OGE ENERGY CORP.
Form 10-K
February 26, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
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)
Registrant's telephone number, including area code: 405-553-3000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
þ Yes o No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
o Yes þ No
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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
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 June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of shares of common stock held by non-affiliates was $7,749,203,331 based on the number of shares held by non-affiliates (198,290,771) and the reported closing market price of the common stock on the New York Stock Exchange on such date of $39.08.

At January 30, 2015, there were 199,481,971 shares of common stock, par value $0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Proxy Statement for the Company's 2015 annual meeting of shareowners is incorporated by reference into Part III of this Form 10-K.

OGE ENERGY CORP.

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2014

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GLOSSARY OF TERMS

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

Abbreviation	Definition
401(k) Plan	Qualified defined contribution retirement plan
APSC	Arkansas Public Service Commission
ArcLight group	Bronco Midstream Holdings, LLC, Bronco Midstream Holdings II, LLC, collectively
ASC	Financial Accounting Standards Board Accounting Standards Codification
BART	Best available retrofit technology
Bcf	Billion cubic feet
CenterPoint	CenterPoint Energy Resources Corp., wholly-owned Subsidiary of CenterPoint Energy, Inc.
Code	Internal Revenue Code of 1986
Company	OGE Energy Corp, collectively with its subsidiaries and Enable Midstream Partners
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 June 30, 2013, the name was changed to Enable Oklahoma Intrastate Transmission, LLC)
EPA	U.S. Environmental Protection Agency
Federal Clean Water Act	Federal Water Pollution Control Act of 1972, as amended
FERC	Federal Energy Regulatory Commission
FIP	Federal implementation plan
GAAP	Accounting principles generally accepted in the United States
MATS	Mercury and Air Toxics Standards
MMBtu	Million British thermal unit
MMcf/d	Million cubic feet per day
MW	Megawatt
MWH	Megawatt-hour
NAAQS	National Ambient Air Quality Standards
NGLs	Natural gas liquids
NOX	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 Corp
OGE Holdings	OGE Enogex Holdings, LLC, wholly-owned subsidiary of OGE Energy Corp, parent company of Enogex Holdings (prior to May 1, 2013) and 26.3 percent owner of Enable Midstream Partners
OSHA	Federal Occupational Safety and Health Act of 1970
Pension Plan	Qualified defined benefit retirement plan
QF	Qualified cogeneration facilities
QF contracts	Contracts with QFs and small power production producers
Regional Haze	The EPA's regional haze rule
	Supplemental retirement plan to the Pension Plan

Restoration of Retirement Income Plan	
SESH	Southeast Supply Header, LLC
SIP	State implementation plan
SO2	Sulfur dioxide
SPP	Southwest Power Pool
Stock Incentive Plan	2013 Stock Incentive Plan
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-K, including those matters discussed in "Item 7. 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" and "Item 7. 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 this 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

Item 1. Business.

THE COMPANY

Introduction

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 Company was incorporated in August 1995 in the state of Oklahoma and its principal executive offices are located at 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321; telephone 405-553-3000.

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. For periods prior to the formation of Enable, the natural gas midstream operations segment reflected the consolidated results of Enogex Holdings.

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's 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, effective May 1, 2013, OGE Energy began accounting for its interest in Enable using the equity method of accounting.

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. The offering represented approximately 6.0 percent of the limited partner interests and raised approximately $464 million in net proceeds for Enable. In connection with the offering, underwriters exercised their option to purchase 3,750,000 additional common units which were fulfilled with units held by ArcLight. As a result of the offering, OGE Holding's ownership was reduced from 28.5 percent to 26.7

percent. 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.

On May 13, 2014, CenterPoint exercised its put right with respect to a 24.95 percent interest in SESH and pursuant to that right, on May 30, 2014, Enable issued 6,322,457 common units representing limited partner interests in Enable in exchange for CenterPoint's 24.95 percent interest in SESH. At December 31, 2014, OGE Energy held 26.3 percent of the limited partner interests in Enable.

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 change 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."

Company Strategy

The Company's mission, through OG&E and its equity interest in Enable, is to fulfill its critical role in the nation's electric utility and natural gas midstream pipeline infrastructure and meet individual customers' needs for energy and related services focusing on safety, efficiency, reliability, customer service and risk management. The Company's corporate strategy is to continue to maintain its existing business mix and diversified asset position of its regulated electric utility business and interest in a publicly traded midstream company, while providing competitive energy products and services to customers as well as seeking growth opportunities in both businesses.

OG&E is focused on:

- Providing exceptional customer experiences by continuing to improve customer interfaces, tools, products and services that deliver high customer satisfaction and operating productivity.
- Providing safe, reliable energy to the communities and customers we serve. A particular focus is on enhancing the value of the grid by improving distribution grid reliability by reducing the frequency and duration of customer interruptions and leveraging previous grid technology investments.
- Maintaining strong regulatory and legislative relationships for the long-term benefit of our customers, investors and members.
- Continuing to grow a zero-injury culture and deliver top-quartile safety results.
- Expanding transmission investments beyond traditional opportunities.
- Executing on the Company's Environmental Compliance Plan.
- Ensuring we have the necessary mix of generation resources to meet the long term needs of our customers.
- Continuing focus on operational excellence and efficiencies in order to protect the customer bill.

Additionally, the Company wants to achieve a premium valuation of its businesses relative to its peers, grow earnings per share with a stable earnings pattern, create a high performance culture and achieve desired outcomes with target stakeholders. The Company's financial objectives include a long-term annual earnings growth rate for OG&E of three to five percent on a weather-normalized basis, maintaining a strong credit rating as well as targeting dividend increases of approximately 10 percent annually through 2019. The targeted annual dividend increase has been determined after consideration of numerous factors, including the largely retail composition of the Company's shareholder base, the Company's financial position, the Company's growth targets and the composition of the Company's assets and investment opportunities. The Company also relies on cash distributions from its investment in Enable to fund its capital needs and support future dividend growth. The cash distributions from Enable are expected to grow 3 percent to 7 percent in 2015 from the fourth quarter 2014 distribution. The Company believes it can accomplish these financial objectives by, among other things, pursuing multiple avenues to build its business, maintaining a diversified asset position, continuing to develop a wide range of skills to succeed with changes in its industries, providing products and services to customers efficiently, managing risks effectively and maintaining strong regulatory and legislative relationships.

ELECTRIC OPERATIONS - OG&E

General

The electric utility segment generates, transmits, distributes and sells electric energy in Oklahoma and western Arkansas. Its operations are conducted through OG&E. OG&E furnishes retail electric service in 267 communities and their contiguous rural and suburban areas. As of December 31, 2014, two rural electric cooperatives in Oklahoma and western Arkansas purchased electricity from OG&E for resale. The service area covers 30,000 square miles in Oklahoma and western Arkansas, including Oklahoma City, the largest city in Oklahoma, and Fort Smith, Arkansas, the second largest city in that state. Of the 267 communities that OG&E serves, 241 are located in Oklahoma and 26 in Arkansas. OG&E derived 90 percent of its total electric operating revenues in 2014 from sales in Oklahoma and the remainder from sales in Arkansas.

OG&E's system control area peak demand in 2014 was 6,339 MWs on August 25, 2014. OG&E's load responsibility peak demand was 5,813 MWs on August 25, 2014. As reflected in the table below and in the operating statistics that follow, there were 28.0 million MWH system sales in 2014, 28.2 million MWH system sales in 2013 and 28.0 million MWH system sales in 2012. Variations in system sales for the three years are reflected in the following table:

Year ended December 31	2014	2014 vs. 2013 Decrease	2013	2013 vs. 2012 Increase	2012
System sales - millions of MWHs	28.0	(0.7)%	28.2	0.7%	28.0

OG&E is subject to competition in various degrees from government-owned electric systems, municipally-owned electric systems, rural electric cooperatives and, in certain respects, from other private utilities, power marketers and cogenerators. Oklahoma law forbids the granting of an exclusive franchise to a utility for providing electricity. Besides competition from other suppliers or marketers of electricity, OG&E competes with suppliers of other forms of energy. The degree of competition between suppliers may vary depending on relative costs and supplies of other forms of energy. It is possible that changes in regulatory policies or advances in newer technologies such as fuel cells, microturbines, windmills and photovoltaic solar cells will reduce costs of new technology to levels that are equal to or below that of most central station electricity production. Our ability to maintain relatively low cost, efficient and reliable operations is a significant determinate of our competitiveness.

OKLAHOMA GAS AND ELECTRIC COMPANY
CERTAIN OPERATING STATISTICS

Year ended December 31	2014	2013	2012
ELECTRIC ENERGY (Millions of MWH)			
Generation (exclusive of station use)	22.8	24.2	26.3
Purchased	8.8	6.3	5.0
Total generated and purchased	31.6	30.5	31.3
OG&E use, free service and losses	(1.4)	(1.9)	(1.9)
Electric energy sold	30.2	28.6	29.4
ELECTRIC ENERGY SOLD (Millions of MWH)			
Residential	9.4	9.4	9.1
Commercial	7.2	7.1	7.0
Industrial	3.8	3.9	4.0
Oilfield	3.4	3.4	3.3
Public authorities and street light	3.2	3.2	3.3
Sales for resale	1.0	1.2	1.3
System sales	28.0	28.2	28.0
Off-system sales	2.2	0.4	1.4
Total sales	30.2	28.6	29.4
ELECTRIC OPERATING REVENUES (In millions)			
Residential	$925.5	$901.4	$878.0
Commercial	583.3	554.2	523.5
Industrial	224.5	220.6	206.8
Oilfield	188.3	176.4	163.4
Public authorities and street light	220.3	214.3	202.4
Sales for resale	52.9	59.4	54.9
System sales revenues	2,194.8	2,126.3	2,029.0
Off-system sales revenues	94.1	14.7	36.5
Other	164.2	121.2	75.7
Total operating revenues	$2,453.1	$2,262.2	$2,141.2
ACTUAL NUMBER OF ELECTRIC CUSTOMERS (At end of period)			
Residential	697,048	690,390	683,214
Commercial	91,966	90,279	88,772
Industrial	2,901	2,921	2,957
Oilfield	6,460	6,431	6,426
Public authorities and street light	16,581	16,877	16,695
Sales for resale	26	42	46
Total	814,982	806,940	798,110
AVERAGE RESIDENTIAL CUSTOMER SALES			
Average annual revenue	$1,334.05	$1,312.59	$1,292.11
Average annual use (kilowatt-hour)	13,540	13,718	13,477
Average price per kilowatt-hour (cents)	$9.85	$9.57	$9.59

Regulation and Rates

OG&E's retail electric tariffs are regulated by the OCC in Oklahoma and by the APSC in Arkansas. The issuance of certain securities by OG&E is also regulated by the OCC and the APSC. OG&E's wholesale electric tariffs, transmission activities, short-term borrowing authorization and accounting practices are subject to the jurisdiction of the FERC. The Secretary of the U.S. Department of Energy has jurisdiction over some of OG&E's facilities and operations. In 2014, 84 percent of OG&E's electric revenue was subject to the jurisdiction of the OCC, eight percent to the APSC and eight percent to the FERC.

The OCC issued an order in 1996 authorizing OG&E to reorganize into a subsidiary of OGE Energy. The order required that, among other things, (i) OGE Energy permit the OCC access to the books and records of OGE Energy and its affiliates relating to transactions with OG&E, (ii) OGE Energy employ accounting and other procedures and controls to protect against subsidization of non-utility activities by OG&E's customers and (iii) OGE Energy refrain from pledging OG&E assets or income for affiliate transactions. In addition, the Energy Policy Act of 2005 enacted the Public Utility Holding Company Act of 2005, which in turn granted to the FERC access to the books and records of OGE Energy and its affiliates as the FERC deems relevant to costs incurred by OG&E or necessary or appropriate for the protection of utility customers with respect to the FERC jurisdictional rates.

Completed Regulatory Matters

Market-Based Rate Authority

On June 29, 2012, OG&E filed its triennial market power update with the FERC to retain its market-based rate authorization in the SPP's energy imbalance service market but to surrender its market-based rate authorization for any market-based rates sales outside of the SPP's energy imbalance service market. On May 2, 2013, the FERC issued an order accepting OG&E's June 2012 triennial market power update.

On December 30, 2013, OG&E submitted to the FERC a market-based rate change in status filing and a revised market-based rate tariff that would authorize OG&E to (i) sell electric energy and capacity at market-based rates without geographic restriction, and (ii) sell ancillary services in the SPP and Midcontinent Independent System Operator, Inc. markets. The primary goal of this filing was to implement the market-based rate authority OG&E needs to fully participate in SPP’s Integrated Marketplace. On February 28, 2014, FERC issued a letter order accepting OG&E’s market-based rate filing and tariff effective March 1, 2014. FERC found that OG&E passed the market power screens and satisfied requirements related to horizontal market power and vertical market power.

Section 206 Complaint

On November 26, 2013, Arkansas Electric Cooperative Corporation filed a complaint at the FERC against OG&E, arguing that the wholesale formula rate contract between OG&E and Arkansas Electric Cooperative Corporation (formerly between OG&E and Arkansas Valley Electric Cooperative) is unjust and unreasonable with respect to several items. OG&E and Arkansas Electric Cooperative Corporation agreed to terms of a settlement and filed the offer of settlement with the FERC on February 24, 2014. On April 17, 2014, the FERC accepted the settlement making it effective March 1, 2014. The reduction in revenue for 2014 was $0.9 million.

Fuel Adjustment Clause Review for Calendar Year 2012

The OCC routinely reviews the costs recovered from customers through OG&E's fuel adjustment clause. On July 31, 2013, the OCC Staff filed an application to review OG&E's fuel adjustment clause for calendar year 2012, including the prudence of OG&E's electric generation, purchased power and fuel procurement costs. OG&E filed the necessary information and documents needed to satisfy the OCC's minimum filing requirement rules on October 9, 2013. On

April 24, 2014, the OCC administrative law judge at the hearing, on the merits, recommended that the OCC find that OG&E's 2012 electric generation, purchased power and fuel procurement processes and costs were prudent. On June 10, 2014, the OCC issued an order approving OG&E’s practices, policies and judgment regarding its electric generation, purchased power, and fuel procurement processes and costs for the calendar year 2012. The order also found that the costs were prudent, reasonable, and mathematically correct.

Integrated Resource Plans

In June 2014, OG&E initiated the process to update its Integrated Resource Plans in Oklahoma and Arkansas at OG&E's discretion. The prior Integrated Resource Plan, submitted in 2012, assumed that the Oklahoma SIP would be followed to comply with Regional Haze requirements. Subsequent to holding technical conferences and public stakeholder meetings, OG&E submitted its revised Integrated Resource Plans, which included its environmental compliance plan described below, to the OCC on August 4, 2014 and to the APSC on September 8, 2014.

Pending Regulatory Matters

FERC Order No. 1000, Final Rule on Transmission Planning and Cost Allocation

On July 21, 2011, the FERC issued Order No. 1000, which revised the FERC's existing regulations governing the process for planning enhancements and expansions of the electric transmission grid in a particular region, along with the corresponding process for allocating the costs of such expansions. Order No. 1000 leaves to individual regions to determine whether a previously-approved project is subject to reevaluation and is therefore governed by the new rule.

Order No. 1000 requires, among other things, public utility transmission providers, such as the SPP, to participate in a process that produces a regional transmission plan satisfying certain standards, and requires that each such regional process consider transmission needs driven by public policy requirements (such as state or Federal policies favoring increased use of renewable energy resources). Order No. 1000 also directs public utility transmission providers to coordinate with neighboring transmission planning regions. In addition, Order No. 1000 establishes specific regional cost allocation principles and directs public utility transmission providers to participate in regional and interregional transmission planning processes that satisfy these principles.

On the issue of determining how entities are to be selected to develop and construct the specific transmission projects, Order No. 1000 directs public utility transmission providers to remove from the FERC-jurisdictional tariffs and agreements provisions that establish any Federal "right of first refusal" for the incumbent transmission owner (such as OG&E) regarding transmission facilities selected in a regional transmission planning process, subject to certain limitations. However, Order No. 1000 is not intended to affect the right of an incumbent transmission owner (such as OG&E) to build, own and recover costs for upgrades to its own transmission facilities, and Order No. 1000 does not alter an incumbent transmission owner's use and control of existing rights of way. Order No. 1000 also clarifies that incumbent transmission owners may rely on regional transmission facilities to meet their reliability needs or service obligations. The SPP's pre-Order No. 1000 tariff included a "right of first refusal" for incumbent transmission owners and this provision has played a role in OG&E being selected by the SPP to build previous transmission projects in Oklahoma. These changes to the "right of first refusal" apply only to "new transmission facilities," which are facilities subject to evaluation or reevaluation (under the applicable local or regional transmission planning process) after November 13, 2012. On May 29, 2013, the Governor signed House Bill 1932 into law which establishes a right of first refusal for Oklahoma incumbent transmission owners, including OG&E, to build new transmission projects with voltages under 300 kilovolts that interconnect to those incumbent owners' existing facilities. OG&E believes this law is consistent with the language of Order No. 1000. On August 15, 2014, the U.S. Court of Appeals for the D.C. Circuit issued an order denying all appeals of Order No. 1000.

The FERC has issued two orders on the SPP's Order No. 1000 compliance filings. In its most recent order, issued October 16, 2014, the FERC confirmed that “right of first refusal” language should be removed from the SPP tariff and Membership Agreement as applied to most transmission facilities, but that several types of facilities would remain subject to a right of first refusal. Projects that retained the right of first refusal included facilities that would operate below 100 kilovolts, facilities selected as part of the SPP’s Aggregate Study process, and short-term reliability projects. The FERC also approved SPP’s new competitive solicitation process for projects that are not subject to a right of first refusal. FERC found that SPP may consider state and local laws and regulations when deciding whether SPP will hold a competitive solicitation for a proposed project. On December 15, 2014, OG&E filed an appeal in the District of Columbia Circuit Court of Appeals of a portion of the October 2014 FERC order requiring removal of the right of first refusal language from the Membership Agreement. The court has not yet acted on OG&E's appeal.

OGE Energy cannot, at this time, determine the precise impact of Order No. 1000 on OG&E. OGE Energy has no reason to believe that the implementation of Order No. 1000 will impact OG&E's transmission projects currently under development and construction for which OG&E has received a notice to proceed from the SPP.

Energy Efficiency Program Filing

On February 14, 2014, OG&E filed an application with the APSC requesting approval of interim modifications to approved Energy Efficiency Programs, new tariff revisions and the waiver of certain provisions of the Commission’s Rules for Conservation and Energy Efficiency Programs.

Environmental Compliance Plan

On August 6, 2014, OG&E filed an application with the OCC for approval of its plan to comply with EPA's MATS and Regional Haze FIP while serving the best long-term interests of customers in light of future environmental uncertainties. The application seeks approval of the environmental compliance plan and for a recovery mechanism for the associated costs. The environmental compliance plan includes installing dry scrubbers at Sooner Units 1 and 2 and the conversion of Muskogee Units 4 and 5 to natural gas. The application also asks the Commission to predetermine the prudence of replacing OG&E's soon-to-be retired Mustang steam turbines in late 2017 (approximately 460 MW) with 400 MW of new, efficient combustion turbines at the Mustang site in 2018 and 2019 and approval for a recovery mechanism for the associated costs. OG&E estimates the total capital cost associated with its environmental compliance plan included in this application to be approximately $1.1 billion. The OCC hearing on OG&E's application is scheduled to commence on March 3, 2015. Multiple parties advocating a variety of positions have intervened in the proceeding. OG&E expects a ruling from the OCC in the second quarter of 2015. At this time, OG&E cannot predict the outcome of the proceeding. OG&E plans to file applications in the first quarter of 2015 seeking related approvals from the APSC.

Fuel Adjustment Clause Review for Calendar Year 2013

The OCC routinely reviews the costs recovered from customers through OG&E's fuel adjustment clause. On July 31, 2014, the OCC Staff filed an application to review OG&E's fuel adjustment clause for calendar year 2013, including the prudence of OG&E's electric generation, purchased power and fuel procurement costs. OG&E filed the necessary information and documents needed to satisfy the OCC's minimum filing requirement rules on September 29, 2014. A procedural schedule has not been established as of this date. OG&E expects an order in the second quarter of 2015.

Regulatory Assets and Liabilities

OG&E, as a regulated utility, is subject to accounting principles for certain types of rate-regulated activities, which provide that certain incurred 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 incurred 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 refund in future rates.

At December 31, 2014 and 2013, OG&E had regulatory assets of $508.6 million and $427.9 million, respectively, and regulatory liabilities of $287.4 million and $254.4 million, respectively. See Note 1 of Notes to Consolidated Financial Statements for a further discussion.

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.

Rate Structures

Oklahoma

OG&E's standard tariff rates include a cost-of-service component (including an authorized return on capital) plus a fuel adjustment clause mechanism that allows OG&E to pass through to customers the actual cost of fuel and purchased power.

OG&E offers several alternate customer programs and rate options. Under OG&E's Smart Grid enabled SmartHours® programs, "time-of-use" and "variable peak pricing" rates offer customers the ability to save on their electricity bills by shifting some of the electricity consumption to times when demand for electricity and costs are at their lowest. The guaranteed flat bill option for residential and small general service accounts allows qualifying customers the opportunity to purchase their electricity needs at a set monthly price for an entire year. A second tariff rate option provides a "renewable energy" resource to OG&E's Oklahoma retail customers. This renewable energy resource is a Renewable Energy Credit purchase program and is available as a voluntary option to all of OG&E's Oklahoma retail customers. OG&E's ownership and access to wind resources makes the renewable option a possible choice in meeting the renewable energy needs of our conservation-minded customers. Another program being offered to OG&E's commercial and industrial customers is a voluntary load curtailment program called Load Reduction. This program provides customers with the opportunity to curtail usage on a voluntary basis when OG&E's system conditions merit curtailment action. Customers that curtail their usage will receive payment for their curtailment response. This voluntary curtailment program seeks customers that can curtail on most curtailment event days, but may not be able to curtail every time that a curtailment event is required. OG&E also offers certain qualifying customers "day-ahead price" and "flex price" rate options which allow participating customers to adjust their electricity consumption based on price signals received from OG&E. The prices for the "day-ahead price" and "flex price" rate options are based on OG&E's projected next day hourly operating costs.

OG&E also has two rate classes, Public Schools-Demand and Public Schools Non-Demand, that provide OG&E with flexibility to provide targeted programs for load management to public schools and their unique usage patterns. OG&E also provides service level, seasonal and time period fuel charge differentiation that allows customers to pay fuel costs that better reflect the underlying costs of providing electric service. Lastly, OG&E has a military base rider that demonstrates Oklahoma's continued commitment to our military partners.

The previously discussed rate options, coupled with OG&E's other rate choices, provide many tariff options for OG&E's Oklahoma retail customers. The revenue impacts associated with these options are not determinable in future years because customers may choose to remain on existing rate options instead of volunteering for the alternative rate option choices. Revenue variations may occur in the future based upon changes in customers' usage characteristics if they choose alternative rate options.

Arkansas

OG&E's standard tariff rates include a cost-of service component (including an authorized return on capital) plus an energy cost recovery mechanism that allows OG&E to pass through to customers the actual cost of fuel and purchased power. OG&E offers several alternate customer programs and rate options. The "time-of-use" and "variable peak pricing" tariffs allow participating customers to save on their electricity bills by shifting some of the electricity consumption to times when demand for electricity is lowest. A second tariff rate option provides a "renewable energy" resource to OG&E's Arkansas retail customers. This renewable energy resource is a Renewable Energy Credit purchase program and is available as a voluntary option to all of OG&E's Arkansas retail customers. OG&E's ownership and access to wind resources makes the renewable option a possible choice in meeting the renewable energy needs of our conservation-minded customers. OG&E offers its commercial and industrial customers a voluntary load curtailment program called Load Reduction. This program provides customers with the opportunity to curtail usage on a voluntary basis and receive a billing credit when OG&E's system conditions merit curtailment action. OG&E offers certain qualifying customers a "day-ahead price" rate option which allows participating customers to adjust their electricity consumption based on a price signal received from OG&E. The day-ahead price is based on OG&E's projected next day hourly operating costs.

Fuel Supply and Generation

In 2014, 61 percent of the OG&E-generated energy was produced by coal-fired units, 32 percent by natural gas-fired units and seven percent by wind-powered units. Of OG&E's 6,845 total MW capability reflected in the table under Item 2. Properties, 3,880 MWs, or 57 percent, are from natural gas generation, 2,516 MWs, or 37 percent, are from coal generation and 449 MWs, or six percent, are from wind generation. Over the last five years, the weighted average cost of fuel used, by type, was as follows:

Year ended December 31 (In Kilowatt-Hour - cents)	2014	2013	2012	2011	2010
Natural gas	4.506	3.905	2.930	4.328	4.638
Coal	2.152	2.273	2.310	2.064	1.911
Weighted average	2.752	2.784	2.437	2.897	3.012

The decrease in the weighted average cost of fuel in 2014 as compared to 2013 was primarily due to less natural gas used, offset by higher natural gas prices. The increase in the weighted average cost of fuel in 2013 as compared to 2012 was primarily due to higher gas prices. The decrease in the weighted average cost of fuel in 2012 as compared to 2011 was primarily due to lower natural gas prices. The decrease in the weighted average cost of fuel in 2011 as compared to 2010 was primarily due to lower natural gas prices and less natural gas used. These fuel costs are recovered through OG&E's fuel adjustment clauses that are approved by the OCC, the APSC and the FERC.

OG&E began participating in the SPP Integrated Marketplace effective March 1, 2014. The SPP Integrated Marketplace replaced the SPP Energy Imbalance Services market. As part of the Integrated Marketplace, the SPP assumed balancing authority responsibilities for its market participants. The SPP Integrated Marketplace functions as a centralized dispatch, where market participants, including OG&E, submit offers to sell power to the SPP from their resources and bid to purchase power from the

SPP for their customers. The SPP Integrated Marketplace is intended to allow the SPP to optimize supply offers and demand bids based upon reliability and economic considerations, and determine which generating units will run at any given time for maximum cost-effectiveness. As a result, OG&E's generating units may produce output that differs from OG&E's customer load requirements. Net fuel and purchased power costs are recovered through fuel adjustment clauses.

Coal

All of OG&E's coal-fired units, with an aggregate capability of 2,516 MWs, are designed to burn low sulfur western sub-bituminous coal. OG&E has contracted for approximately 82 percent of its forecasted annual coal usage via multi-year contracts that expire in 2016. Approximately 10 percent of 2015's usage will be contracted, but undelivered coal from 2014. The remainder of the forecast needs will be procured via the spot market if necessary. In 2014, OG&E purchased 8.2 million tons of coal from various Wyoming suppliers. The combination of all coal has a weighted average sulfur content of 0.23 percent. Based upon the average sulfur content and EPA certified emission data, OG&E's coal units have an approximate emission rate of 0.5 lbs. of SO2 per MMBtu. As discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Environmental Laws and Regulations," emission limits are expected to become more stringent.

During 2014, railroad cycle times for deliveries of coal to OG&E's Sooner power plant were higher than historical cycle times. As a result, coal inventory at Sooner is below OG&E's targeted inventory level. Currently, railroad cycle times are improving and OG&E believes the coal inventory level at Sooner will begin to revert towards OG&E's targeted level during 2015.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Environmental Laws and Regulations" for a discussion of environmental matters which may affect OG&E in the future, including its utilization of coal.

Natural Gas

As a participant in the SPP integrated marketplace, OG&E now purchases a relatively small percentage of its supply through term gas agreements. Alternatively, OG&E relies on a combination of call natural gas agreements, whereby OG&E has the right but not the obligation to purchase a defined quantity of natural gas, combined with day and intra-day purchases to meet the demands of the SPP market.

On March 17, 2014, OG&E entered into a new five year firm no-notice load following gas transportation contract with Enable effective May 1, 2014.

Wind

OG&E's current wind power portfolio includes the following, in addition to the 120 MW Centennial, 101 MW OU Spirit and 227.5 MW Crossroads wind farms owned by OG&E: (i) access to up to 50 MWs of electricity generated at a wind farm near Woodward, Oklahoma from a 15-year contract OG&E entered into with FPL Energy that expires in 2018, (ii) access to up to 152 MWs of electricity generated at a wind farm in Woodward County, Oklahoma from a 20-year contract OG&E entered into with CPV Keenan that expires in 2030, (iii) access to up to 130 MWs of electricity generated at a wind farm in Dewey County, Oklahoma from a 20-year contract OG&E entered into with Edison Mission Energy that expires in 2030 and (iv) access to up to 60 MWs of electricity generated at a wind farm near Blackwell, Oklahoma from a 20-year contract OG&E entered into with NextEra Energy that expires in 2032.

Safety and Health Regulation

OG&E is subject to a number of Federal and state laws and regulations, including OSHA, EPA and comparable state statutes, whose purpose is to protect the safety and health of workers.

In addition, the OSHA hazard communication standard, the EPA Emergency Planning and Community Right-to-Know regulations under Title III of the Federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials stored, used or produced in OG&E's operations and that this information be provided or made available to employees, state and local government authorities and citizens. OG&E believes that it is in material compliance with all applicable laws and regulations relating to worker safety and health.

NATURAL GAS MIDSTREAM OPERATIONS - ENABLE MIDSTREAM PARTNERS

Overview

Enable is a large-scale, growth-oriented publicly traded Delaware limited partnership formed to own, operate and develop strategically located natural gas and crude oil infrastructure assets. Enable serves current and emerging production areas in the United States, including several, unconventional shale resource plays and local and regional end-user markets in the United States. Enable's assets and operations are organized into two reportable segments: (i) gathering and processing, which primarily provides natural gas gathering, processing and fractionation services and crude oil gathering for its producer customers, and interstate and intrastate natural gas pipeline transportation and storage service primarily to natural gas producers, utilities and industrial customers.

Enable's natural gas gathering and processing assets are 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 North Dakota's Bakken Shale formation of the Williston Basin that commenced initial operations in November 2013. 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 on May 1, 2013, to own and operate the midstream businesses of OGE Energy and CenterPoint. As of December 31, 2014, Enable's portfolio of energy infrastructure assets included approximately 11,900 miles of gathering pipelines, 12 major processing plants with approximately 2.1 Bcf/d of processing capacity, approximately 7,900 miles of interstate pipelines (including SESH), approximately 2,300 miles of intrastate pipelines and eight storage facilities providing approximately 87.5 Bcf of storage capacity.

Enable's expansion capital expenditures are estimated to range from approximately $600 million to $800 million for the year ending December 31, 2015.

For the year ended December 31, 2014, approximately 72% of Enable's gross margin was generated from contracts that are fee-based, and approximately 50% of its gross margin was attributable to fees associated with firm contracts or contracts with minimum volume commitment features. Enable generated 88% of its transportation and storage gross margin under fee-based agreements as of December 31, 2014. The transportation and storage demand-based margin for this period represented 82% of the fee-based margin.

The following table shows the components of our gross margin for the year ended December 31, 2014.

	Fee-Based Demand/Commitment/Guaranteed Return	Fee-Based Volume Dependent	Commodity-Based	Total
Year Ended December 31, 2014				
Gathering and Processing Segment	26 %	33 %	41 %	100 %
Transportation and Storage Segment	82 %	6 %	12 %	100 %
Partnership Weighted Average	50 %	22 %	28 %	100 %

Gathering and Processing

Enable owns and operates approximately 11,900 miles of natural gas gathering pipelines in the Anadarko, Arkoma and Ark-La-Tex basins with approximately 853,000 horsepower of compression and 12 natural gas processing plants with approximately 2.1 Bcf/d of processing capacity and 2.1 Bcf/d of treating capacity as of December 31, 2014.

Enable provides gathering, compression, treating, dehydration, processing and NGL fractionation for producers who are active in the areas in which it operates. For the year ended December 31, 2014, its assets gathered an average of approximately 3.34 TBtu/d of natural gas. For the year ended December 31, 2014, Enable processed approximately 1.56 TBtu/d of natural gas and produced approximately 66.74 MBbl/d of NGLs. Enable also has a crude oil gathering business in the Bakken Shale formation, principally located in the Williston Basin, that commenced initial operations in November 2013.

As of December 31, 2014, Enable's processing infrastructure consisted of 12 plants located in the Anadarko, Arkoma and Ark-La-Tex basins. The assets serving the Anadarko basin consist of nine processing plants, seven of which are interconnected through its super-header system, and are configured to facilitate the flow of natural gas from western Oklahoma and the Wheeler County area in the Texas Panhandle to the Cox City, Thomas, McClure, Calumet, Clinton, South Canadian and Wheeler processing plants. Enable is also currently constructing two cryogenic processing facilities that Enable plans to connect to its super-header system in Grady County, Oklahoma, which are expected to add 400 MMcf/d of natural gas processing capacity. The first of the two new plants (the Bradley Plant) is a 200 MMcf/d plant that is expected to be completed in the first quarter of 2015. The second plant (the Grady County Plant) is a 200 MMcf/d plant that is expected to be completed in the first quarter of 2016. Enable's super-header system is intended to allow it to optimize the economics of our natural gas processing and to improve system utilization and reliability. The plant in the Arkoma basin serves the rich gas western portion of the area. The two plants in the Ark-La-Tex basin serve the Haynesville, Cotton Valley and Lower Bossier plays.

The following table sets forth certain information regarding Enable's gathering and processing assets as of or for the year ended December 31, 2014:

Asset/Basin	Length (miles)	Compression (Horsepower)	Average Gathering Volume (TBtu/d)	Number of Processing Plants	Processing Capacity (MMcf/d)	NGLs Produced (Bbl/d)	Gross Acreage Dedications (in millions)
Anadarko Basin	7,345	558,636	1.38	9	1,445	51,561	4.3
Arkoma Basin	2,893	139,620	0.77	1	60	4,408	1.4
Ark-La-Tex Basin(1)	1,673	154,450	1.19	2	545	10,770	0.7
Total	11,911	852,706	3.34	12	2,050	66,739	6.4

(1) Ark-La-Tex basin assets also include 14,500 Bbl/d of fractionation capacity and 6,300 Bbl/d of ethane pipeline capacity, which are not listed in the table.

For the year ended December 31, 2014, Enable generated 59% of its gathering and processing gross margin from gathering and processing fees. The remaining 41% of gross margin for the year ended December 31, 2014 came from commodities, including natural gas, natural gas liquids, and condensate received under percent-of-proceeds, percent-of-liquids and keep-whole arrangements. For the year ended December 31, 2014, contracts generating 26% of gathering and processing gross margin had minimum volume commitments. Under a minimum volume commitment, a customer commits to ship a minimum volume of natural gas over a period of time on our gathering system, or, in lieu of shipping such volumes, to pay as if that minimum amount had been shipped.

As of December 31, 2014, Enable's gathering agreements had acreage dedications with original terms ranging up to 15 years, which generally require that production by customers within the acreage dedication be delivered to Enable's gathering system. As of December 31, 2014, Enable's natural gas gathering agreements had acreage dedications of 6.4 million gross acres with a volume-weighted average remaining term of approximately eight years. In addition, as of December 31, 2014, Enable had minimum volume commitments in lean natural gas developments of 1.5 Bcf/d with a weighted average remaining term of over six years. For the year ended December 31, 2014, Enable's top ten natural gas producer customers accounted for approximately 73% of its gathered volumes. Enable also owns a crude oil gathering business in the Bakken Shale formation of the Williston Basin that commenced initial operations in November 2013.

Transportation and Storage

Enable provides fee-based interstate and intrastate transportation and storage services across nine states. Enable owns and operates approximately 7,900 miles (including SESH) of interstate transportation pipelines with average firm contracted capacity of 7.73 Bcf/d (excluding SESH), for the year ended December 31, 2014. In addition, we own and operate approximately 2,300 miles of intrastate transportation pipelines with average aggregate throughput of 1.61 TBtu/d for the year ended December 31, 2014. Enable also owns and operates eight natural gas storage facilities in Oklahoma, Louisiana and Illinois with approximately 87.5 Bcf of aggregate storage capacity.

The following table sets forth certain information regarding Enable's transportation and storage assets as of December 31, 2014:

Asset	Length (miles)	Capacity		Total Firm Contracted Capacity (Bcf/d)	Average Throughput Volume (Tbtu/d)		Percent of Capacity under Firm Contracts	Weighted Average Remaining Firm Contract Life (years)
Interstate Transportation[1]	7,896	8.5	BCF/d	7.7	3.4	[2]	93%	3.5
Intrastate Transportation	2,286	1.9	BCF/d[3]	—	1.6		—%	4.5
Storage	—	87.5	BCF	65.1	—		74%	3.3

(1) Except with respect to length, this information does not include amounts for SESH. SESH is a non-consolidated entity in which Enable own a 49.90% ownership interest.
(2) Actual volumes transported per day may be less than total firm contracted capacity based on demand.
(3) This represents the maximum single day receipts on the intrastate systems. Enable's Oklahoma intrastate pipeline system is a web-like configuration with multidirectional flow capabilities between numerous receipt and delivery points, which limits the ability to determine an overall system capacity. During the year ended December 31, 2014, the peak daily throughput was 1.9 TBtu or, on a volumetric basis, 1.9 Bcf/d.

ENVIRONMENTAL MATTERS

General

The activities of the Company are subject to numerous, stringent and complex Federal, state and local laws and regulations governing environmental protection. These laws and regulations can change, restrict or otherwise impact OG&E's business activities in many ways including the handling or disposal of waste material, future construction activities to avoid or mitigate harm to threatened or endangered species and requiring the installation and operation of emissions pollution control equipment. Failure to comply with these laws and regulations could result in the assessment of administrative, civil and criminal penalties, the imposition of remedial requirements and the issuance of orders enjoining future operations. OG&E believes that its operations are in substantial compliance with current Federal, state and local environmental standards.

The trend in environmental regulation, however, is to place more restrictions and limitations on activities that may affect the environment. The Company cannot assure that future events, such as changes in existing laws, the promulgation of new laws or regulations, or the development or discovery of new facts or conditions will not cause it to incur significant costs. Management continues to evaluate its compliance with existing and proposed environmental legislation and regulations and implement appropriate environmental programs in a competitive market.

It is estimated that OG&E's total expenditures to comply with environmental laws, regulations and requirements for 2015 will be approximately $136.0 million, of which $116.0 million is for capital expenditures. It is estimated that OG&E's total expenditures to comply with environmental laws, regulations and requirements for 2016 will be approximately $159.0 million of which $139.0 million is for capital expenditures. The amounts for OG&E above include capital expenditures for low NOX burners, activated carbon injection and scrubbers. The Company's management believes that all of its operations are in substantial compliance with current Federal, state and local environmental standards. Management continues to evaluate its compliance with existing and proposed environmental legislation and regulations and implement appropriate environmental programs in a competitive market.

For a further discussion of environmental matters that may affect the Company, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Environmental Laws and Regulations."

FINANCE AND CONSTRUCTION

Future Capital Requirements and Financing Activities

Capital Requirements

The Company's primary needs for capital are related to acquiring or constructing new facilities and replacing or expanding existing facilities at OG&E. Other working capital requirements are expected to be primarily related to maturing debt, operating lease obligations, fuel clause under and over recoveries and other general corporate purposes. The Company generally meets its cash needs through a combination of cash generated from operations, short-term borrowings (through a combination of bank borrowings and commercial paper) and permanent financings. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for a discussion of the Company's capital requirements.

Capital Expenditures

The Company's consolidated estimates of capital expenditures for the years 2015 through 2019 are shown in the following table. These capital expenditures represent the base maintenance capital expenditures (i.e., capital expenditures to maintain and operate the Company's businesses) plus capital expenditures for known and committed projects. Estimated capital expenditures for Enable are not included in the table below.

(In millions)	2015	2016	2017	2018	2019
OG&E Base Transmission	$40	$30	$30	$30	$30
OG&E Base Distribution	175	175	175	175	175
OG&E Base Generation	90	75	75	75	75
OG&E Other	50	25	25	25	25
Total Base Transmission, Distribution, Generation and Other	355	305	305	305	305
OG&E Known and Committed Projects:					
Transmission Projects:					
Regionally Allocated Base Projects (A)	20	20	20	20	20
SPP Integrated Transmission Projects (B) (C)	30	35	25	10	60
Total Transmission Projects	50	55	45	30	80
Other Projects:					
Smart Grid Program	10	10	—	—	—
Environmental - low NOX burners (D)	35	20	10	—	—
Environmental - activated carbon injection (D)	20	—	—	—	—
Environmental - natural gas conversion (D)	—	—	—	40	35
Environmental - scrubbers (D)	60	115	75	215	55
Combustion turbines - Environmental Compliance Plan	15	45	175	165	—
Total Other Projects	140	190	260	420	