

OGE ENERGY CORP.
Form 8-K
September 01, 2011

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) August 26, 2011

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):

- * Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - * Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - * Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - * Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events

OGE Energy Corp. (the "Company") is the parent company of Oklahoma Gas and Electric Company ("OG&E"), a regulated electric utility with approximately 786,000 customers in Oklahoma and western Arkansas, and OGE Enogex Holdings LLC and its subsidiaries ("Enogex"), a midstream natural gas pipeline business with principal operations in Oklahoma.

As previously reported, as part of Enogex's stated plan to reduce its commodity price exposure by increasing the percentage that fee-based processing arrangements represent of its total natural gas processing volumes, Enogex had been negotiating renewals/extensions of its gathering and processing contracts with one of Enogex's five largest customers that, among other things, would change the processing arrangement from keep-whole to fixed-fee. On August 26, 2011, Enogex and the customer entered into new agreements, effective July 1, 2011, relating to the customer's gathering and processing volumes on the Oklahoma portion of Enogex's system. The effect of this new arrangement is that (i) the acreage dedicated by the customer to Enogex for gathering and processing in Oklahoma has been increased for an extended term and (ii) the processing arrangement has been converted from keep-whole to fixed fee. The new arrangement will result in the estimated percentage of Enogex's natural gas processed volumes that are on a fixed fee basis increasing from 28 percent (as previously reported in the Company's 2011 earnings guidance assumptions in the Company's Form 10-K for the year ended December 31, 2010) to 34 percent and the estimated portion of such volumes that are on a keep-whole basis decreasing from 31 percent (as previously reported in the Company's 2011 earnings guidance assumptions in the Company's Form 10-K for the year ended December 31, 2010) to 26 percent.

In order to secure the benefits associated with extending the term and expanding the dedicated acreage, Enogex is foregoing the short-term benefits that would otherwise be expected as a result of strong current commodity prices under a keep-whole arrangement. Despite the potential for lower earnings from processing operations during times of high natural gas liquids prices, the Company believes that new longer-term gathering and processing agreements with fixed-fee processing arrangements are in the best interests of its shareholders.

The Company is reaffirming the statements in its Form 10-Q for the quarter ended June 30, 2011 that it expects 2011 earnings to exceed the top end of its previously disclosed 2011 earnings guidance of between \$299 million and \$318 million of net income, or \$3.00 to \$3.20 per average diluted share. Also, as indicated in such Form 10-Q, and as a result of the new gathering and processing arrangement described above, the Company expects that 2011 earnings for Enogex to be at the lower end of the previously disclosed guidance range for Enogex for 2011 of \$0.90 to \$1.05. With the exception of the warmer weather experienced through August 31, 2011, and the new gathering and processing arrangement discussed above, the key factors and assumptions regarding the Company's 2011 earnings guidance remain unchanged and are contained in the Company's Form 10-K for the year ended December 31, 2010 and the Company's Form 10-Q for the quarter ended March 31, 2011.

Some of the matters discussed in this news release may contain 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. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including the availability of credit, access to existing lines of credit, access to 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; prices and availability of

electricity, coal, natural gas and natural gas liquids, each on a stand-alone basis and in relation to each other as well as the processing contract mix between percent-of-liquids, keep-whole and fixed-fee; business conditions in the energy and natural gas midstream industries; 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; whether OG&E can successfully implement its Smart Grid program to install meters for its customers and integrate the Smart Grid meters with its customer billing and other computer information systems; advances in technology; creditworthiness of suppliers, customers and other contractual parties; the higher degree of risk associated with the Company's nonregulated business compared with the Company's regulated utility business; and other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission including those listed in Risk Factors and Exhibit 99.01 to the Company's Form 10-K for the year ended December 31, 2010.

SIGNATURE

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/ Scott Forbes
Scott Forbes
Controller and Chief Accounting Officer

September 1, 2011