
FORM 8-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 28, 2004

Commission file number 1-12579

OGE ENERGY CORP.

(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction of
incorporation or organization)

73-1481638
(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)

Item 12. Results of Operations and Financial Condition

OGE Energy Corp. (the "Company") is the parent company of Oklahoma Gas and Electric Company ("OG&E"), a regulated electric utility with approximately 725,000 customers in Oklahoma and western Arkansas, and Enogex Inc. and its subsidiaries ("Enogex"), a natural gas pipeline business with principal operations in Oklahoma and Arkansas.

On January 28, 2004, the Company issued a press release describing the Company's financial results for the quarter and year ended December 31, 2003, which is furnished as Exhibit 99.01 and incorporated herein by reference. As described in the press release, the Company reported earnings of \$1.58 per diluted share for the year ended December 31, 2003, compared with earnings of \$1.16 per diluted share for the year ended December 31, 2002. The increase in the Company's earnings was due to improved financial performance and lower impairment charges at Enogex partially offset by lower electric rates and higher operating expenses at OG&E. The Company reported a loss of \$0.02 per diluted share for the fourth quarter of 2003, compared with a loss of \$0.39 per diluted

improved gross margins in all of its businesses and lower expenses.

“The benefits of the major changes we have made at Enogex over the last two years have begun to come to fruition,” said Peter B. Delaney, OGE Energy executive vice president and CEO of Enogex. “We have made progress, but our job is not complete. In the year ahead, we intend to further improve performance by combining continuous improvement in our business processes with recently completed information technology systems.”

The holding company posted a loss of \$0.16 per share to OGE Energy’s consolidated results in 2003, compared to a loss of \$0.17 per share in 2002.

Discussion of Fourth Quarter 2003

OGE Energy reported consolidated operating revenues of \$816 million in the fourth quarter, compared with \$830 million a year earlier. The fourth-quarter gross margin on revenues was \$182 million, compared with \$183 million in the year-earlier quarter. Operating income was \$15 million in the fourth quarter, compared with an operating loss of \$29 million in the year-earlier quarter. Operating income for the fourth quarter of 2003 reflected a \$9.2 million pre-tax impairment charge and operating income for the fourth quarter of 2002 reflected a \$50 million pre-tax impairment charge.

OG&E posted a net loss of \$4.3 million, or \$0.05 per share to OGE Energy’s consolidated fourth-quarter results, compared with a net loss of \$1.6 million, or \$0.02 per share for the fourth quarter a year ago. Fourth-quarter gross margin on revenues at the electric utility was \$116 million, compared with \$123 million in the comparable period a year earlier. The operating loss at OG&E was \$2.0 million, compared with \$6.3 million in operating income in the fourth quarter of 2002. The decrease in net income was due primarily to the \$25 million electric rate reduction that went into effect in Oklahoma on Jan. 6, 2003, higher operation and maintenance expenses, and milder fall and early-winter weather.

Enogex posted net income of \$5.3 million, or \$0.06 per share to OGE Energy’s consolidated fourth-quarter results, compared with a net loss of \$26 million, or \$0.33 per share for the fourth quarter a year ago. Fourth-quarter gross margin on revenues at the natural gas pipeline was \$66 million, compared with \$60 million a year earlier. Operating income was \$18 million, compared with an operating loss of \$35 million in the fourth quarter last year. Enogex recorded a pre-tax impairment charge of \$9.2 million for the write-down of natural gas compression assets in the fourth quarter of 2003, compared with a \$48 million pre-tax impairment charge for the write-down of natural gas processing and compression assets in the fourth quarter of 2002. Enogex reported increased gross margins in the fourth quarter in its transportation, storage, gathering and processing businesses.

The holding company recorded a loss of \$0.03 per share in the fourth quarter, compared to a loss of \$0.04 per share in the 2002 quarter.

2004 Outlook

The consolidated earnings guidance for 2004 is unchanged at \$1.40 to \$1.50 per share, excluding any regulatory action that might affect electric rates at OG&E. OGE Energy expects improved performance from Enogex while at OG&E, financial performance will depend to a large extent on regulatory considerations. OG&E also plans to increase capital expenditures for electric system reliability upgrades in 2004.

Although OG&E has not yet completed its acquisition of the McClain facility due to the delay at the Federal Energy Regulatory Commission, an agreement to purchase power from the McClain plant is enabling the company to honor the customer-savings guarantee as outlined in the 2002 rate settlement agreement. OG&E has asked the Oklahoma Corporation Commission (OCC) to review the savings being delivered beginning Jan. 1, 2004, and confirm that the company is in compliance with the 2002 settlement agreement. If the OCC does not agree, OG&E will be required to reduce rates by \$2.1 million per month and would expect to reduce expenditures for planned electric system reliability upgrades.

Conference Call Webcast

OGE Energy will host a conference call for discussion of the results and the outlook for 2004 on Wednesday, January 28, at 8 a.m. CST. The conference, hosted by James R. Hatfield, senior vice president and CFO, will be available through www.oge.com.

OGE Energy is the parent company of Oklahoma Gas and Electric Company (OG&E), which serves approximately 725,000 customers in a service territory spanning 30,000 square miles in Oklahoma and western Arkansas, and of Enogex Inc., a natural gas pipeline business with principal operations in Oklahoma and Arkansas.

Some of the matters discussed on this news release 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; regulatory decisions and other risk factors listed in the Company’s Form 10-K for the year ended December 31, 2002 and other factors described from time to time in the Company’s reports to the Securities and Exchange Commission.

*Note: Consolidated Statements of Income, Financial and Statistical Data attached.

OGE Energy Corp. **consolidated statements of operations** **(unaudited)**

	Three Months Ended December 31		Twelve Months Ended December 31	
	2003	2002	2003	2002
<i>(In millions, except per share data)</i>				
OPERATING REVENUES				
Electric Utility operating revenues	\$ 286.3	\$ 284.8	\$1,517.1	\$1,388.0
Natural Gas Pipeline operating revenues	529.9	545.1	2,261.9	1,635.9

Total operating revenues	816.2	829.9	3,779.0	3,023.9
COST OF GOODS SOLD				
Electric Utility cost of goods sold	158.7	153.6	792.7	662.2
Natural Gas Pipeline cost of goods sold	475.3	493.5	2,053.3	1,458.1
Total cost of goods sold	634.0	647.1	2,846.0	2,120.3
Gross margin on revenues	182.2	182.8	933.0	903.6
Other operation and maintenance	98.0	99.6	371.7	370.0
Depreciation	43.8	45.8	176.9	182.5
Impairment of assets	9.2	50.1	10.2	50.1
Taxes other than income	15.9	16.7	67.3	65.3
OPERATING INCOME (LOSS)	15.3	(29.4)	306.9	235.7
OTHER INCOME (EXPENSE)				
Other income	1.1	2.4	8.1	3.7
Other expense	(2.7)	(1.8)	(9.0)	(4.7)
Net other income (expense)	(1.6)	0.6	(0.9)	(1.0)
INTEREST INCOME (EXPENSE)				
Interest income	0.8	0.2	1.3	1.7
Interest on long-term debt	(18.5)	(20.8)	(75.2)	(86.2)
Interest on trust preferred securities	---	(4.3)	---	(17.3)
Interest expense - unconsolidated affiliate	(4.4)	---	(17.3)	---
Allowance for borrowed funds used during construction	0.1	0.1	0.5	0.9
Interest on short-term debt and other interest charges	(0.9)	(1.9)	(6.0)	(8.2)
Net interest expense	(22.9)	(26.7)	(96.7)	(109.1)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES				
INCOME TAX EXPENSE (BENEFIT)	(9.2)	(55.5)	209.3	125.6
	(7.0)	(22.7)	73.7	44.6
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE				
DISCONTINUED OPERATIONS	(2.2)	(32.8)	135.6	81.0
Income from discontinued operations	0.1	3.3	1.8	8.4
Income tax expense (benefit)	---	0.9	2.2	(1.4)
Income (loss) from discontinued operations	0.1	2.4	(0.4)	9.8
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE				
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE	(2.1)	(30.4)	135.2	90.8
	0.5	---	(5.4)	---
NET INCOME (LOSS)	\$ (1.6)	\$ (30.4)	\$ 129.8	\$ 90.8
BASIC AVERAGE COMMON SHARES OUTSTANDING				
DILUTED AVERAGE COMMON SHARES OUTSTANDING	86.9	78.4	81.8	78.1
	87.2	78.4	82.1	78.2
BASIC EARNINGS (LOSS) PER AVERAGE COMMON SHARE				
Income (loss) from continuing operations	\$ (0.03)	\$ (0.42)	\$ 1.66	\$ 1.04
Income from discontinued operations, net of tax	---	0.03	---	0.12
Income (loss) from cumulative effect of accounting change, net of tax	0.01	---	(0.07)	---
NET INCOME (LOSS)	\$ (0.02)	\$ (0.39)	\$ 1.59	\$ 1.16
DILUTED EARNINGS (LOSS) PER AVERAGE COMMON SHARE				
Income (loss) from continuing operations	\$ (0.03)	\$ (0.42)	\$ 1.65	\$ 1.04
Income from discontinued operations, net of tax	---	0.03	---	0.12
Income (loss) from cumulative effect of accounting change, net of tax	0.01	---	(0.07)	---
NET INCOME (LOSS)	\$ (0.02)	\$ (0.39)	\$ 1.58	\$ 1.16
DIVIDENDS DECLARED PER SHARE				
	\$0.3325	\$0.3325	\$ 1.33	\$ 1.33

OGE Energy Corp.
financial and statistical data
(unaudited)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2003	2002	2003	2002
<i>(In millions)</i>				
ELECTRIC UTILITY				
Electric revenues				
Residential	\$ 92.9	\$ 103.1	\$ 601.4	\$ 557.6
Commercial	70.9	69.9	372.5	346.9
Industrial	68.5	60.5	293.4	258.6
Public authorities	30.7	28.7	146.1	135.5
Sales for resale	12.1	11.0	57.7	48.2
Other	10.8	9.9	41.9	34.9
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Total system revenues	285.9	283.1	1,513.0	1,381.7
Sales to other utilities	0.4	1.7	4.1	6.3
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Total electric revenues	\$ 286.3	\$ 284.8	\$ 1,517.1	\$ 1,388.0
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Sales of electricity - Mwh (a)				
Residential	1.6	1.6	8.2	8.0
Commercial	1.3	1.3	5.8	5.8
Industrial	1.8	1.7	6.8	6.6
Public authorities	0.7	0.6	2.7	2.7
Sales for resale	0.3	0.4	1.5	1.5
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Total system sales	5.7	5.6	25.0	24.6
Sales to other utilities	---	0.1	0.1	0.3
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Total electric sales	5.7	5.7	25.1	24.9
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Number of customers	725,470	718,513	725,470	718,513
Average cost of energy per Kwh (b) - cents				
Fuel	1.925	1.896	2.454	1.897
Fuel and purchased power	2.793	2.669	3.128	2.614
Degree days				
Heating				
Actual	1,209	1,543	3,488	3,753
Normal	1,403	1,404	3,631	3,634
Cooling				
Actual	95	49	1,898	1,847
Normal	61	61	1,911	1,911
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NATURAL GAS PIPELINE				
Operating revenues (before intercompany eliminations)	\$ 541.7	\$ 558.1	\$ 2,327.8	\$ 1,684.0
Operating income (loss)	\$ 17.9	\$ (34.5)	\$ 91.2	\$ (3.0)
Net income (loss)	\$ 5.3	\$ (25.5)	\$ 26.9	\$ (21.7)
Net cash (used in) provided from operating activities	\$ (9.0)	\$ 18.7	\$ 29.4	\$ 60.4
Capital expenditures from continuing operations	\$ 5.7	\$ 3.9	\$ 28.1	\$ 20.0
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New well connects	80	64	232	166
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Gathered volumes - Mmbtu/d (c)	1,022	986	1,012	1,056
Incremental transportation volumes - Mmbtu/d	392	556	440	486
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Total throughput volumes - MMBtu/d	1,414	1,542	1,452	1,542
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Natural gas processed - MMcf/d (d)	407	449	414	455
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Natural gas liquids produced (keep-whole) - million gallons	38	46	125	197
Natural gas liquids produced (POL & fixed fee) - million gallons	39	34	134	154
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Total natural gas liquids produced - million gallons	77	80	259	351
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Average sales price per gallon	\$ 0.606	\$ 0.480	\$ 0.595	\$ 0.406
Natural gas marketed - Bbtu (e)	97,225	116,693	374,296	409,879
Average sales price per Mmbtu	\$ 4.723	\$ 3.973	\$ 5.208	\$ 3.236

- (a) Megawatt-hours.
- (b) Kilowatt-hours.
- (c) Million British thermal units per day.
- (d) Million cubic feet per day.
- (e) Billion British thermal units.