

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

OGE Energy Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Brian Russo, go ahead please.

Brian Russo Ladenburg Thalmann

Good morning. Could you first just go over what could be considered onetime gains or losses in the first quarter? You mentioned something earlier regarding a hedging benefit. And then also something negative.

Scott Forbes

We did incur a lower of cost or market writedown at Enogex just based on the price drop in natural gas, and this was for the gas that was in storage and that was \$5.8 million. In the first quarter of 2008, we had a onetime charge of \$9.5 million for costs that had been overcapitalized, payroll costs that were overcapitalized. And we had some hedging gains in the first quarter of 2009 related to our operational storage hedges at Enogex.

Brian Russo Ladenburg Thalmann

Are those realized or unrealized?

Scott Forbes

Those were realized.

Brian Russo Ladenburg Thalmann

How much was that?

Scott Forbes

After tax, it was \$3.3 million.

Brian Russo Ladenburg Thalmann

The \$5.8 million that you mentioned earlier, is that a pretax number?

Scott Forbes

That is pretax.

Brian Russo Ladenburg Thalmann

Also, can you just talk about the trends that you're seeing in the Frac spread since the beginning of the year?

Steve Merrill

Spreads have improved a little bit since the beginning of the year. They're up about \$0.50. So we're seeing kind of a steady trend upward, but that's primarily not due to changes in liquids prices, but the depression of the natural gas price.

Brian Russo Ladenburg Thalmann

And where is the current market Frac?

Steve Merrill

It's about \$3.82.

Brian Russo Ladenburg Thalmann

And what about volume growth? I think embedded in your guidance assumptions is, what, 10% to 12% volume growth? Did you see that in the first quarter?

Keith Mitchell

We have seen that. Actually the quarter over quarter increase is about 16%. I think that, we've said it before, about 10% to 12%, 12% and we still think we're on track for that.

Brian Russo Ladenburg Thalmann

And you're assuming 1% growth, low growth, at the utility?

Keith Mitchell

We're assuming 1% in the kilowatt-hour sales growth, roughly, for 2009.

Brian Russo Ladenburg Thalmann

Also, any benefits from the stimulus package that you can talk about in terms of your renewable build out maybe in terms of treasury grants or ITC, TGC?

Max Myers

We're looking at that both from the transmission side in terms of loan guarantees in the stimulus bill; and also on the wind side, of course, you have the investment tax credit versus production tax credit. We're kind of analyzing all of our alternatives there, and we'll look to participate in the stimulus package to the extent we can.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.