

News from the Oklahoma Corporation Commission

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POWERING OKLAHOMA'S FUTURE

Commissioners approve OG&E rate case settlement, direct that full details be made readily available

(Oklahoma City) The Oklahoma Corporation Commission today approved the compromise settlement agreement reached by the parties in the Oklahoma Gas and Electric (OG&E) rate case. The Commission also directed that full details of the settlement and its effect on customers be posted to the Commission's web site: www.occeweb.com

Those who asked the Commission to approve the settlement included: The Oklahoma Attorney General's Office – which represents ratepayers before the Commission, the Public Utility Division of the Oklahoma Corporation Commission, Oklahoma Gas and Electric, Oklahoma Industrial Energy Consumers, OG&E Shareholders Association, Wal-Mart Stores East, LP and Sam's East, Inc., AES Shady Point, LLC, and PowerSmith Cogeneration Project.

OG&E requested a \$110 million annual rate increase. The settlement agreement calls for an annual rate increase of \$48 million, with changes to the fuel cost formula to help offset the impact on consumers. It is estimated that the average residential consumer (1500 kilowatt hours/month) will pay slightly less (an average of 63 cents/month) under the settlement for at least the first year.

The settlement paves the way for expansion of use of devices to give the consumer more control over their power costs ("smart meters", "time-of-use programs"), and the so-called "smart grid." The settlement also will provide a senior citizens discount of \$5 a month from June through October for those age 65 or older who participate in the utility's time-of-use program, and a discount for qualifying low income residential customers.

Full details of the settlement, including the final order in the case, the settlement agreement, and questions and answers concerning the matter are available on the Commission's web site: www.occeweb.com

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All OCC advisories and releases are available at www.occeweb.com

EDITORS, PRODUCERS: PLEASE NOTE ATTACHED FAQ AND
IMPACT SHEETS.

Q&A on OG&E's Oklahoma Rate Agreement Summer 2009

Q. What was OG&E's requested increase and what was approved?

A. OG&E requested an increase of \$110 million. The Commission approved a compromise settlement of \$48.3 million.

Q. Who asked the Commission to approve the compromise?

A. Those who asked the Commission to approve the settlement included: The Oklahoma Attorney General's Office – which represents ratepayers before the Commission, the Public Utility Division of the Oklahoma Corporation Commission, Oklahoma Gas and Electric, Oklahoma Industrial Energy Consumers, OG&E Shareholders Association, Wal-Mart Stores East, LP and Sam's East, Inc., AES Shady Point, LLC, and PowerSmith Cogeneration Project.

Q. What impact will I see on my monthly bill?

A. That depends on your rate class and usage. The settlement includes changes in the utility's fuel cost adjustment that should largely offset the rate increase for many residential customers for at least one year. It is estimated that the average residential consumer (1500 kilowatt hours/month) will pay slightly less (an average of 63 cents/month) under the settlement for at least a year. *For further details, and the impact on other rate classes, please see the Rate Impacts chart on the Commission website. (www.occeweb.com)*

Q. When will these changes show up on my bill?

A. Customers should see the effects of both the rate increase and the fuel cost reduction on the August bill.

Q. Do the new rates make provisions for low and fixed income customers?

A. Yes. Residential customers who qualify for LIHEAP, the Low Income Home Energy Assistance Program administered by state and federal government agencies, receive a discounted rate, and under the new rate structure that discount will be even greater. The new rates also create an opportunity for those 65 and older to participate in a program that would offer a \$5 per month credit.

Q. It seems like rates are always going up. Didn't OG&E just receive a rate increase?

A. OG&E's last rate increase in Oklahoma was effective in January 2006. Those rates were determined using costs for the 2004 calendar year. This means that the rates customers have been paying were largely based on what it cost OG&E to provide service five years ago.

In 2002, OG&E requested a rate increase of \$26 million, and the Commission actually ordered a cut in rates of \$25 million. In 2004, OG&E requested a rate increase of \$91 million, but later withdrew the request.

Q: I participate in the Guaranteed Flat Bill (“GFB”) program. Will the increase change my monthly bill amount before it expires?

A: No. All GFB agreements will continue to be billed under the original agreed amount and timeline. Your bill will not change until a new offer is made or you leave the GFB program upon expiration of your agreement.

Q: I am on average billing. Will my bill go up?

A: The averaged bill program is calculated using the average of your current bill plus the last 11 months. Your averaged bill will include the rate increase in the calculation after the first bill but you will not see the full impact of the rate increase for one full year. Energy costs are also included in your monthly average bill and will be lower per kWh based upon the fuel factor change. This should help offset the increase in base rates.

Q: With the economy in recession, why does OG&E need an increase now?

A: Even though the economy is in recession, OG&E is required to provide safe and reliable electric service. Many of the investments included in this rate review were made prior to the down-turn in the economy and are just now being approved for recovery.

Q: Even with the reduction in the fuel factor, it appears OG&E will pay higher than market value for natural gas. Is that the case?

A: No. OG&E is paying market rates for natural gas; however the OG&E fuel factor is changed once every year so customers will not experience the market rates that OG&E pays for gas until the fuel factor is changed. The fuel factor also includes more than just the cost of the fuel commodity. The calculation includes other expenses that are required to provide safe reliable electric service to ratepayers. These costs are audited by the Commission annually and OG&E is not allowed to profit on the fuel that they purchase.

Q: Will this rate increase improve service outages problems?

A: This rate increase will allow OG&E to continue their current reliability programs. This includes programs to recover from storm damage, improve the system's ability to withstand natural disasters, and to provide additional safety for the electric grid. If you are experiencing service outages or problems, please report the issue to OG&E immediately. If OG&E does not address the problem, you may file a complaint with the Consumer Services Division of the Oklahoma Corporation Commission at the following link:

<http://www.occeweb.com/Divisions/CS/Forms/PUTILCOMPLAINT.htm>

Q: I have been hearing a lot of information about renewable energy. Does any of this increase go towards wind energy or other renewable resources research?

A: Yes, a portion of this increase pays for the Oklahoma Centennial Wind Farm which is located in northwestern Oklahoma. This wind farm provides OG&E with up to 120 megawatts of capacity. This increase also includes OG&E's research in “smart grid” technology.

Q: Are other utilities seeking rate increases during this difficult economic time?

A: Yes. Utilities all across the country are experiencing the need for increased rates due to increased costs and additional Federal requirements. The Federal requirements include environmental regulations on carbon emissions, security upgrades, and safety requirements.

Q: Is there something I can do as a customer to lower my bills?

A: Yes. OG&E offers a Time-of-Use Rate which rewards decreased usage during peak summer demand hours. June through September, you'll receive a much lower rate during off-peak hours but pay a higher rate during peak load hours (times vary according to your rate class), excluding weekends and holidays. During the winter season, Time-of-Use customers revert to OG&E's standard rates. You may also visit the Commission's Demand Programs page on the www.occeweb.com home page for more links and information to assist in reducing your energy bills. OG&E also offers a free Custom Energy Report which helps shed some light on how you spend your energy dollars. This report uses personalized information to calculate how much energy your home uses by fuel type and end-use. For more information please use the following link: <http://www.oge.com/residential-customers/save-energy-and-money/EnergyEfficiency/Pages/CEROpenWP.aspx>

Q: What if I have trouble paying my electric bill?

A: There is help available. First, call OG&E at 405-272-9741 or email the company at www.oge.com. They will work with you to establish a payment plan. OG&E can also refer you to programs specifically designed to help people with their energy bills.

Q: What does the Commission do to ensure that the requested rate increase is fair and reasonable?

A: The Corporation Commission Staff, Office of the Attorney General, and other intervening parties perform an audit of the requested rate increase. This includes a thorough review of the Company's books and records along with benchmarking their performance to other Companies across the country.

Q: Where can I view the filed records for this rate case?

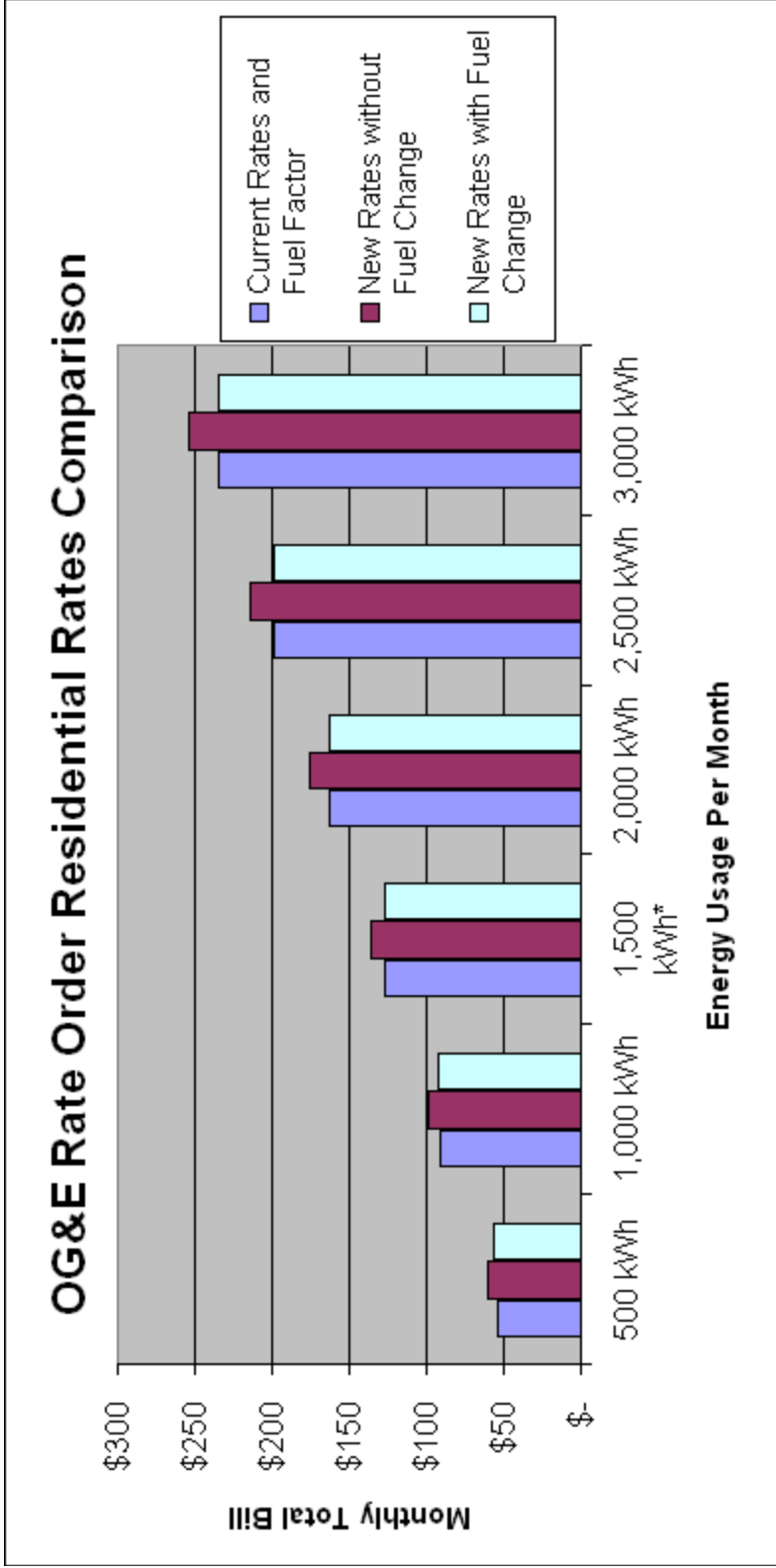
A: The Oklahoma Corporation Commission maintains open records on all general rate cases. Information on this can be found on a link on the OCC website at www.occeweb.com.

OG&E Rate Order Impacts 2009

Residential Customers

Monthly Energy Usage	Current Rates and Fuel	New Rates without Fuel Change	Bill Impact from Rate Increase	New Rates and Fuel Change	Total Bill Impact
500 kWh	\$ 53.71	\$ 59.75	\$ 6.04	\$ 56.70	\$ 2.99
1,000 kWh	\$ 91.65	\$ 98.92	\$ 7.27	\$ 92.82	\$ 1.17
1,500 kWh*	\$ 127.37	\$ 135.90	\$ 8.53	\$ 126.74	\$ (0.63)
2,000 kWh	\$ 163.26	\$ 175.11	\$ 11.85	\$ 162.90	\$ (0.36)
2,500 kWh	\$ 199.15	\$ 214.30	\$ 15.15	\$ 199.04	\$ (0.11)
3,000 kWh	\$ 235.03	\$ 253.51	\$ 18.48	\$ 235.20	\$ 0.16

**Average residential consumers use about 1,500 kWh per month.*



General Service Customers

General Service customers are receiving a rate decrease of approximately .03%. In addition, the fuel factor change will result in a total bill reduction of 5.82%. That equates to a reduction of approximately \$5.82 for every \$100 in billing.

Power and Light Customers

The overall Power and Light class will receive no change as this class, overall, is already paying its actual cost of service, inclusive of the rate increase. However, the PL-Time of Use customers will receive a small decrease and the remaining PL customers will receive a small increase. This change corrects rates that were causing time of use customers to pay more than their cost of service. There will, however, still be a reduction to the Power and Light fuel factor of 10.89%.

Large Power and Light Customers

The LPL class will receive a 0.66% increase in base rates. There will also be a reduction to the LPL fuel factor for a net bill impact of 11.1%