OGE ENERGY CORP.
Form 10-Q
May 07, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____to_____

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. þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). þ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes þ No

At March 31, 2015, there were 199,574,077 shares of common stock, par value $0.01 per share, outstanding.

OGE ENERGY CORP.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2015

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GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations that are found throughout this Form 10-Q.

Abbreviation	Definition
2014 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2014
APSC	Arkansas Public Service Commission
ArcLight	Bronco Midstream Holdings, LLC, Bronco Midstream Holdings II, LLC, collectively
ASU	Financial Accounting Standards Board Accounting Standards Update
BART	Best available retrofit technology
CenterPoint	CenterPoint Energy Resources Corp., wholly-owned subsidiary of CenterPoint Energy, Inc.
Company	OGE Energy, collectively with its subsidiaries
Dry Scrubbers	Dry flue gas desulfurization units with spray dryer absorber
Enable	Enable Midstream Partners, LP, partnership between OGE Energy, the ArcLight group and CenterPoint Energy, Inc. formed to own and operate the midstream businesses of OGE Energy and CenterPoint
Enogex Holdings	Enogex Holdings LLC, the parent company of Enogex LLC and a majority-owned subsidiary of OGE Holdings, LLC (prior to May 1, 2013)
Enogex LLC	Enogex LLC, collectively with its subsidiaries (effective July 30, 2013, the name was changed to Enable Oklahoma Intrastate Transmission, LLC)
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIP	Federal implementation plan
GAAP	Accounting principles generally accepted in the United States
MATS	Mercury and Air Toxics Standards
MW	Megawatt
NGLs	Natural gas liquids
NO_X	Nitrogen oxide
OCC	Oklahoma Corporation Commission
Off-system sales	Sales to other utilities and power marketers
OG&E	Oklahoma Gas and Electric Company, wholly-owned subsidiary of OGE Energy
OGE Holdings	OGE Enogex Holdings, LLC, wholly-owned subsidiary of OGE Energy, parent company of Enogex Holdings (prior to May 1, 2013) and 26.3 percent owner of Enable Midstream Partners
Pension Plan	Qualified defined benefit retirement plan
SESH	Southeast Supply Header, LLC
SIP	State implementation plan
SO_2	Sulfur dioxide
SPP	Southwest Power Pool
System sales	Sales to OG&E's customers
TBtu/d	Trillion British thermal units per day

FORWARD-LOOKING STATEMENTS

Except for the historical statements contained herein, the matters discussed in this Form 10-Q, including those matters discussed in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," are 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" and similar expressions. Actual results may vary materially from those expressed in forward-looking statements. In addition to the specific risk factors discussed in "Item 1A. Risk Factors" in the Company's 2014 Form 10-K and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" herein, factors that could cause actual results to differ materially from the forward-looking statements 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;
- prices and availability of electricity, coal, natural gas and 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 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;
- unusual weather;
- availability and prices of raw materials for current and future construction projects;
- 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 and regulations that may impact the Company's operations;
- 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 cyber-attacks and other catastrophic events;
- advances in technology;
- creditworthiness of suppliers, customers and other contractual parties;
- 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; and
- other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission including those listed in "Item 1A. Risk Factors" and in Exhibit 99.01 to the Company's 2014 Form 10-K.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

OGE ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
(In millions except per share data)	2015	2014
OPERATING REVENUES	$480.1	$560.4
COST OF SALES	211.6	293.4
OPERATING EXPENSES		
Other operation and maintenance	111.7	112.4
Depreciation and amortization	75.9	67.2
Taxes other than income	24.5	25.6
Total operating expenses	212.1	205.2
OPERATING INCOME	56.4	61.8
OTHER INCOME (EXPENSE)		
Equity in earnings of unconsolidated affiliates	31.7	47.9
Allowance for equity funds used during construction	1.5	1.1
Other income	4.9	1.4
Other expense	(1.0)	(3.3)
Net other income	37.1	47.1
INTEREST EXPENSE		
Interest on long-term debt	36.9	35.1
Allowance for borrowed funds used during construction	(0.8)	(0.6)
Interest on short-term debt and other interest charges	1.3	1.4
Interest expense	37.4	35.9
INCOME BEFORE TAXES	56.1	73.0
INCOME TAX EXPENSE	12.9	23.7
NET INCOME	$43.2	$49.3
BASIC AVERAGE COMMON SHARES OUTSTANDING	199.5	198.8
DILUTED AVERAGE COMMON SHARES OUTSTANDING	199.5	199.5
BASIC EARNINGS PER AVERAGE COMMON SHARE	$0.22	$0.25
DILUTED EARNINGS PER AVERAGE COMMON SHARES	$0.22	$0.25
DIVIDENDS DECLARED PER COMMON SHARE	$0.25000	$0.22500

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part hereof.

OGE ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
(In millions)	2015	2014
Net income	$43.2	$49.3
Other comprehensive income (loss), net of tax		
Pension Plan and Restoration of Retirement Income Plan:		
Amortization of deferred net loss, net of tax of $0.8 and $0.3, respectively	0.4	0.4
Postretirement Benefit Plans:		
Amortization of deferred net loss, net of tax of $0.2 and $0.1, respectively	0.2	0.2
Amortization of prior service cost, net of tax of ($0.3) and ($0.3), respectively	(0.4)	(0.4)
Amortization of deferred interest rate swap hedging losses, net of tax of $0.0 and $0.1, respectively	—	0.1
Other comprehensive income, net of tax	0.2	0.3
Comprehensive income	$43.4	$49.6

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part hereof.

OGE ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
(In millions)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$43.2	$49.3
Adjustments to reconcile net income to net cash provided from operating activities		
Depreciation and amortization	75.9	67.2
Deferred income taxes and investment tax credits, net	13.0	22.0
Equity in earnings of unconsolidated affiliates	(31.7)	(47.9)
Distributions from unconsolidated affiliates	34.3	32.5
Allowance for equity funds used during construction	(1.5)	(1.1)
Stock-based compensation	0.5	(8.6)
Regulatory assets	2.7	3.5
Regulatory liabilities	(0.7)	(1.9)
Other assets	(0.7)	(7.4)
Other liabilities	(0.2)	26.2
Change in certain current assets and liabilities		
Accounts receivable, net	19.6	(12.5)
Accounts receivable - unconsolidated affiliates	(1.0)	2.1
Accrued unbilled revenues	9.0	7.0
Fuel, materials and supplies inventories	(23.9)	(4.0)
Fuel clause under recoveries	41.3	(35.8)
Other current assets	1.3	3.7
Accounts payable	(15.1)	(29.6)
Fuel clause over recoveries	—	(0.4)
Other current liabilities	(26.4)	(41.1)
Net Cash Provided from Operating Activities	139.6	23.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures (less allowance for equity funds used during construction)	(108.8)	(171.8)
Proceeds from sale of assets	0.1	0.4
Net Cash Used in Investing Activities	(108.7)	(171.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on common stock	(49.9)	(44.7)
Proceeds from long-term debt	—	246.9
Issuance of common stock	3.1	3.4
Increase (decrease) in short-term debt	11.9	(61.8)
Net Cash (Used in) Provided from Financing Activities	(34.9)	143.8
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4.0)	(4.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5.5	6.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$1.5	$2.4

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part hereof.

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OGE ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$1.5	$5.5
Accounts receivable, less reserve of $1.2 and $1.6, respectively	169.2	188.8
Accounts receivable - unconsolidated affiliates	6.6	5.6
Accrued unbilled revenues	46.5	55.5
Income taxes receivable	15.1	16.0
Fuel inventories	82.6	58.5
Materials and supplies, at average cost	78.7	78.9
Deferred income taxes	189.2	191.4
Fuel clause under recoveries	27.0	68.3
Other	36.9	37.3
Total current assets	653.3	705.8
OTHER PROPERTY AND INVESTMENTS		
Investment in unconsolidated affiliates	1,315.7	1,318.2
Other	71.4	70.1
Total other property and investments	1,387.1	1,388.3
PROPERTY, PLANT AND EQUIPMENT		
In service	10,020.9	9,983.0
Construction work in progress	147.5	115.9
Total property, plant and equipment	10,168.4	10,098.9
Less accumulated depreciation	3,156.2	3,119.0
Net property, plant and equipment	7,012.2	6,979.9
DEFERRED CHARGES AND OTHER ASSETS		
Regulatory assets	406.7	411.5
Other	42.9	42.3
Total deferred charges and other assets	449.6	453.8
TOTAL ASSETS	$9,502.2	$9,527.8

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part hereof.

OGE ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

(In millions)	March 31, 2015	December 31, 2014
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term debt	$109.9	$98.0
Accounts payable	151.9	179.1
Dividends payable	49.9	49.9
Customer deposits	75.2	73.7
Accrued taxes	24.0	39.7
Accrued interest	34.2	43.0
Accrued compensation	33.6	38.2
Long-term debt due within one year	110.0	—
Other	52.9	51.7
Total current liabilities	641.6	573.3
LONG-TERM DEBT	2,645.4	2,755.3
DEFERRED CREDITS AND OTHER LIABILITIES		
Accrued benefit obligations	313.2	315.5
Deferred income taxes	2,279.3	2,268.3
Regulatory liabilities	271.6	263.0
Other	109.3	108.0
Total deferred credits and other liabilities	2,973.4	2,954.8
Total liabilities	6,260.4	6,283.4
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
STOCKHOLDERS' EQUITY		
Common stockholders' equity	1,091.5	1,087.6
Retained earnings	2,191.5	2,198.2
Accumulated other comprehensive loss, net of tax	(41.2)	(41.4)
Total stockholders' equity	3,241.8	3,244.4
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,502.2	$9,527.8

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part hereof.

OGE ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Premium on Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2014	$2.0	$1,085.6	$2,198.2	$(41.4)	$3,244.4
Net income	—	—	43.2	—	43.2
Other comprehensive income, net of tax	—	—	—	0.2	0.2
Dividends declared on common stock	—	—	(49.9)	—	(49.9)
Issuance of common stock	—	3.2	—	—	3.2
Stock-based compensation	—	0.7	—	—	0.7
Balance at March 31, 2015	$2.0	$1,089.5	$2,191.5	$(41.2)	$3,241.8
Balance at December 31, 2013	$2.0	$1,071.6	$1,991.7	$(28.2)	$3,037.1
Net income	—	—	49.3	—	49.3
Other comprehensive income, net of tax	—	—	—	0.3	0.3
Dividends declared on common stock	—	—	(44.9)	—	(44.9)
Issuance of common stock	—	3.4	—	—	3.4
Stock-based compensation	—	(7.4)	—	—	(7.4)
Balance at March 31, 2014	$2.0	$1,067.6	$1,996.1	$(27.9)	$3,037.8

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part hereof.

OGE ENERGY CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

Organization

The Company is an energy and energy services provider offering physical delivery and related services for both electricity and natural gas primarily in the south central United States. The Company conducts these activities through two business segments: (i) electric utility and (ii) natural gas midstream operations. The accounts of OGE Energy and its wholly owned and majority owned subsidiaries are included in the consolidated financial statements. All intercompany transactions and balances are eliminated in consolidation. OGE Energy generally uses the equity method of accounting for investments where its ownership interest is between 20% and 50% and has the ability to exercise significant influence.

The electric utility segment generates, transmits, distributes and sells electric energy in Oklahoma and western Arkansas. Its operations are conducted through OG&E and are subject to regulation by the OCC, the APSC and the FERC. OG&E was incorporated in 1902 under the laws of the Oklahoma Territory, and is a wholly owned subsidiary of the Company. OG&E is the largest electric utility in Oklahoma and its franchised service territory includes the Fort Smith, Arkansas area. OG&E sold its retail natural gas business in 1928 and is no longer engaged in the natural gas distribution business.

The natural gas midstream operations segment currently represents the Company's investment in Enable, through its wholly owned subsidiary OGE Holdings. Enable is engaged in the business of gathering, processing, transporting and storing natural gas. Enable's natural gas gathering and processing assets are strategically located in four states and serve natural gas production from shale developments in the Anadarko, Arkoma and Ark-La-Tex basins. Enable also owns an emerging crude oil gathering business in the Bakken shale formation, principally located in the Williston basin. Enable's natural gas transportation and storage assets extend from western Oklahoma and the Texas Panhandle to Alabama and from Louisiana to Illinois.

Enable was formed effective May 1, 2013 by OGE Energy, the ArcLight group and CenterPoint Energy, Inc. to own and operate the midstream businesses of OGE Energy and CenterPoint. In the formation transaction, OGE Energy and ArcLight contributed Enogex LLC to Enable and the Company deconsolidated its previously held investment in Enogex Holdings and acquired an equity interest in Enable. The Company determined that its contribution of Enogex LLC to Enable met the requirements of being in substance real estate and was recorded at historical cost. The general partner of Enable is equally controlled by CenterPoint and OGE Energy, who each have 50 percent management ownership. Based on the 50/50 management ownership, with neither company having control, OGE Energy accounts for its interest in Enable using the equity method of accounting.

Basis of Presentation

The Condensed Consolidated Financial Statements included herein have been prepared by 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 GAAP have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to prevent the information presented from being misleading.
In the opinion of management, all adjustments necessary to fairly present the consolidated financial position of the Company at March 31, 2015 and December 31, 2014, the results of its operations and cash flows for the three months

ended March 31, 2015 and 2014, have been included and are of a normal recurring nature except as otherwise disclosed.

Due to seasonal fluctuations and other factors, the Company's operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015 or for any future period. The Condensed Consolidated Financial Statements and Notes thereto should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto included in the Company's 2014 Form 10-K.

Accounting Records

The accounting records of OG&E are maintained in accordance with the Uniform System of Accounts prescribed by the FERC and adopted by the OCC and the APSC. Additionally, OG&E, as a regulated utility, is subject to accounting principles for certain types of rate-regulated activities, which provide that certain actual or anticipated costs that would otherwise be charged to expense can be deferred as regulatory assets, based on the expected recovery from customers in future rates. Likewise, certain actual or anticipated credits that would otherwise reduce expense can be deferred as regulatory liabilities, based on the expected flowback to customers in future rates. Management's expected recovery of deferred costs and flowback of deferred credits generally results from specific decisions by regulators granting such ratemaking treatment.

OG&E records certain actual or anticipated costs and obligations as regulatory assets or liabilities if it is probable, based on regulatory orders or other available evidence, that the cost or obligation will be included in amounts allowable for recovery or refunded in future rates.

The following table is a summary of OG&E's regulatory assets and liabilities at:

(In millions)	March 31, 2015	December 31, 2014
Regulatory Assets		
Current		
Fuel clause under recoveries	$27.0	$68.3
Oklahoma demand program rider under recovery (A)	16.2	19.7
Other (A)	10.6	9.1
Total Current Regulatory Assets	$53.8	$97.1
Non-Current		
Benefit obligations regulatory asset	$258.2	$261.1
Income taxes recoverable from customers, net	56.2	56.1
Smart Grid	43.8	43.9
Deferred storm expenses	16.5	17.5
Unamortized loss on reacquired debt	15.8	16.1
Other	16.2	16.8
Total Non-Current Regulatory Assets	$406.7	$411.5
Regulatory Liabilities		
Current		
Crossroads wind farm rider over recovery (B)	$12.9	$10.3
Smart Grid rider over recovery (B)	11.2	12.5
Other (B)	2.1	1.6
Total Current Regulatory Liabilities	$26.2	$24.4
Non-Current		
Accrued removal obligations, net	$252.3	$248.1
Pension tracker	19.3	14.9
Total Non-Current Regulatory Liabilities	$271.6	$263.0

(A) Included in Other Current Assets on the Condensed Consolidated Balance Sheets.
(B) Included in Other Current Liabilities on the Condensed Consolidated Balance Sheets.

Management continuously monitors the future recoverability of regulatory assets. When in management's judgment future recovery becomes impaired, the amount of the regulatory asset is adjusted, as appropriate. If OG&E were required to discontinue the application of accounting principles for certain types of rate-regulated activities for some or all of its operations, it could result in writing off the related regulatory assets, which could have significant financial effects.

Investment in Unconsolidated Affiliate

OGE Energy's investment in Enable is considered to be a variable interest entity because the owners of the equity at risk in this entity have disproportionate voting rights in relation to their obligations to absorb the entity's expected losses or to receive its expected residual returns. However, OGE Energy is not considered the primary beneficiary of Enable since it does not have the power to direct the activities of Enable that are considered most significant to the economic performance of Enable. As discussed above, OGE Energy accounts for the investment in Enable using the equity method of accounting. Under the equity method, the investment will be adjusted each period for contributions made, distributions received and the Company's share of the investee's comprehensive income. OGE Energy's maximum exposure to loss related to Enable is limited to OGE Energy's equity investment in Enable as presented on the Company's Condensed Consolidated Balance Sheet at March 31, 2015. The Company evaluates its equity method investment for impairment when events or changes in circumstances indicate there is a loss in value of the investment that is other than a temporary decline.

The Company considers distributions received from Enable which do not exceed cumulative equity in earnings subsequent to the date of investment to be a return on investment which are classified as operating activities in the Condensed Consolidated Statements of Cash Flows. The Company considers distributions received from Enable in excess of cumulative equity in earnings subsequent to the date of investment to be a return of investment which are classified as investing activities in the Condensed Consolidated Statements of Cash Flows.

Asset Retirement Obligation

The following table summarizes changes to the Company's asset retirement obligations during the three months ended March 31, 2015 and 2014.

	Three Months Ended March 31,	
(In millions)	2015	2014
Balance at January 1	$58.6	$55.2
Liabilities settled	(0.3)	—
Accretion expense	0.6	0.6
Balance at March 31	$58.9	$55.8

Accumulated Other Comprehensive Income (Loss)

The following table summarizes changes in the components of accumulated other comprehensive income (loss) attributable to OGE Energy during the three months ended March 31, 2015. All amounts below are presented net of tax.

	Pension Plan and Restoration of Retirement Income Plan		Postretirement Benefit Plans		
(In millions)	Net loss	Prior service cost	Net loss	Prior service cost	Total
Balance at December 31, 2014	$(36.8)	$0.1	$(8.0)	$3.3	$(41.4)
Amounts reclassified from accumulated other comprehensive income (loss)	0.4	—	0.2	(0.4)	0.2
Net current period other comprehensive income (loss)	0.4	—	0.2	(0.4)	0.2
Balance at March 31, 2015	$(36.4)	$0.1	$(7.8)	$2.9	$(41.2)

The following table summarizes significant amounts reclassified out of accumulated other comprehensive income (loss) by the respective line items in net income during the three months ended March 31, 2015 and 2014.

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) Three Months Ended		Affected Line Item in the Statement Where Net Income is Presented
(In millions)	March 31, 2015	March 31, 2014	
Losses on cash flow hedges			
Interest rate swap	$—	$(0.2)	Interest expense
	—	(0.2)	Total before tax
	—	(0.1)	Tax benefit
	$—	$(0.1)	Net of tax
Amortization of defined benefit pension items			
Actuarial losses	$(1.2)	$(0.7)	(A)
	(1.2)	(0.7)	Total before tax
	(0.8)	(0.3)	Tax benefit
	$(0.4)	$(0.4)	Net of tax
Amortization of postretirement benefit plan items			
Actuarial losses	$(0.4)	$(0.3)	(A)
Prior service credit	0.7	0.7	(A)
	0.3	0.4	Total before tax
	0.1	0.2	Tax (benefit) expense
	$0.2	$0.2	Net of tax
Total reclassifications for the period	$(0.2)	$(0.3)	Net of tax

(A) These accumulated other comprehensive income (loss) components are included in the computation of net periodic benefit cost (see Note 10 for additional information).

2. Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The new guidance was intended to be effective for fiscal years beginning after December 15, 2016. On April 1, 2015, the FASB voted to propose a deferral of the effective date of the new revenue standard by one year, but to permit entities to adopt one year earlier if they choose (i.e., the original effective date). The FASB decided, based on its outreach to various stakeholders and the forthcoming exposure drafts, which amend the new revenue standard, that a deferral is necessary to provide adequate time to effectively implement the new revenue standard. The FASB's proposed deferral is subject to its due process requirement, which includes a period for public comments. The Company is still determining the impact of this standard.

In February 2015, the FASB issued ASU 2015-02, Consolidation. This standard amends the current consolidation guidance. The amendments affect both the variable interest entity and voting interest entity consolidation models. The standard is effective for public reporting entities in fiscal periods beginning after December 15, 2015. At this time, the Company does not believe the new consolidation guidance would impact the entities that are consolidated on the Company's financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest. The amendments in ASU 2015-03 require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments. The FASB issued the updated guidance as part of its initiative to reduce complexity in accounting standards, as it had received feedback that having different balance sheet presentation requirements for debt issuance costs and debt discount and premium created unnecessary complexity. For public business entities, the amendments in this ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company will reflect the impacts of this ASU in the first quarter of 2016.

3. Investment in Unconsolidated Affiliate and Related Party Transactions

On March 14, 2013, OGE Energy entered into a Master Formation Agreement with the ArcLight group and CenterPoint Energy, Inc., pursuant to which OGE Energy, the ArcLight Group and CenterPoint Energy, Inc., agreed to form Enable to own and operate the midstream businesses of OGE Energy and CenterPoint that was initially structured as a private limited partnership. This transaction closed on May 1, 2013.
Pursuant to the Master Formation Agreement, OGE Energy and the ArcLight group indirectly contributed 100 percent of the equity interests in Enogex LLC to Enable. The Company determined that its contribution of Enogex LLC to Enable met the requirements of being in substance real estate and was recorded at historical cost.
On April 16, 2014, Enable completed an initial public offering of 25,000,000 common units resulting in Enable becoming a publicly traded Master Limited Partnership. In connection with Enable’s initial public offering, approximately 61.4 percent of OGE Holdings and CenterPoint’s common units were converted into subordinated units. As a result, following the initial public offering, OGE Holdings owned 42,832,291 common units and 68,150,514 subordinated units of Enable. Holders of subordinated units are not entitled to receive any distribution of available cash until the common units have received the minimum quarterly distribution plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. The subordinated units will convert into common units when Enable has paid at least the minimum quarterly distribution for three years or paid at least 150 percent of the minimum quarterly distribution for one year.

On January 26, 2015, Enable announced a quarterly dividend distribution of $0.30875 per unit on its outstanding common and subordinated units, representing an increase of approximately 2.1 percent over the prior quarter distribution. Enable's gross margins are affected by commodity price movements. Based on forward commodity prices, Enable expects to see a decrease in producer activity that will affect its future distribution growth rate. If cash distributions to Enable’s unitholders exceed $0.330625 per unit in any quarter, the general partner will receive increasing percentages, up to 50 percent, of the cash Enable distributes in excess of that amount. OGE Holdings is entitled to 60 percent of those “incentive distributions.” In certain circumstances, the general partner will have the right to reset the minimum quarterly distribution and the target distribution levels at which the incentive distributions receive increasing percentages to higher levels based on Enable’s cash distributions at the time of the exercise of this reset election.

On April 24, 2015, Enable announced a quarterly dividend distribution of $0.31250 per unit on its outstanding common and subordinated units, representing an increase of approximately 1.2 percent over the prior quarter distribution.

At March 31, 2015, OGE Energy held 26.3 percent of the limited partner interests in Enable.

Distributions received from Enable were $34.3 million and $32.5 million during the three months ended March 31, 2015 and 2014, respectively.

Related Party Transactions

Operating costs charged and related party transactions between the Company and its affiliate, Enable, since its formation on May 1, 2013 are discussed below. Prior to May 1, 2013, operating costs charged and related party transactions between the Company and Enogex Holdings were eliminated in consolidation. OGE Energy's interest in Enogex Holdings was deconsolidated on May 1, 2013.

On May 1, 2013, OGE Energy and Enable entered into a Services Agreement, Employee Transition Agreement, and other agreements whereby OGE Energy agreed to provide certain support services to Enable such as accounting, legal, risk management and treasury functions for an initial term ending on April 30, 2016. The support services automatically extend year-to-year at the end of the initial term, unless terminated by Enable with at least 90 days' notice. Enable may terminate the initial support services at any time with 180 days' notice if approved by the board of Enable's general partner. Under these agreements, OGE Energy charged operating costs to Enable of $2.8 million and $6.0 million (which results in a corresponding reduction to OGE Energy's operations and maintenance expense) for the three months ended March 31, 2015 and March 31, 2014, respectively. OGE Energy charges operating costs to OG&E and Enable based on several factors. Operating costs directly related to OG&E and/or Enable are assigned as such. Operating costs incurred for the benefit of OG&E and Enable are allocated either as overhead based primarily on labor costs or using the "Distrigas" method.

Additionally, OGE Energy agreed to provide seconded employees to Enable to support its operations for an initial term ending on December 31, 2014. In October, 2014, CenterPoint, OGE Energy and Enable agreed to continue the secondment to

Enable of 192 OGE Energy employees that participate in OGE Energy's defined benefit and retirement plans beyond December 31, 2014. OGE Energy billed Enable for reimbursement of $10.0 million and $28.4 million during the three months ended March 31, 2015 and March 31, 2014, respectively, under the Transitional Seconding Agreement for employment costs.

OGE Energy had accounts receivable from Enable of $6.6 million and $5.6 million as of March 31, 2015 and December 31, 2014, respectively, for amounts billed for transitional services, including the cost of seconded employees.

Related Party Transactions with Enable

OG&E entered into a new contract with Enable to provide transportation services effective May 1, 2014 which eliminated the natural gas storage services. This transportation agreement grants Enable the responsibility of delivering natural gas to OG&E’s generating facilities and performing an imbalance service. With this imbalance service, in accordance with the cash-out provision of the contract, OG&E purchases gas from Enable when Enable’s deliveries exceed OG&E’s pipeline receipts. Enable purchases gas from OG&E when OG&E’s pipeline receipts exceed Enable’s deliveries. The following table summarizes related party transactions between OG&E and its affiliate, Enable, during the three months ended March 31, 2015 and 2014.

	Three Months Ended March 31,	
(In millions)	2015	2014
Operating Revenues:		
Electricity to power electric compression assets	$3.1	$2.9
Cost of Sales:		
Natural gas transportation services	$8.8	$8.7
Natural gas storage services	—	3.3
Natural gas purchases	2.5	5.0

Summarized Financial Information of Enable

Summarized unaudited financial information for 100 percent of Enable is presented below at March 31, 2015 and December 31, 2014 and for the three months ended March 31, 2015 and March 31, 2014.

Balance Sheet	March 31, 2015	December 31, 2014
	(In millions)	
Current assets	$407	$438
Non-current assets	11,560	11,399
Current liabilities	841	671
Non-current liabilities	2,340	2,344

	Three Months Ended March 31,	
Income Statement	2015	2014
	(In millions)	
Operating revenues	$616	$1,002
Cost of sales	292	633
Operating income	104	162
Net income	91	149

The formation of Enable was considered a business combination, and CenterPoint Midstream was the acquirer of Enogex Holdings for accounting purposes. Under this method, the fair value of the consideration paid by CenterPoint

Midstream for Enogex Holdings is allocated to the assets acquired and liabilities assumed on May 1, 2013 based on their fair value. Enogex Holdings' assets, liabilities and equity have accordingly been adjusted to estimated fair value as of May 1, 2013, resulting in an increase to equity of $2.2 billion. Due to the contribution of Enogex LLC to Enable, meeting the requirements of being in substance real estate and the recording the initial investment at historical cost, the effects of the amortization and depreciation expense associated with the fair value adjustments on Enable's results of operations have been eliminated in the Company's recording of its equity in earnings of Enable.

OGE Energy recorded equity in earnings of unconsolidated affiliates of $31.7 million and $47.9 million for the three months ended March 31, 2015 and 2014, respectively. Equity in earnings of unconsolidated affiliates includes OGE Energy's share of Enable earnings adjusted for the amortization of the basis difference of OGE Energy's original investment in Enogex and its underlying equity in net assets of Enable. The basis difference is the result of the initial contribution of Enogex to Enable in May 2013, and subsequent issuances of equity by Enable, including the IPO in April 2014 and the issuance of common units for the acquisition of CenterPoint's 24.95 percent interest in SESH. The basis difference is being amortized over approximately 30 years, the average life of the assets to which the basis difference is attributed. Equity in earnings of unconsolidated affiliates is also adjusted for the elimination of the Enogex Holdings fair value adjustments, as described above.

The difference between the Company's investment in Enable and its underlying equity in the net assets of Enable was $1.0 billion as of March 31, 2015.

The following table reconciles OGE Energy's equity in earnings of its unconsolidated affiliates for the three months ended March 31, 2015 and 2014.

	Three Months Ended March 31,	
Reconciliation of Equity in Earnings of Unconsolidated Affiliates	2015	2014
(In millions)		
OGE's share of Enable Net Income	$23.8	$42.5
Amortization of basis difference	3.5	3.6
Elimination of Enogex Holdings fair value and other adjustments	4.4	1.8
OGE's Equity in earnings of unconsolidated affiliates	$31.7	$47.9

4. Fair Value Measurements

The classification of the Company's fair value measurements requires judgment regarding the degree to which market data is observable or corroborated by observable market data. GAAP establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data. The hierarchy categorizes the inputs into three levels, with the highest priority given to quoted prices in active markets for identical unrestricted assets or liabilities (Level 1) and the lowest priority given to unobservable inputs (Level 3). Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels defined in the fair value hierarchy are as follows:

Level 1 inputs are quoted prices in active markets for identical unrestricted assets or liabilities that are accessible at the measurement date.

Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are either directly or indirectly observable at the reporting date for the asset or liability for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs are prices or valuation techniques for the asset or liability that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity). Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The Company had no financial instruments measured at fair value on a recurring basis at March 31, 2015 and December 31, 2014.

The following table summarizes the fair value and carrying amount of the Company's financial instruments at March 31, 2015 and December 31, 2014.

	March 31, 2015		December 31, 2014	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-Term Debt				
OG&E Senior Notes	$2,509.8	$3,000.5	$2,509.7	$2,957.7
OG&E Industrial Authority Bonds	135.4	135.4	135.4	135.4
OG&E Tinker Debt	10.2	10.5	10.2	10.3
OGE Energy Senior Notes	100.0	99.9	100.0	99.9

The Company's long-term debt is recorded at the carrying amount. The fair value of the Company's long-term debt is based on quoted market prices and estimates of current rates available for similar issues with similar maturities and is classified as Level 2 in the fair value hierarchy except for the Tinker Debt which fair value was based on calculating the net present value of the monthly payments discounted by the Company's current borrowing rate and is classified as Level 3 in the fair value hierarchy.

5. Stock-Based Compensation

The following table summarizes the Company's pre-tax compensation expense and related income tax benefit during the three months ended March 31, 2015 and 2014 related to the Company's performance units and restricted stock.

	Three Months Ended March 31,	
(In millions)	2015	2014
Performance units		
Total shareholder return	$1.9	$2.0
Earnings per share	0.5	1.7
Total performance units	2.4	3.7
Restricted stock	—	0.1
Total compensation expense	2.4	3.8
Less: Amount paid by unconsolidated affiliates	0.3	1.2
Net compensation expense	$2.1	$2.6
Income tax benefit	$0.8	$1.0

The Company has issued new shares to satisfy restricted stock grants and payouts of earned performance units. During the three months ended March 31, 2015, there were 80,781 shares of new common stock issued