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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-12579

OGE ENERGY CORP.
(Exact name of registrant as specified in its charter)

Oklahoma	73-1481638
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

321 North Harvey
P. O. Box 321
Oklahoma City, Oklahoma 73101-0321
(Address of principal executive offices)
(Zip Code)

405-553-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

There were 80,771,834 Shares of Common Stock, par value $0.01 per share, outstanding as of October 31, 1998.

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OGE ENERGY CORP.

PART I. FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended September 30		9 Months Ended September 30	
	1998	1997	1998	1997
	(THOUSANDS EXCEPT PER SHARE DATA)			
OPERATING REVENUES:				
Electric utility	$ 474,209	$ 417,612	$ 1,046,871	$ 927,637
Non-utility	143,089	56,975	325,412	171,393
Total operating revenues	617,298	474,587	1,372,283	1,099,030
OPERATING EXPENSES:				
Fuel	109,655	94,820	247,824	211,783
Purchased power	65,107	55,081	179,189	165,931
Gas and electricity purchased for resale	114,679	38,855	255,183	114,314
Other operation and maintenance	68,587	79,440	227,429	226,008
Depreciation and amortization	40,293	35,880	113,500	106,100
Current income taxes	65,590	43,344	92,896	61,182
Deferred income taxes, net	12,038	12,617	13,061	12,566
Deferred investment tax credits, net	(1,287)	(1,287)	(3,862)	(3,862)
Taxes other than income	13,316	12,569	38,925	37,690
Total operating expenses	487,978	371,319	1,164,145	931,712
OPERATING INCOME	129,320	103,268	208,138	167,318
OTHER INCOME (DEDUCTIONS):				
Interest income	860	1,362	3,841	2,733
Other	(1,849)	2,012	(4,148)	1,594
Net other income (deductions)	(989)	3,374	(307)	4,327
INTEREST CHARGES:				
Interest on long-term debt	18,346	16,687	45,672	47,665
Allowance for borrowed funds used during construction	(280)	(249)	(740)	(473)
Other	2,147	684	7,256	4,109
Total interest charges, net	20,213	17,122	52,188	51,301
NET INCOME	108,118	89,520	155,643	120,344
PREFERRED DIVIDEND REQUIREMENTS	-	571	733	1,714
EARNINGS AVAILABLE FOR COMMON	$ 108,118	$ 88,949	$ 154,910	$ 118,630
AVERAGE COMMON SHARES OUTSTANDING	80,772	80,743	80,772	80,746
EARNINGS PER AVERAGE COMMON SHARE	$ 1.34	$ 1.10	$ 1.92	$ 1.47
EARNINGS PER AVERAGE COMMON SHARE - ASSUMING DILUTION	$ 1.33	$ 1.10	$ 1.91	$ 1.47
DIVIDENDS DECLARED PER SHARE	$ 0.3325	$ 0.3325	$ 0.9975	$ 0.9975

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30 1998	December 31 1997
	(DOLLARS IN THOUSANDS)	
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
In service	$ 4,370,375	$ 4,125,858
Construction work in progress	50,352	25,799
Total property, plant and equipment	4,420,727	4,151,657
Less accumulated depreciation	1,893,722	1,797,806
Net property, plant and equipment	2,527,005	2,353,851
OTHER PROPERTY AND INVESTMENTS, at cost	49,361	37,898
CURRENT ASSETS:		
Cash and cash equivalents	311	4,257
Accounts receivable - customers, less reserve of $3,489 and $4,507 respectively	193,942	117,842
Accrued unbilled revenues	46,600	36,900
Accounts receivable - other	11,708	11,470
Fuel inventories, at LIFO cost	48,657	49,369
Materials and supplies, at average cost	29,001	28,430
Prepayments and other	23,433	4,489
Accumulated deferred tax assets	6,404	6,925
Total current assets	360,056	259,682
DEFERRED CHARGES:		
Advance payments for gas	10,500	10,500
Income taxes recoverable - future rates	40,592	42,549
Other	61,848	61,385
Total deferred charges	112,940	114,434
TOTAL ASSETS	$ 3,049,362	$ 2,765,865
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common stock and retained earnings	$ 1,059,303	$ 984,960
Cumulative preferred stock	-	49,266
Long-term debt	936,548	841,924
Total capitalization	1,995,851	1,876,150
CURRENT LIABILITIES:		
Short-term debt	94,700	1,000
Accounts payable	80,610	77,733
Dividends payable	26,857	27,428
Customers' deposits	24,181	23,847
Accrued taxes	90,184	21,677
Accrued interest	18,538	20,041
Long-term debt due within one year	2,000	25,000
Other	46,225	38,518
Total current liabilities	383,295	235,244
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accrued pension and benefit obligation	55,119	62,023
Accumulated deferred income taxes	515,018	503,952
Accumulated deferred investment tax credits	69,016	72,878
Other	31,063	15,618
Total deferred credits and other liabilities	670,216	654,471
TOTAL CAPITALIZATION AND LIABILITIES	$ 3,049,362	$ 2,765,865

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

CONSOLIDATED STATEMENTS OF
CASH FLOWS
(Unaudited)

	9 Months Ended September 30 1998	9 Months Ended September 30 1997
	(DOLLARS IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 155,643	$ 120,344
Adjustments to Reconcile Net Income to Net Cash:		
Depreciation and amortization	113,500	106,100
Deferred income taxes and investment tax credits, net	9,199	8,704
Change in Certain Current Assets and Liabilities:		
Accounts receivable - customers	(76,100)	(33,210)
Accrued unbilled revenues	(9,700)	(14,400)
Fuel, materials and supplies inventories	141	1,837
Accumulated deferred tax assets	521	4,130
Other current assets	(16,314)	985
Accounts payable	2,877	(19,224)
Accrued taxes	68,507	48,434
Accrued interest	(1,503)	(4,015)
Other current liabilities	7,470	1,832
Other operating activities	(22,826)	(6,810)
Net cash provided by operating activities	231,415	214,707
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(196,769)	(118,983)
Other investment activities	5,106	-
Net cash used in investing activities	(191,663)	(118,983)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Retirement of long-term debt	(112,500)	(265,000)
Proceeds from long-term debt	105,671	280,000
Short-term debt, net	93,700	(23,400)
Redemption of preferred stock	(49,266)	(113)
Retirement of treasury stock	-	285
Cash dividends declared on preferred stock	(733)	(1,714)
Cash dividends declared on common stock	(80,570)	(80,517)
Net cash used in financing activities	(43,698)	(90,459)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,946)	5,265
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,257	2,523
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 311	$ 7,788

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
CASH PAID DURING THE PERIOD FOR:		
Interest (net of amount capitalized)	$ 44,363	$ 53,261
Income taxes	$ 35,316	$ 25,067
NON-CASH INVESTING ACTIVITIES DURING THE PERIOD FOR:		
Capital lease financing	$ 9,818	$ -

DISCLOSURE OF ACCOUNTING POLICY:
For purposes of these statements, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. These investments are carried at cost, which approximates market.

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. The condensed consolidated financial statements included herein have been prepared by OGE Energy Corp. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to make the information presented not misleading.

   In the opinion of management, all adjustments necessary to present fairly the financial position of the Company and its subsidiaries as of September 30, 1998, and December 31, 1997, and the results of operations and the changes in cash flows for the periods ended September 30, 1998, and September 30, 1997, have been included and are of a normal recurring nature.

   The results of operations for such interim periods are not necessarily indicative of the results for the full year. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Form 10-K for the year ended December 31, 1997.

2. In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information." Adoption of SFAS No. 131 is required for fiscal years beginning after December 15, 1997. The Company will adopt this new standard effective December 31, 1998. Adoption of this new standard will change the presentation of certain financial information of the Company, but will not affect reported earnings.

3. In February 1998, the FASB issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." Adoption of SFAS No. 132 is required for financial statements for periods beginning after December 15, 1997. The Company will adopt this new standard effective December 31, 1998. Adoption of this new standard will change the presentation of certain disclosure information of the Company, but will not affect reported earnings.

4. In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". Adoption of SOP 98-1 is required for fiscal years beginning after December 15, 1998. The Company will adopt this new standard effective March 31, 1999, and management believes the adoption of this new standard will not have a material impact on its consolidated financial position or results of operation.

5. In April 1998, the AICPA issued SOP 98-5, "Reporting on the Cost of Start-Up Activities". Adoption of SOP 98-5 is required in fiscal years beginning after December 15, 1998. The Company will adopt this new standard effective March 31, 1999, and management believes the adoption of this new standard will not have a material impact on its consolidated financial position or results of operation.

6. In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and for Hedging Activities". Adoption of SFAS No. 133 is required for financial statements for periods beginning after June 15, 1999. The Company will adopt this new standard effective January 1, 2000, and management believes the adoption of this new standard will not have a material impact on its consolidated financial position or results of operation.

7. In January 1998, the Company awarded approximately 221,900 stock options, with an exercise price of $51.875, to certain employees, subject to shareowners' approval of the Company Stock Incentive Plan. The Stock Incentive Plan was subsequently approved at the 1998 Annual Meeting of Shareowners - See Item 4 "Submission of Matters to a Vote of Security Holders" in the Company's Form 10-Q for the quarter ended June 30, 1998. Consequently, and taking into account the two-for-one stock split authorized by the Board of Directors on May 21, 1998, the number of stock options outstanding at September 30, 1998, was approximately 443,800, with an exercise price of $25.9375. These options were considered in the calculation of Earnings Per Average Common Share - Assuming Dilution. All references in the accompanying financial statements to the number of common shares and per share amounts for the three month and nine month ended September 30 periods have been restated to reflect the stock split.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

OVERVIEW

The following discussion and analysis presents factors which affected the results of operations for the three and nine months ended September 30, 1998 (respectively, the "current periods"), and the financial position as of September 30, 1998, of the Company and its subsidiaries: Oklahoma Gas and Electric Company ("OG&E"), Enogex Inc. and its subsidiaries ("Enogex") and Origen and its subsidiaries ("Origen"). Approximately 77 percent and 76 percent of the Company's revenues for the current periods consisted of regulated sales of electricity by OG&E, a public utility, while the balance of the revenues were provided by the non-utility operations of Enogex. Origen recently was formed and its operations to date have been deminimis. Revenues from sales of electricity are somewhat seasonal, with a large portion of OG&E's annual electric revenues occurring during the summer months when the electricity needs of its customers increase. Enogex's primary operations consist of gathering and processing natural gas, producing natural gas liquids, transporting natural gas through its intra-state pipeline for various customers (including OG&E), marketing electricity, natural gas and natural gas products and investing in the drilling for and production of crude oil and natural gas. Actions of the regulatory commissions that set OG&E's electric rates will continue to affect the Company's financial results. Unless indicated otherwise, all comparisons are with the corresponding periods of the prior year.

Some of the matters discussed in this Form 10-Q may contain forward-looking statements that are subject to certain risks, uncertainties and assumptions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including their impact on capital expenditures; business conditions in the energy industry; competitive factors; unusual weather; failure of companies that the Company does business with to be Year 2000 ready; regulatory decisions and other risk factors listed in the Company's Form 10-K for the year ended December 31, 1997, including Exhibit 99.01 thereto, and other factors described from time to time in the Company's reports to the Securities and Exchange Commission.

EARNINGS

Net income increased $18.6 million or 20.8 percent in the three months ended September 30, 1998. Of the $18.6 million increase, approximately $19.3 million was attributable to OG&E and a decrease of approximately $1.6 million was attributable to Enogex. For the nine months ended September 30, 1998, net income increased $35.3 million or 29.3 percent. Of the $35.3 million increase, approximately $37.9 million was attributable to OG&E and a decrease of approximately $4.0 million was attributable to Enogex. As explained below, OG&E's increase in earnings was primarily attributable to higher revenues from warmer weather and higher margin sales to other utilities and power marketers ("off-system sales"). Enogex earnings in 1997 included a one-time gain of $1.6 million on the sale of certain surplus assets. Excluding this gain, Enogex's earnings decreased $2.4 million, in the current period, primarily due to deteriorated gas processing economics reflecting depressed natural gas liquids prices and lower margins in drilling and production operations due to lower prices. The Company does not expect Enogex to meet last year's net income of $16.2 million, but remains confident that a rebound in commodity prices would substantially improve the outlook for Enogex. Earnings per average common share increased from $1.10 to $1.34 and from $1.47 to $1.92 in the current periods.

REVENUES

Total operating revenues increased $142.7 million or 30.1 percent and $273.3 million or 24.9 percent in the current periods. These increases were attributable to increased electric sales by OG&E and significantly increased Enogex revenues.

Increased electric sales by OG&E were primarily attributable to significantly warmer weather and the impact of the Generation Efficiency Performance Rider ("GEP Rider") that was authorized by the Oklahoma Corporation Commission ("OCC") in OG&E's most recent rate order. The significantly warmer weather resulted in increased electric utility revenue of approximately $24.6 million and $43.9 million for the current periods. The GEP Rider increased electric utility revenue by approximately $2.1 million and $11.9 million for the current periods. Together, these increases offset the effects of the annual rate reduction that became effective March 5, 1997.

Warmer weather in the electric service area resulted in a 11.4 percent and 9.5 percent increase in kilowatt-hour sales to OG&E customers ("system sales"). Kilowatt-hour sales by OG&E to other utilities decreased 63.4 and 32.0 percent; however, the summer heat drove prices of this off-system electricity to record levels, increasing operating revenues approximately $6.0 and $16.4 million in the current periods and at margins significantly higher than had been experienced in the past. There can be no assurance that such margins on future off-system sales will continue.

Enogex revenues increased $86.6 million or 128.5 percent and $153.8 million or 75.9 percent in the current periods, largely due to increased revenues from its marketing of natural gas and natural gas products (increases of $62.3 million and $115.5 million in the current periods). These increased gas-related revenues were attributable primarily to significantly higher volumes sold with little or no increase in sales prices as such commodity prices were depressed. The recent expansion into the marketing of electricity also increased revenues $19.0 million and $33.0 million in the current periods.

EXPENSES

Total operating expenses increased $116.7 million or 31.4 percent in the three months ended September 30, 1998. This increase was primarily due to increased gas and electricity purchased for resale, current income taxes, fuel expense and purchased power, partially offset by a decrease in other operation and maintenance expense. Enogex's gas and electricity purchased for resale pursuant to its gas and electricity marketing operations increased $75.6 million or 194.6 percent in the three months ended September 30, 1998, due to significantly higher sales volumes resulting from Enogex's expansion into electricity marketing, expansion of natural gas marketing and recent expansion and acquisition of natural gas and natural gas liquids facilities. OG&E's fuel expense increased $14.8 million or 15.6 percent primarily due to increased generation as a result of significantly warmer weather.

In the nine months ended September 30, 1998, total operating expenses were up $232.4 million or 24.9 percent primarily due to increased gas and electricity purchased for resale ($140.9 million or 123.2 percent), fuel expense ($36.0 million or 17.0 percent), current income taxes and purchased power.

Variances in the actual cost of fuel used in electric generation and certain purchased power costs, as compared to that component in cost-of-service for ratemaking, are passed through to OG&E's electric customers through automatic fuel adjustment clauses. The automatic fuel adjustment clauses are subject to periodic review by the OCC, the Arkansas Public Service Commission ("APSC") and the Federal Energy Regulatory Commission ("FERC"). Enogex Inc. owns and operates a pipeline business that delivers natural gas to the generating stations of OG&E. The OCC, the APSC and the FERC have authority to examine the appropriateness of any gas transportation charges or other fees OG&E pays Enogex, which OG&E seeks to recover through the fuel adjustment clause or other tariffs.

OG&E's purchased power costs increased $10.0 million or 18.2 percent and $13.3 million or 8.0 percent primarily due to increased summer demand for and the availability of electricity at favorable prices. The start of a power purchase contract with a cogeneration plant near Pryor, Oklahoma, from which OG&E was obligated to purchase 110 megawatts of peaking capacity, beginning in January 1998, also contributed to this increase. See "Liquidity and Capital Requirements."

Other operation and maintenance expense decreased $10.9 million or 13.7 percent for the three-month period and increased $1.4 million or 0.6 percent for the nine-month period. The three-month decrease is primarily due to reduced costs for professional and other outside services and employee benefit costs. However, the nine-month variance shows expenses only slightly above those of last year.

Depreciation and amortization increased $4.4 million or 12.3 percent and $7.4 million or 7.0 percent during the current periods due to an increase in depreciable property and higher oil and gas production volumes (based on units of production depreciation method).

Current income taxes increased $22.2 million or 51.3 percent and $31.7 million or 51.8 percent in the current periods primarily due to higher pre-tax earnings.

Interest charges increased $3.1 million or 18.1 percent for the three months ended September 30, 1998 and $0.9 million or 1.7 percent for the nine-month period primarily due to higher interest charges at Enogex and costs associated with increased short-term debt (See "Liquidity and Capital Requirements"). These increases were partially offset by lower interest charges at OG&E.

LIQUIDITY AND CAPITAL REQUIREMENTS

The Company meets its cash needs through internally generated funds, permanent financing and short-term borrowings. Internally generated funds and short-term borrowings are expected to meet virtually all of the Company's capital requirements through the remainder of 1998. Short-term borrowings will continue to be used to meet temporary cash requirements.

The Company's primary needs for capital are related to construction of new facilities to meet anticipated demand for OG&E's utility service, to replace or expand existing facilities in OG&E's electric utility business and to acquire new facilities or replace or expand existing facilities at Enogex and other non-utility businesses and, to some extent, for satisfying maturing debt and sinking fund obligations. Capital expenditures of $194.5 million for the nine months ended September 30, 1998, were financed with internally generated funds and short-term borrowings.

The Company's capital structure and cash flow remained strong throughout the current period. The Company's combined cash and cash equivalents decreased approximately $3.9 million during the nine months ended September 30, 1998. The decrease reflects the Company's cash flow from operations plus an increase in short-term borrowings, net of retirement of long-term debt, construction expenditures, Enogex acquisitions, redemption of preferred stock and dividend payments.

In January 1998, Enogex, through a newly-formed subsidiary, Enogex Arkansas Pipeline Corp. ("EAPC") acquired a 40 percent interest in NOARK, a natural gas pipeline, for approximately $30 million and agreed to acquire Ozark, for approximately $55 million. The NOARK line is a 302-mile intra-state pipeline system that extends from near Fort Chaffee, Arkansas to near Paragould, Arkansas. Current throughput capacity on the NOARK line is approximately 130 million cubic feet per day. The Ozark line is a 437-mile interstate pipeline system that begins near McAlester, Oklahoma and terminates near Searcy, Arkansas. Current throughput capacity on the Ozark line is approximately 170 million cubic feet per day.

In July 1998, EAPC acquired Ozark and contributed Ozark to the NOARK partnership. The two pipelines will be integrated into a single, interstate transmission system at an estimated additional cost of $15 million. After the integration, which is to be funded by EAPC, EAPC will own a 75 percent interest in the NOARK partnership and Southwestern Energy Pipeline Co. will retain its 25 percent interest in the partnership.

In June 1998, NOARK Pipeline Finance, L.L.C., a finance company subsidiary of NOARK, issued $80.0 million aggregate principal amount of unsecured 7.15 percent Notes due

2018. These Notes are entitled to the benefits of a guaranty issued by Enogex pursuant to which Enogex has guaranteed 40 percent (subject to certain adjustments) of the principal, interest and premium on such Notes. The remaining 60 percent of the principal, interest and premium on such Notes are guaranteed by Southwestern Energy Company, the parent company of Southwestern Energy Pipeline Company. The proceeds from the sale of the Notes were loaned by NOARK Pipeline Finance, L.L.C. to NOARK and utilized by NOARK (i) to repay a bank revolving line of credit (approximately $29.75 million), (ii) to repay an outstanding term loan from Enogex (approximately $48.825 million) and (iii) for general corporate purposes.

In July 1998, Enogex agreed to lease underground gas storage from Central Oklahoma Oil and Gas Corp. ("COOG"). COOG currently leases gas storage capacity to OG&E. As part of this lease transaction, the Company made a $12 million secured loan to an affiliate of COOG. The loan is repayable in 2003 and is secured by the assets and stock of COOG.

As previously reported, in January 1998, OG&E filed an application with the OCC seeking approval to revise an existing cogeneration contract with Mid-Continent Power Company ("MCPC"), a cogeneration plant near Pryor, Oklahoma. As part of this transaction, the Company agreed to purchase the stock of Oklahoma Loan Acquisition Corporation ("OLAC"), the company that owns the MCPC plant, for approximately $25 million. OG&E obtained the required regulatory approvals from the OCC, APSC and FERC. If the transaction was completed, the term of the existing cogeneration contract would have been reduced by four and one-half years, which would have reduced the amounts to be paid by OG&E, and would have provided savings for its Oklahoma customers, of approximately $46 million as compared to the existing cogeneration contract. Following an arbitrator's decision that the owner of the stock of OLAC could not sell the stock of OLAC to the Company until it had offered such stock to a third party on the same terms as it was offered to the Company, the third party purchased the stock of OLAC and assumed ownership of the cogeneration plant in October 1998. The effect of this transaction is that OG&E's original contract with the cogeneration plant remains in place.

Like any business, the Company is subject to numerous contingencies, many of which are beyond its control. For discussion of significant contingencies that could affect the Company reference is made to Part II, Item 1 - "Legal Proceedings" of this Form 10-Q, to Part II, Item 1 - "Legal Proceedings" in the Company's Form 10-Q for the quarters ended March 31, 1998 and June 30, 1998 and to "Management's Discussion and Analysis" and Notes 9 and 10 of Notes to the Consolidated Financial Statements in the Company's 1997 Form 10-K.

THE YEAR 2000 ISSUE

There has been a great deal of publicity about the Year 2000 (Y2K) and the possible problems that information technology systems may suffer as a result. The Y2K problem originated with the early development of computerized business applications. To save then-expensive storage space, reduce the complexity of calculations and yield better system performance, programmers and developers used a two-digit date scheme to represent the year (i.e. "72" for "1972"). This two-digit date scheme was used well into the 1980s and 1990s in traditional computer hardware such as mainframe systems, desktop personal computers and network servers, in customized software systems, off-the-shelf applications and operating systems as well as in embedded systems ("chips") in everything from elevators to industrial plants to consumer products. As the Year 2000 approaches, date-sensitive systems will recognize the Year 2000 as 1900, or not at all. This inability to recognize or properly treat the Year 2000 may cause systems, including those of the Company, its customers, suppliers, business partners and neighboring utilities to process critical financial and operational information incorrectly if they are not Year 2000 ready. A failure to identify and correct any such processing problems prior to January 1, 2000 could result in material operational and financial risks if the affected systems either cease to function or produce erroneous data. Such risks are described in more detail below, but could include an inability to operate OG&E's generating plants, disruptions in the operation of its transmission and distribution system and an inability to access interconnections with the systems of neighboring utilities.

After the Company's mainframe conversion in 1994, some 300 programs were identified as having date sensitive code. All of these programs have since been corrected or will be replaced by Y2K ready packaged applications.

The Company continues to address the Y2K issues in an aggressive manner. This is reflected by the January 1, 1997 implementation throughout the Company of SAP Enterprise Software, which is Y2K ready, for the financial systems. The SAP installation significantly reduced the potential risks in our older computer systems. The Company is making significant progress towards the implementation, in February 1999, of the enterprise-wide software system for customer systems. In addition to significantly reducing the potential risks of its current customer systems, the Company is set to streamline work processes in customer service and power delivery by integrating separate systems into a single system using the enterprise-wide software system. This new single system will also provide for a more flexible automated billing system and enhancements in handling customer service orders, energy outage incidents and customer services.

In October of 1997, the Company formed a multi-functional Y2K Project Team of experienced and knowledgeable members from each business unit to review and test its operational systems in an effort to further eliminate any potential problems, should they exist. The team provides regular monthly reports on its progress to the Y2K Executive Steering Committee and senior management as well as helping prepare presentations to the Board of Directors.

The Company's Year 2000 effort generally follows a three-phase process:

Phase I - Inventory and Assess Y2K Issues
Phase II - Determine Y2K Readiness of Vendors, Suppliers & Customers
Phase III - Correct, Test, Implement Solutions and Contingency Planning

STATE OF READINESS

At present, the Company has substantially completed the internal inventory and assessment (Phase 1) of the Year 2000 plan. Vendor surveys are still being sent out and their responses are being recorded. Additional notices, however, will have to be sent to vendors that have not responded to our original requests for information (Phase II). Remediation efforts are ongoing and even though contingency planning is a normal part of our business, plans must be prepared to include specific activities with regard to Y2K issues (Phase III).

In addition, as a part of the Company's three-year lease agreement for personal computers, all new personal computers are being issued with operating systems and application software that is Y2K ready. All existing personal computers will be upgraded with Y2K ready operating systems before the turn of the century. For embedded and plant operational systems; the Company has generally completed the evaluative process and is commencing corrective plans. In particular, the Company's Energy Management System (EMS) that monitors transmission interconnections and automatically signals generation output changes, has been contracted for replacement in 1999. Equipment has been ordered and software is currently being configured.

The Company is also participating in an "Electric System Readiness Assessment" program, which provides monthly reports to the Southwest Power Pool (SPP) and the North American Electric Reliability Council (NERC). The responses from all participating companies are being compiled for an industry-wide status report to the Department of Energy (DOE).

COSTS OF YEAR 2000 ISSUES

As described above, with the mainframe conversion, the enterprise software installations and the EMS replacement, a number of Y2K issues were addressed as part of the Company's normal course upgrades to the information technology systems. These upgrades were already contemplated and provided additional benefits or efficiencies beyond the Year 2000 aspect. Other than the costs associated with the mainframe conversion, the enterprise software installations and the EMS replacement, the Company's costs to date for Y2K issues have been less than $1 million. The Company expects to spend less than $5 million in 1999. These costs represent estimates, however, and there can be no assurance that actual costs associated with the Company's Y2K issues will not be higher.

RISKS OF YEAR 2000 ISSUES

As described above, the Company has made significant progress in the implementation of its Year 2000 plan. Based upon the information currently known regarding its internal operations and assuming successful and timely completion of its remediation plan, the Company does not anticipate significant business disruptions from its internal systems due to the Y2K issue. However, the Company may possibly experience limited interruptions to some aspects of its activities, whether information technology, operational, administrative or otherwise, and the

Company is considering such potential occurrences in planning for its most reasonably likely worst case scenarios.

Additionally, risk exists regarding the non-readiness of third parties with key business or operational importance to the Company. Year 2000 problems affecting key customers, interconnected utilities, fuel suppliers and transporters, telecommunications providers or financial institutions could result in lost power or gas sales, reductions in power production or transmission or internal functional and administrative difficulties on the part of the Company. The Company is not presently aware of any such situations, however, occurrences of this type, if severe, could have material adverse impacts upon the business, operating results or financial condition of the Company and there can be no assurance that the Company will be able to identify and correct all aspects of the Year 2000 problem that effect it in sufficient time, that it will develop adequate contingency plans or that the costs of achieving Y2K readiness will not be material.

The Company plans to develop contingency plans for all material areas of Year 2000 risk and is in the process of preparing such plans. Among the areas contingency planning will address include delays in completion in the Company's remediation plans, failure or incomplete remediation results and failure of key third party contacts to be Y2K ready.

FORWARD LOOKING STATEMENTS

The foregoing discussion regarding the timing, effectiveness, implementation, and costs of the Company's Year 2000 efforts, contains forward-looking statements, which are based on management's best estimates derived from assumptions. These forward-looking statements involve inherent risks and uncertainties, and actual results could differ materially from those contemplated by such statements. Factors that might cause material differences include, but are not limited to, availability of key Year 2000 personnel, the Company's ability to locate and correct all relevant computer code, the readiness of third parties, and the Company's ability to respond to unforeseen Year 2000 complications.

PART II. OTHER INFORMATION

Item 1 LEGAL PROCEEDINGS

Reference is made to Item 3 of the Company's 1997 Form 10-K and to Part II, Item 1 of the Company's Form 10-Q for the quarters ended March 31, 1998 and June 30, 1998 for a description of certain legal proceedings presently pending. Except as described below, there are no new significant cases to report against the Company or its subsidiaries and there have been no significant changes in the previously reported proceedings.

As reported in the Company's Form 10-K for the year ended December 31, 1997, Trigen-Oklahoma City Energy Corporation sued OG&E in the United States District Court, Western District of Oklahoma, Case No. CIV-96-1595-M. In the third quarter of 1998, OG&E withdrew its counterclaim. The case is currently scheduled for trial on December 1, 1998. While OG&E cannot predict the outcome of this proceeding, OG&E believes that it will not have a material adverse effect on the Company's or OG&E's financial position or results of operations.

Item 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27.01 - Financial Data Schedule.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OGE ENERGY CORP.
(Registrant)

By /s/ Donald R. Rowlett

Donald R. Rowlett
Controller Corporate Accounting

(On behalf of the registrant and in
his capacity as Controller Corporate Accounting)

November 13, 1998

EXHIBIT INDEX

EXHIBIT INDEX	DESCRIPTION
27.01	Financial Data Schedule

UT

This schedule contains summary financial information extracted from the OGE Energy Corp. Consolidated Statements of Income, Balance Sheets, and Statements of Cash Flows as reported on Form 10-Q as of September 30, 1998 and is qualified in its entirety by reference to such Form 10-Q.

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9-MOS
SEP-30-1998
SEP-30-1998
PER-BOOK
2,527,005
49,361
360,056
112,940
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808
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2,000
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1.91