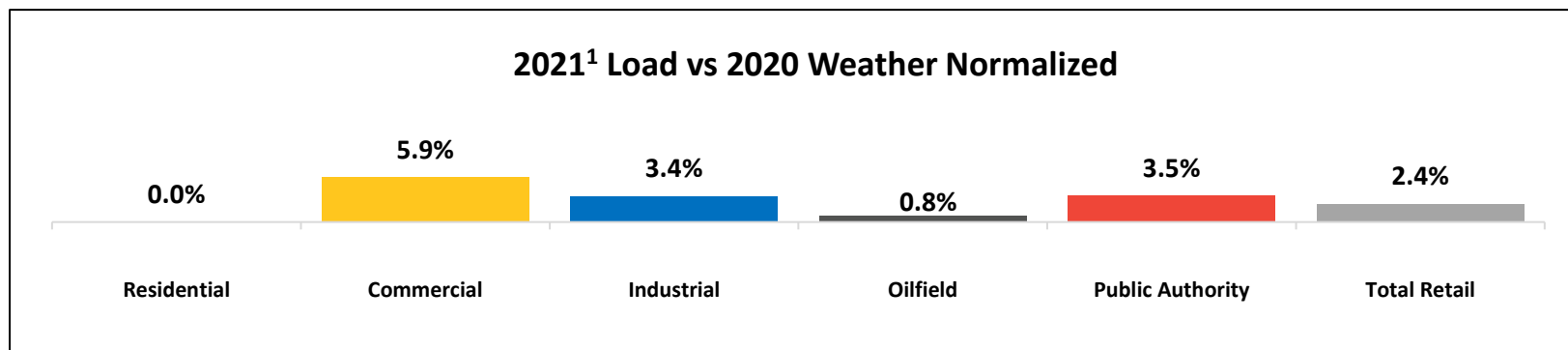


1. Original 2021 Utility guidance EPS range of \$1.76 to \$1.86.



# Weather Impact

Weather Variance			
Heating Degree Days	2021	2020	% Change
Actuals	3,281	3,303	(1%)
Normal	3,452	3,354	3%
Variance from Normal	(5%)	(2%)	
Cooling Degree Days	2021	2020	% Change
Actuals	1,896	1,804	5%
Normal	1,912	2,095	(9%)
Variance from Normal	(1%)	(14%)	



1. Excludes February impact of Winter Storm Uri for industrial and oilfield which were severely impacted by forced curtailments.

# Projected Rate Base

## KEY TAKEAWAYS

Based off 5-year capital plan of \$4.75 billion, supported by strong customer growth and T&D resiliency projects that drive incremental grid infrastructure investments.

Excludes potential additional investments associated with the 2021 IRP.

