



**OGHE<sup>®</sup>**

**We Energize Life**  
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# UBS - Kohler

August 2021



# 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", "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 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 and intrastate 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's facilities are operated; 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 the Company's 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; Enable's pending merger with Energy Transfer and the expected timing of the consummation of the merger; 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, 2020.



# Long Term Vision for Customers and Shareholders

- We energize life, providing life-sustaining and life-enhancing products and services, while honoring our commitment to strengthen our communities
- Grow OG&E earnings 5% annually<sup>1</sup>, underpinned by lower-risk capital investments for our growing service territory
- Reposition as a pure-play electric utility by responsibly exiting the midstream investment
- Attract businesses and jobs to service territory by maintaining some of the lowest rates in the nation with ever-improving electric infrastructure – adding to the growth of our service territory and communities



1. Based on the 2021 midpoint of guidance at \$1.81

# 2021 Accomplishments

- ✓ Grid Enhancement focus for Oklahoma and Arkansas continues as planned and delivering results
  - ✓ In Oklahoma we've invested \$177 million since starting in 2020; ~50% are rider-eligible projects currently in-service
  - ✓ In Arkansas we've invested \$96 million, all recoverable in the Formula Plan Rider
  - ✓ Performance is between 40% and 80% better than 3-year historical average
- ✓ Economic development activities on track to add 75MW of new load by the end of the year
- ✓ Securitization legislation passed - securitization request made in Oklahoma, and soon to be made in Arkansas
- ✓ Draft IRP submitted in Oklahoma and Arkansas
- ✓ Strong execution keeps us in guidance range at the end of 1<sup>st</sup> half of the year<sup>1</sup>, partially offsetting winter storm URI and unfavorable weather



1. 2021 2<sup>nd</sup> Quarter Earnings Call



# Solid Economic Indicators & Load Results

- Forecasting greater than 2% load growth in 2021 over 2020 levels<sup>1</sup>
- 1.3% Customer growth year over year
- Strong unemployment rates in our service territory
  - Oklahoma City: 3.7%; 3rd lowest among large metropolitan cities
  - Oklahoma: 3.7%
  - Ft. Smith, AR: 4.4%
  - National: 5.9%
- On track to deliver sustainable annual load growth at our historical rate of 1% in 2022 and beyond



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



# Innovative Customer Enhancing Projects

- ✓ Innovative agreement with Dobson Fiber
  - ✓ Upgrade the resiliency and capacity of our utility communications network
  - ✓ Agreement is helping Dobson expand and develop rural broadband infrastructure, including most recently in Enid, Oklahoma
- ✓ Expansion of the Choctaw Nation/ OG&E Solar Energy Center
- ✓ Pilot of Artificial Intelligence (AI) to complete distribution pole inspections and help reduce outages caused by equipment failures



# Areas of Focus for the Remainder of 2021

- Continued execution around operational excellence
- File 4<sup>th</sup> Formula Rate Plan in Arkansas in October and request extension of FRP mechanism
- Achieve approval to securitize winter storm Uri costs in Oklahoma
- File for approval to securitize winter storm Uri costs in Arkansas
- Submit final Integrated Resource Plans in Oklahoma and Arkansas in October that sustain reliability of the fleet, providing cleaner energy, and keeping customer rates affordable
- File for Oklahoma rate review towards the end of 2021 to recover infrastructure investments
- Close transaction on midstream business, setting the path to becoming a pure-play utility

# Securitization for Winter Storm Uri Costs

OG&E received ~\$100 million in SPP settlements in June, reducing the impact of fuel and purchased power costs incurred from the February weather event. Approximately \$850 million has been recorded as a regulatory asset as of June 30, 2021.

## Oklahoma

- As of June 30, 2021, OG&E has incurred ~\$755 million of costs related to the OK jurisdiction for winter storm Uri
- Regulatory asset approved with an initial carrying charge based on the effective cost of associated debt financings
- Application for securitization filed with the OCC April 26, 2021
- October 11 – hearings begin on prudence of costs and recovery via securitization
- December 15 – expected OCC order date
- Securitization proceeds expected mid-2022

## Arkansas

- As of June 30, 2021, OG&E has incurred ~\$92 million of costs related to the AR jurisdiction for winter storm Uri
- Order received for interim recovery over a 10-year amortization period with an initial carrying charge that approximates the debt financing rate
  - New fuel rates implemented May 1, 2021
- Application expected to be filed in the second half of 2021 to securitize costs in 2022



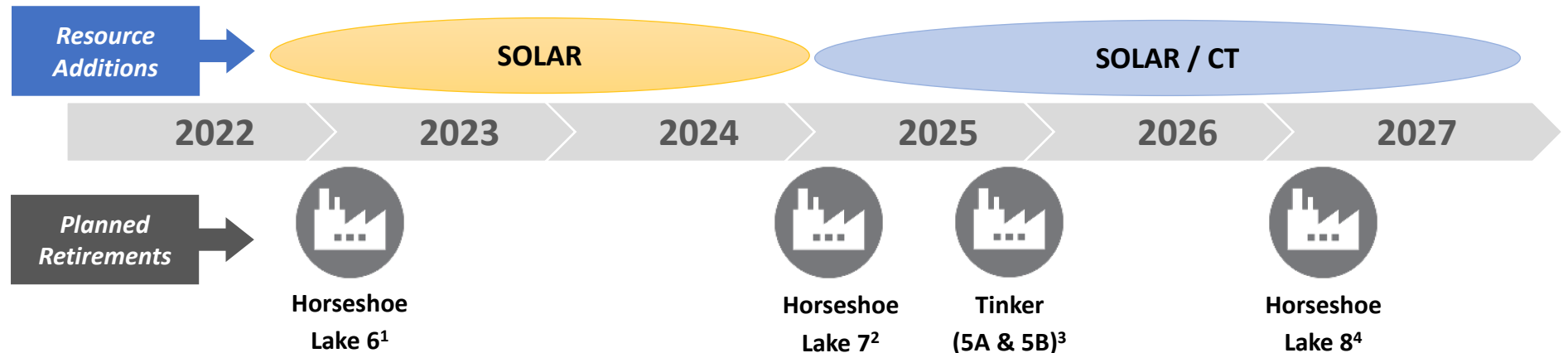
# Integrated Resource Plan: Solar and Hydrogen Capable Combustion Turbines to Replace Retiring Generation

## 2021 IRP Timeline

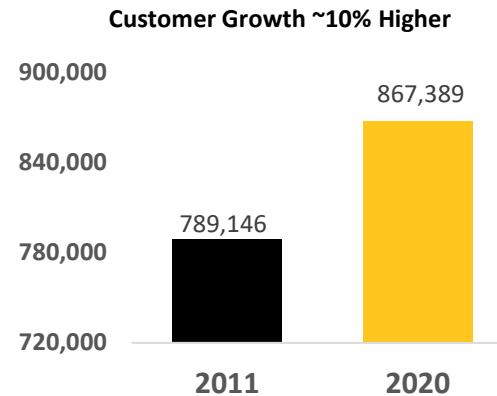
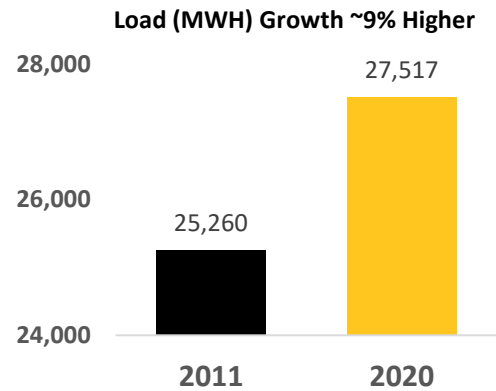
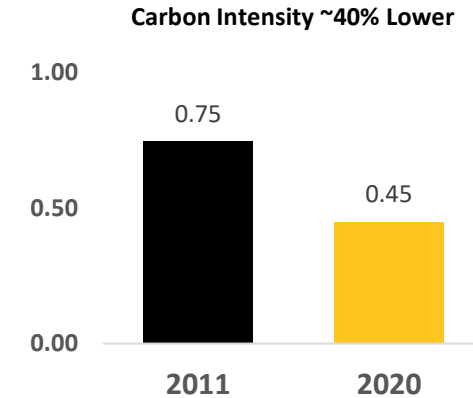
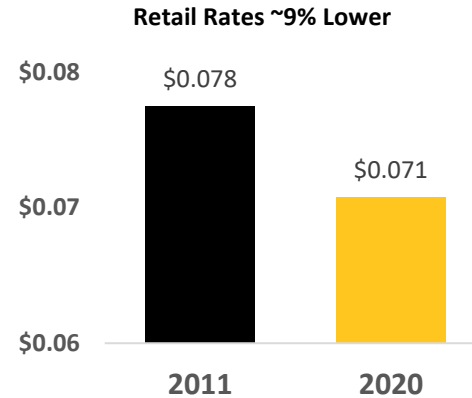
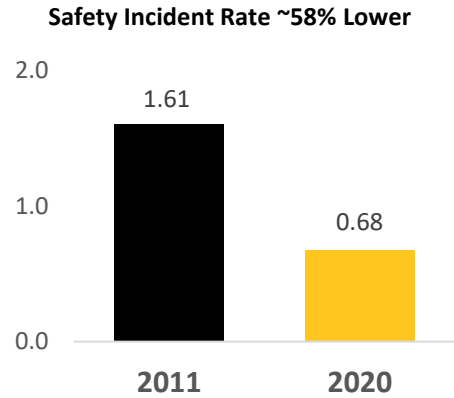
- Draft IRP submitted on August 2, 2021
- Stakeholder meetings in August and September
- Final IRP submitted in October 2021

## Retirements and Capacity

- Approximately 850 MW retiring over the next 5 to 6 years
- Replacing capacity, beginning with solar then hydrogen-capable CTs



# Consistently Delivering Customer and Shareholder Value





# Appendix

# Investing in our Communities

- 5-year capital plan of \$4.1 billion
  - Approximately \$100M added to the 2021 capital plan this year
  - Strong customer growth drives incremental grid investment needs
  - Over 75% of 5-year capital plan is lower-risk, T&D system investments
  - Solar generation of \$95 million included in the 5-year plan
  - Excludes potential incremental investments related to the draft IRP

**5% targeted utility EPS growth rate through 2025, from the 2021 midpoint of guidance \$1.81**

<i>Dollars in millions</i>	2021	2022	2023	2024	2025	Total
Transmission	\$150	\$110	\$115	\$105	\$125	<b>\$605</b>
Oklahoma Distribution	275	290	265	300	300	<b>1,430</b>
Arkansas Distribution	25	20	20	20	20	<b>105</b>
Generation	105	85	125	125	130	<b>570</b>
Oklahoma Grid Advancement	215	180	185	185	185	<b>950</b>
Subscription Solar Program	15	20	20	20	20	<b>95</b>
Other	65	80	80	80	80	<b>385</b>
<b>Total</b>	<b>\$850</b>	<b>\$785</b>	<b>\$810</b>	<b>\$835</b>	<b>\$860</b>	<b>\$4,140</b>