

OGE ENERGY CORP
Form 8-K
May 20, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) May 20, 2005

OGE ENERGY CORP.

(Exact Name of Registrant as Specified in Its Charter)

Oklahoma

(State or Other Jurisdiction of Incorporation)

1-12579

73-1481638

(Commission File Number)

(IRS 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)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

OG&E proposes new rates to pay for reliability investments

Lower rates for 80,000 small businesses, non-profit organizations, schools

OKLAHOMA CITY Citing major investments to improve the reliability of its electric system, OG&E today asked the Oklahoma Corporation Commission to approve an \$89 million rate increase.

This case is about reliability, said the company's chief policy witness, James R. Hatfield, senior vice president and chief financial officer of OGE Energy Corp. (NYSE: OGE), parent company of OG&E. We frequently hear from our customers, both large and small, that while reasonable rates are very important, reliability is the most important thing they expect from their electric company.

OG&E's proposal limits the increase in the average residential customer's electric bill to about \$3.00 per month, and lowers rates for 80,000 small businesses, schools, churches, non-profit organizations and social service agencies by an average of 7 percent. OG&E proposes a new assistance program for low-income customers, and offers residential and small-business customers a Guaranteed Flat Bill option that ensures their cost is the same every month. Lower rates also are in store for Tinker Air Force Base under OG&E's new plan.

OG&E proposes a rate increase for its largest industrial consumers, ending the subsidy they receive from other customers and assuring they pay their fair share, Hatfield said. Still, OG&E's proposal keeps electric rates for large industrial customers competitively below the regional and national averages.

OG&E has made significant investments and major projects are ongoing to expand the capacity of the electric system and to repair and replace aging infrastructure across OG&E's service area. In addition to the McClain power plant acquisition last year, reliability investments include equipment upgrades at other OG&E power plants, transmission and substation projects, and expansion and improvement of distribution networks.

Today's rate filing by OG&E represents the latest step in the company's Customer Savings and Reliability Plan, a comprehensive approach to expanding and improving the electric system at a time when cogeneration and purchased-power costs are being reduced or eliminated. High natural gas prices which do not add to OG&E's earnings have increased the fuel component of customers' electric bills, but OG&E has done a lot to keep costs as low as possible. Since 2003, OG&E has been able to reduce customer costs by \$147 million, including fuel savings made possible by McClain.

OG&E customers in all rate classes will benefit from electric service that's more reliable, thanks to investments that by the end of this year will total more than \$600 million since 2003. This rate case will determine whether such reliability investments can continue.

According to Hatfield, OG&E has been able to avoid any base rate increase since 1985 through conservative purchasing, efficient operations and effective use of technology in its electric

system. We also must be able to attract, train and retain a workforce that is capable of operating that system, Hatfield said. That requires investment in human capital as well.

OG&E operates today with about the same number of employees it had in 1960, when the company served less than half as many customers as it serves now.

OG&E expects a hearing of the new rate proposal by the Corporation Commission this fall, and to implement new rates in December.

OG&E, a regulated utility, serves about 735,000 customers in a service area spanning 30,000 square miles in Oklahoma and western Arkansas. OGE Energy also is the parent company of Enogex Inc., a natural gas pipeline business with principal operations in Oklahoma and Arkansas.

Resources:

- o Illustrations of key facts can be found at www.oge.com.
- o The Edison Electric Institute website www.eei.org has background information (history, how the system works, and critical issues) about the U.S. electric industry on its page entitled *Electricity 101: Learn the Basics of Electricity*.

