



# **EEI Financial Conference**

**November 6-8, 2016**

# 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" 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; prices and availability of electricity, coal, natural gas and natural gas liquids; the timing and extent of changes in commodity prices, particularly natural gas and natural gas liquids, the competitive effects of the available pipeline capacity in the regions Enable Midstream Partners serves, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable Midstream Partners' interstate pipelines; the timing and extent of changes in the supply of natural gas, particularly supplies available for gathering by Enable Midstream Partners' gathering and processing business and transporting by Enable Midstream Partners' interstate pipelines, including the impact of natural gas and natural gas liquids prices on the level of drilling and production activities in the regions Enable Midstream Partners serves; business conditions in the energy and natural gas midstream industries including the demand for natural gas, natural gas liquids, 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; unusual weather; availability and prices of raw materials for current and future construction projects; the effect of retroactive repricing 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 and regulations that may impact the Company's operations; 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 cyber-attacks and other catastrophic events; advances in technology; creditworthiness of suppliers, customers and other contractual parties; difficulty in making accurate assumptions and projections regarding future revenues and costs associated with the Company's equity investment in Enable Midstream Partners 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 and Exhibit 99.01 to the Company's Form 10-K for the year ended December 31, 2015.

**OGE has a clear and achievable set of financial objectives centered around investment grade credit ratings, long-term EPS and dividend growth**

## OGE Energy Corp

(NYSE: OGE)



- Well positioned regulated utility with growing service territory
- Over \$1 billion of environmental compliance and plant modernization projects to be completed by January 2019
- Utility long-term growth rate of 3% – 5%
- Dividend growth rate targeted at 10% per year through 2019
- OGE holds a 26.3% limited partner interest and a 50% general partner interest of Enable Midstream Partners, LP
- Enhanced scale, with approximately \$11 billion of combined assets
- Doing exactly what we planned - provide a source of cash to OGE, become a larger stronger entity and fund itself

# OG&E Facts

Regulated electric utility:  
830,000 customers

Generating capacity:  
6,771 megawatts, 7  
power plants, 3 wind  
farms

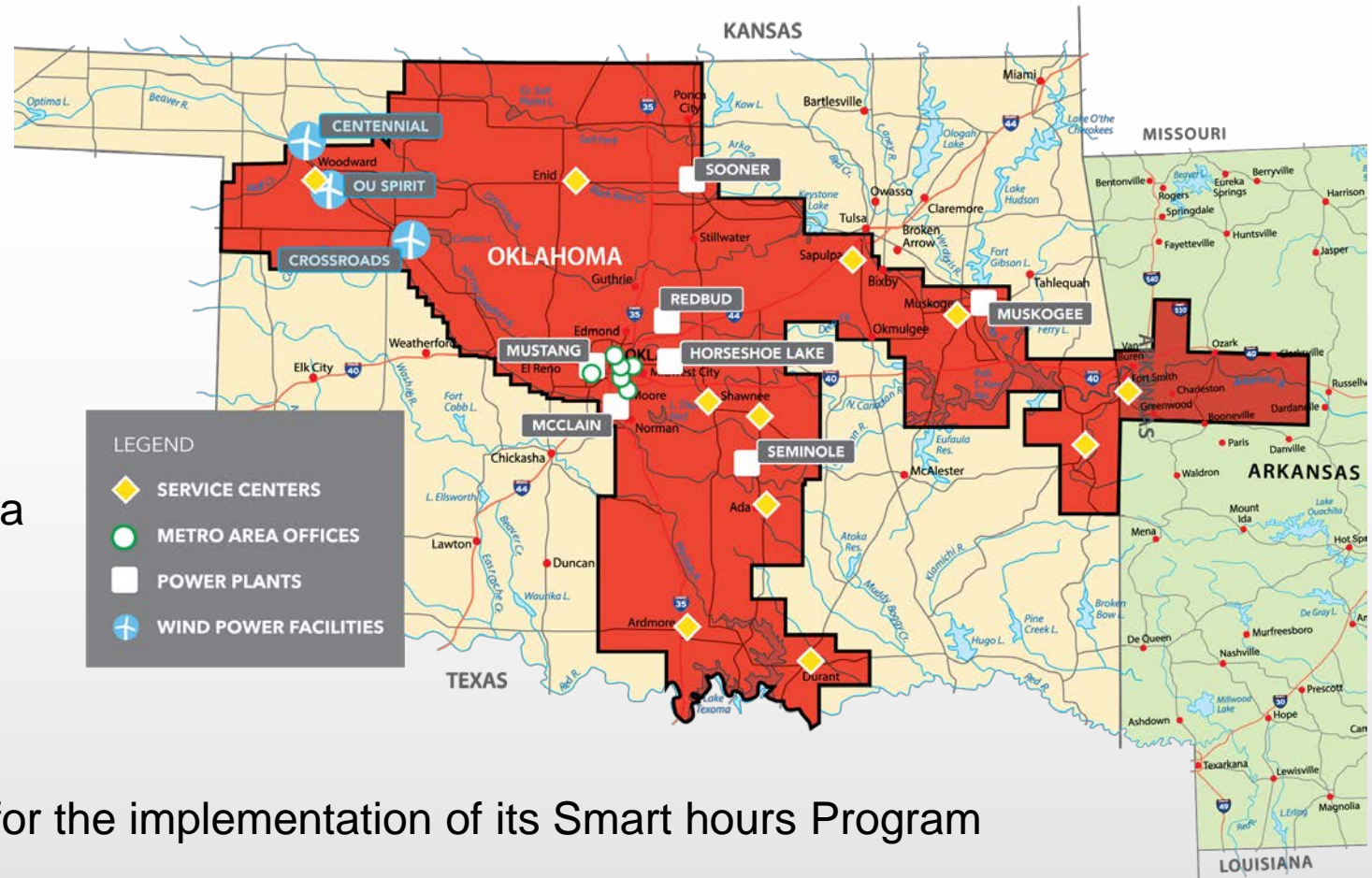
Service territory: 30,000  
square miles in Oklahoma  
and western Arkansas

2,586 Full-time (non-  
union) Employees

2013 EEI Edison Award for the implementation of its Smart hours Program

EEI's Emergency Recovery Award 11 times since 1999

J.D. Power and Associates' 2013, 2014, & 2015 Electric Utility Residential Customer Satisfaction Award

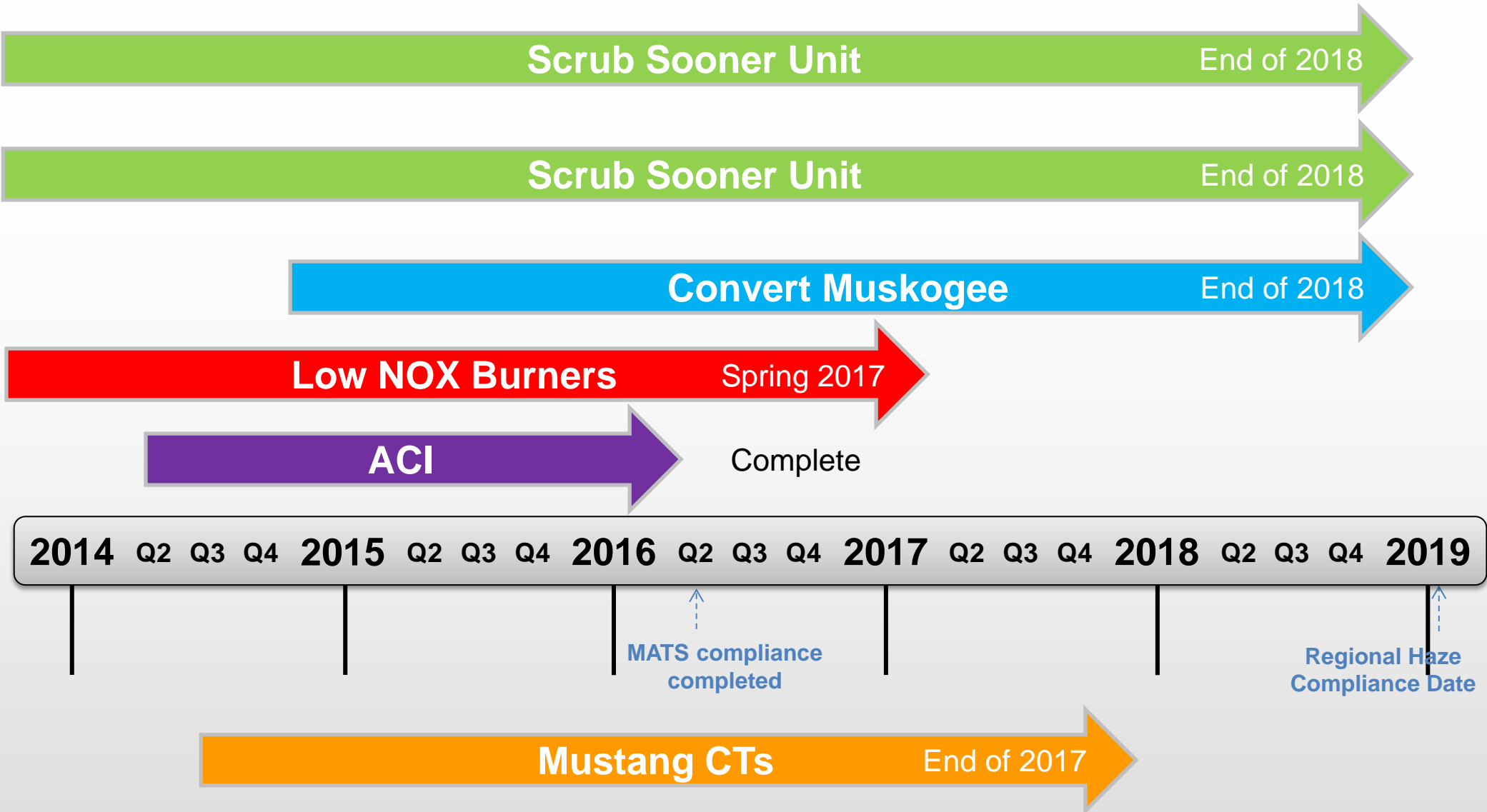




## Focus for **OG&E**

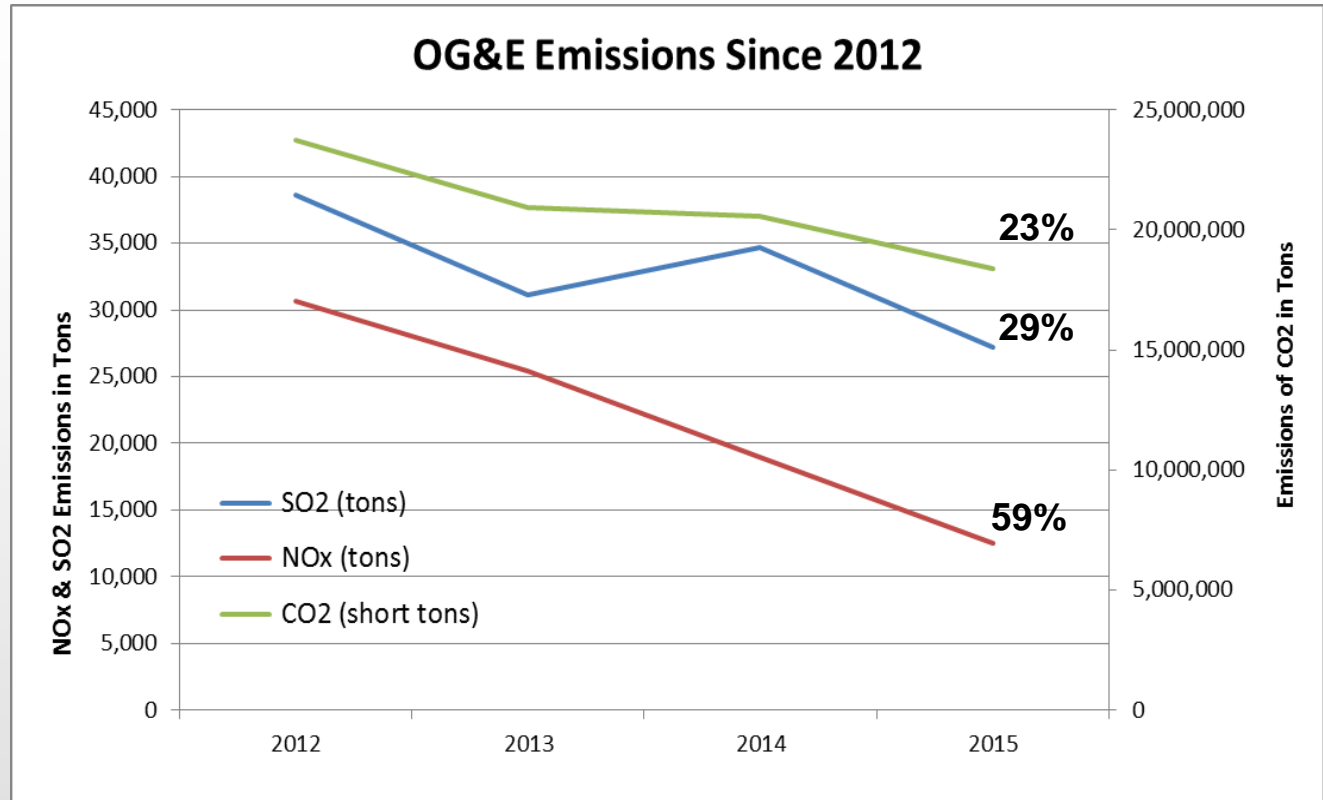
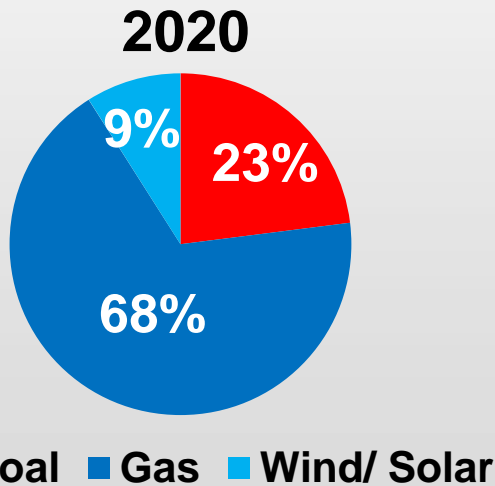
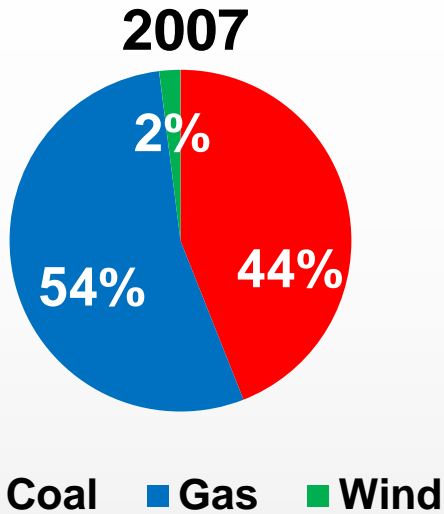
- **Execute compliance strategy for environmental regulations specifically, Regional Haze**
- **Execute Oklahoma and Arkansas regulatory**
- **Continue to develop energy management solutions for OG&E's customers through the Smart Grid platform**
- **Investing for the future**

# Project Completion Schedule



Regional Haze compliance date is set 55 months from US Supreme Court decision. Clock restarted 5/29/2014 + 55 months = 1/4/2019.

# OG&E is gradually shifting generation resources and reducing emissions while maintaining fuel diversity



# Regulatory Schedule

## Oklahoma

### **Rate Case filed December 2015**

- Test year ending June 2015
- Rates were implemented July 2016

### **Rate Case filed November 2017**

- Recovery of the Mustang CTs
- Test year ending June 2017
- Rates implemented by May 2018

### **Rate Case filed November 2018**

- Recovery of the Scrubbers and Natural Gas Conversion
- Test year ending June 2018
- Rates implemented by May 2019

## Arkansas

### **Rate Case filed August 25, 2016**

- Recovery of expired wholesale contract, retail portion of transmission lines in service, and any other capital additions
- Test year ending June 2016
- Rates implemented by July 2017
  - Anticipate filing application for Formula Rates Tariff
  - Request Major Capital Additions Rider for the future recovery of CTs

### **Formula Rate Plan Filing in Mid-2018**

### **310 Filings – Environmental**

- September 2016, April 2017, December 2017, April 2019





# The Smart Grid is Empowering Customers

New technology has allowed utilities to integrate, interface with and intelligently interact with the wires side of the business

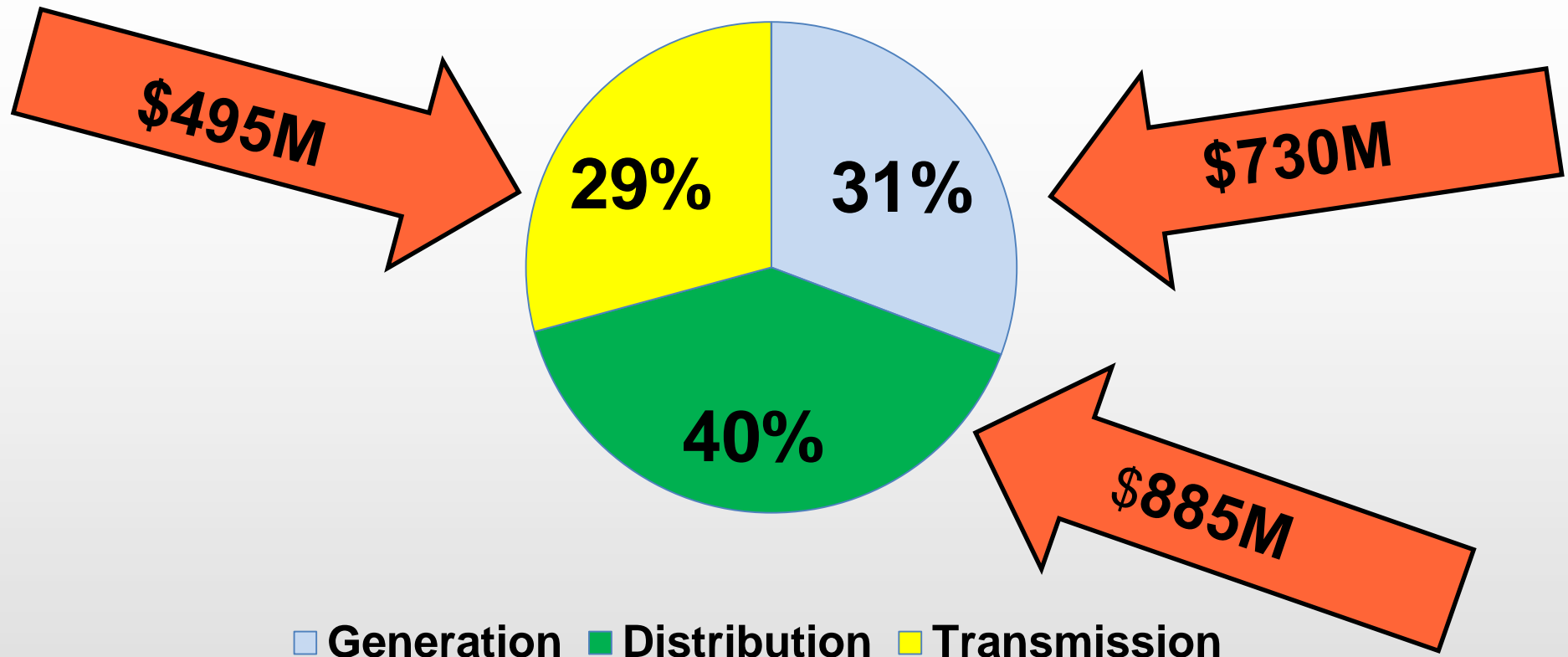
Benefits of this new technology include:

- Ushering in a new era of customer choice such as the OGE Smart Hours Program
- Outage response time improvement and prevention
- Allows the seamless integration of wind and solar
- Can make large scale energy storage a reality for the first time

# Investing for the Future

(2016-2020 Excluding Environmental Compliance)

Plant in Service 6-30-16\*

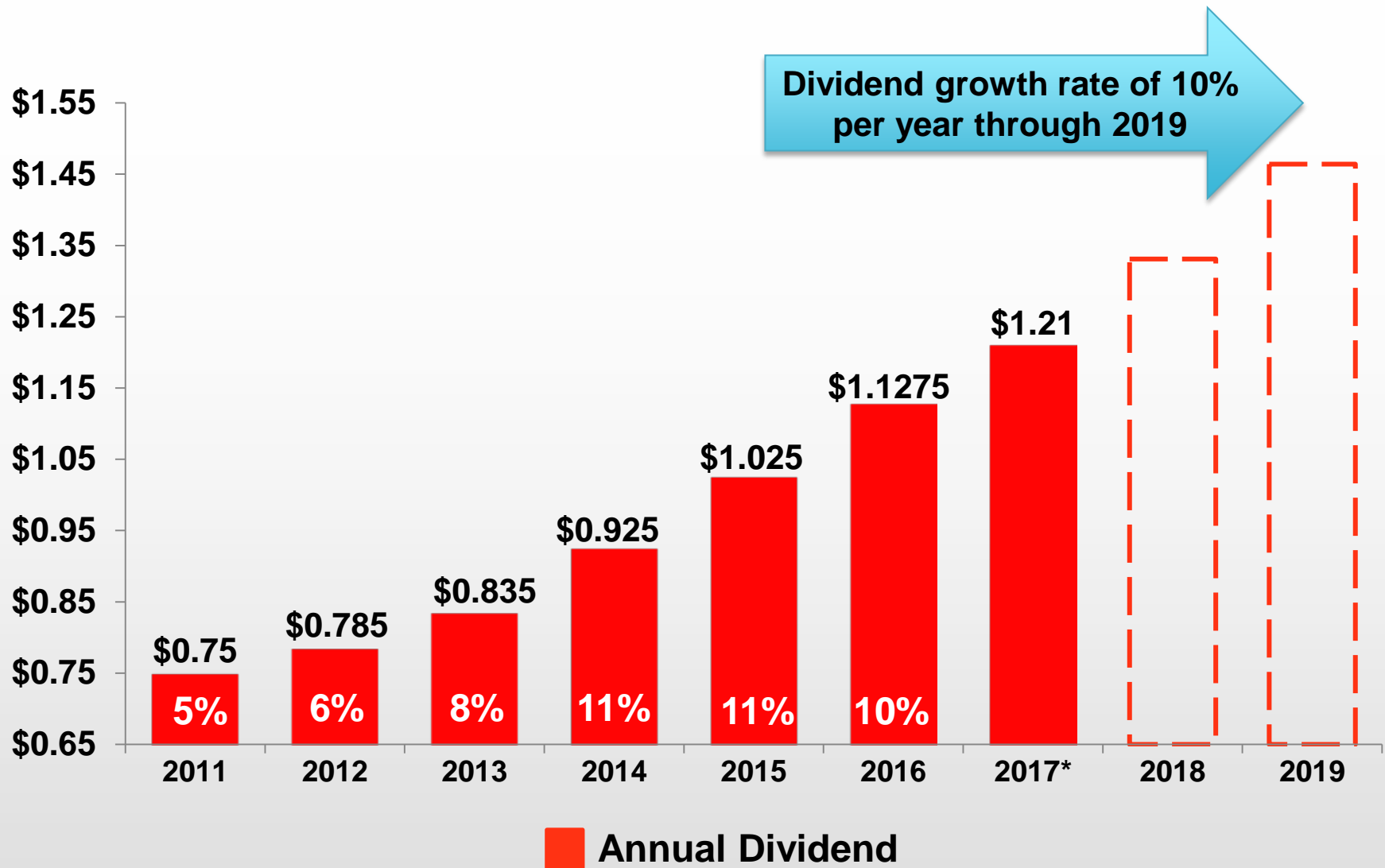


\* Excludes general plant

# Enable Midstream Partners

- **Enable is performing well in a difficult commodity price environment**
- **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**
- **OGE responds to the CNP's right of first offer (ROFO)**
  - **CNP had 30 days to respond**
  - **CNP has 120 days to secure 5% premium to OGE's offer**
- **We are committed to our investment in Enable**

# Consistent dividend growth



\*Quarterly dividend rate declared by the Board of Directors in September 2016



# Investment Thesis

- **Clear line of sight for total return**
  - **Strong credit ratings**
  - **Utility growth rate of 3-5 percent**
  - **Annual dividend growth rate of 10 percent through 2019**
  - **Strong balance sheet, liquidity and cash flow – no public equity required**
- **Oklahoma is still growing and poised for a pickup with an increase in commodity prices**
- **Arkansas regulation is improving**
- **Management team is focused on growing the regulated business**