

**OGE ENERGY CORP.
FERC ORDER 717
STANDARDS OF CONDUCT FOR TRANSMISSION PROVIDERS
COMPLIANCE PROCEDURES**

GENERAL REQUIREMENTS

These procedures address the Standards of Conduct as adopted by FERC in Order No. 717 et al and set forth in FERC's regulations at 18 CFR Part 358 (herein referenced as "Standards of Conduct"). The purpose of the Standards of Conduct is to protect competitors and foster competition in electric and gas markets by limiting the ability of a Transmission Provider to grant any undue preferences to its own wholesale marketing and sales operations, specifically its Marketing Functions. The Standards of Conduct apply directly to Oklahoma Gas and Electric Company (herein referenced as "OG&E"), the sole Transmission Provider within OGE Energy Corporation.

OGE Energy Corporation expects all of its employees to comply with both the letter and the spirit of the Standards of Conduct. In addition, OGE Energy Corporation's Code of Ethics requires compliance with all laws, rules and regulations, including the Standards of Conduct. The Code of Ethics is applicable to all OGE Energy Corporation employees.

OG&E has taken steps to ensure that it will not give Marketing Function Employees (also referred to as Walled Employees) any undue preference over non-affiliated Transmission Customers. OG&E will treat all Transmission Customers on a non-discriminatory basis and will not operate its transmission system to preferentially benefit the Marketing Functions of OGE Energy Corporation. Additionally, all Transmission Function Employees will function independently of all Marketing Function Employees.

Through implementation of these Compliance Procedures, OGE Energy Corporation and OG&E commit to establishing and maintaining the regulatory compliance training and regulatory risk control systems specified in these Compliance Procedures to assure compliance with the Standards of Conduct.

DEFINITIONS

For the purposes of these Compliance Procedures, the following definitions shall apply:

Affiliate: Another person that controls, is controlled by or is under common control with OG&E. An affiliate includes a division of the specified entity that operates as a functional unit. "Control" as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 percent or more creates a rebuttable presumption of control.

Marketing Affiliate: An Affiliate of OG&E that employs or retains Marketing Function Employees. A list of OG&E's Marketing Affiliates is attached as Exhibit A to these Compliance Procedures.

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Marketing Function: The sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including the sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity.

Marketing Function Employees: Employees, contractors, consultants or agents of OGE Energy Corporation or its Affiliates who actively and personally engage on a day-to-day basis in Marketing Functions.

Other Employees -Training: All OGE Energy Corporation and OG&E officers, directors, and supervisory employees that are not deemed Transmission Function or Marketing Function Employees. Also includes any other employees of OGE Energy Corporation or its Affiliates that are not deemed Transmission Function or Marketing Function Employees but are likely to become privy to Transmission Function Information during the performance of their normal job duties.

Transmission: Electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities.

Transmission Customer: Any eligible customer, shipper or designated agent that can or does execute a transmission service agreement or can or does receive transmission service, including all persons who have pending requests for transmission service or for information regarding transmission.

Transmission Function: The planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

Transmission Function Employees: Employees, contractors, consultants or agents of OGE Energy Corporation or its Affiliates who actively and personally engage on a day-to-day basis in Transmission Functions.

Transmission Function Information: While a comprehensive definition of "Transmission Function Information," is not set forth in the regulations, it generally includes information pertaining to the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

Transmission Provider: Any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce. For purposes of these Compliance Procedures, Transmission Provider is OG&E.

Walled Employees: All Marketing Function Employees.

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EMPLOYEE CLASSIFICATIONS

For purposes of implementing compliance with the Standards of Conduct, each OGE Energy Corporation employee has been assigned to one of four categories. These categories are:

1. Transmission Function Employees
2. Marketing Function Employees (or “Walled Employees”)
3. Other Employees -Training
4. Other Employees -No Training

COMPLIANCE CONTACT

The Standards of Conduct require OG&E to designate a Compliance Contact (herein referenced as CC) who is responsible for Standards of Conduct compliance. Below is the information for OG&E’s CC:

Kimber Shoop
Senior Attorney
OGE Energy Corp.
321 N. Harvey, #1208
Oklahoma City, OK 73101
(405) 553-3023
shoopkl@oge.com

The CC is responsible for implementing and supervising OG&E’s compliance with the Standards of Conduct. Specifically, the CC is responsible for ensuring that OG&E has developed procedures that comply with the Standards of Conduct and the implementation of its Compliance Procedures, including required training. The CC will also be responsible for on-going compliance, including answering employee questions, providing compliance advice, and investigating potential violations.

SPECIFIC REQUIREMENTS

A. Non Discrimination

1. Enforcement of Tariff Provisions

OG&E will strictly enforce all tariff provisions relating to Transmission service, unless such provisions allow for the use of discretion by OG&E. In the event the tariff provision affords OG&E with discretion, OG&E will administer such tariff provisions in a fair and impartial manner that treats all Transmission Customers in a not unduly discriminatory manner.

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Measures:

- a. OG&E will not give undue preference to an Affiliate over any other Transmission Customer.
- b. OG&E will process all requests for similar Transmission services in the same manner and within the same time period.
- c. Notice of each waiver granted by OG&E in favor of an Affiliate, unless such waiver has been approved by FERC, will be posted on OGE's internet website within 1 business day of the act of waiver. OG&E will maintain a log of these waivers for at least 5 years from the date of each act of waiver.

B. Independent Functioning

1. Transmission and Marketing Functions

Except as otherwise permitted by FERC order, Transmission Functions and Marketing Functions will function independently.

Measures:

- a. Only Walled Employees will perform Marketing Functions and, unless emergency circumstances affecting system reliability are present, only Transmission Function Employees will perform Transmission Functions.
- b. Transmission Function Employees will be housed in separate and secured sections of the corporate offices or in separate buildings from Walled Employees as needed to fulfill the requirements of the Standards of Conduct.
- c. OG&E's operations control center ("Transmission Control Center") and similar facilities will be located within locked facilities. Walled Employees will be denied physical access to these facilities through standard company-wide security access card distribution, key locks or numerically coded door locks.
- d. Access to the Transmission Control Center will be governed by the Guidelines for Transmission Control Center Access (attached as Exhibit B hereto).

C. Transmission Function Information Disclosure

1. Information Access

Walled Employees may only access Transmission Function Information that is made available to all Transmission Customers on OGE's internet website or otherwise available to the general public without restriction unless;

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a non-affiliated Transmission Customer voluntarily consents, in writing, to allow OG&E to share the non-affiliated Transmission Customer's Transmission Function Information with OGE Energy Corporation Walled Employees or,

the Transmission Function Information relates solely to a specific request for transmission service submitted by a Walled Employee or,

the Transmission Function Information pertains to compliance with Reliability Standards approved by FERC and is necessary to maintain or restore operations of OG&E's transmission system or generating units, or may affect generation dispatch.

Measures:

- a. If a non-affiliated Transmission Customer authorizes, in writing, OG&E to share its Transmission Function Information with Walled Employees, OG&E will post notice on OGE's internet website of that consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.
- b. The following business practices will be employed to limit access to data:
 - i. Proper identification of employees precluded from having access to Transmission Function Information;
 - ii. Appropriate installation of firewalls, assignment of User IDs and passwords to appropriate employees, and other electronic security measures to guard against prohibited disclosure of Transmission Function Information;
 - iii. Specific process for assigning new User IDs and passwords to new hires and transferring employees; and
 - iv. Timely disabling of User IDs and passwords, as appropriate.

2. Prohibited Disclosures

Except as otherwise permitted by FERC, Transmission Function Employees may not disclose to Walled Employees any non-public Transmission Function Information about OG&E's Transmission system or the Transmission system of others. Non-public Transmission Function Information includes Transmission Function Information not posted on OGE's internet website unless it is made available to the general public without restriction at the same time.

Measures:

- a. All Transmission Function Employees will comply with rules regarding prohibited disclosures.

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- b.** Transmission Function Employees will not organizationally report, either directly or indirectly, to a Walled Employee.
- c.** Transmission Function Employees will be trained to understand what information is considered Transmission Function Information and will be made aware of the identity of Walled Employees.
- d.** Transmission Function Employees will document all meetings which contain both Transmission Function Employees and Walled Employees. The documentation shall be sent electronically to the CC and should contain (1) names of all Transmission Function Employees present, (2) names of all Walled Employees present, and (3) a list of items discussed. This documentation shall be retained by the CC for a period of 5 years.
- e.** All emails from Transmission Function Employees to Walled Employees will be monitored and retained by the CC. This documentation shall be retained by the CC for a period of 5 years.

3. No Conduit

Employees not deemed Walled Employees may have access to Transmission Function Information if necessary to perform their job function. However, these employees are strictly prohibited from sharing this Transmission Function Information with Walled Employees, or acting as a conduit to provide Transmission Function Information to Walled Employees. This is referred to as the “No-Conduit Rule.”

Measures:

- a.** All employees will comply with the No-Conduit Rule prohibiting them from providing or otherwise making available any Transmission Function Information to Walled Employees.
- b.** Employees whose job function requires they access Transmission Function Information will be trained to understand what information is considered Transmission Function Information and will be made aware of the identity of Walled Employees.
- c.** In order to facilitate the No Conduit Rule, no employees other than Walled Employees will organizationally report, either directly or indirectly, to any Walled Employee.

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D. Transparency

1. Contemporaneous Disclosures

Consistent with the Standards of Conduct, OG&E will post all prohibited disclosures on OGE's internet website.

Measures:

- a. If the prohibited disclosure pertains to non-public Transmission Customer information, critical energy infrastructure information, or any other information that FERC has determined by law to be subject to limited dissemination, then OG&E shall immediately post on OGE's internet website only that the information was disclosed.
- b. For all other prohibited disclosures, OG&E shall immediately post on OGE's internet website only the information that was disclosed

2. Employee Transfers

Any transfer of a Transmission Function Employee to a position as a Marketing Function Employee or transfer of a Marketing Function Employee to a position as a Transmission Function Employee will be made according to standard internal employment practices. Employees transferred in such a manner will maintain the confidentiality of non-public Transmission Function Information acquired during their tenure in their previous assignment. Consistent with the Standards of Conduct, any such transfer will be posted on OGE's internet website.

Measures:

- a. The Human Resources department will notify the CC of the aforementioned employee transfers within 5 business days.
- b. OG&E will change the transferring employee's building and computer access to reflect the transfer.
- c. OG&E will post on OGE's internet website the employee transfer, including the name of the transferring employee, the employee's titles in both the position the employee is transferring from and the position the employee is transferring to, and the effective date of the transfer.
- d. Each such transfer will be posted within seven business days of its effective date and remain posted for at least a ninety-day period.

3. Posting

OG&E will post on OGE's internet website all information required by 18 CFR Part 358 of FERC's regulations and update postings within seven business days of any change. Each posting will include the date the information is posted.

Measures:

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OG&E will post the following:

- a. The names and addresses of its Affiliates that employ or retain Marketing Function Employees.
- b. A complete list of the employee staffed facilities shared by Transmission Function Employees and Marketing Function Employees, including the types of facilities shared and their addresses.
- c. Information concerning potential merger partners as Affiliates that that may employ or retain Marketing Function Employees after the potential merger is publicly announced.
- d. The job titles and job descriptions of all Transmission Function Employees.

E. Compliance Procedures

OG&E will maintain these Compliance Procedures for implementing and complying with the Standards of Conduct.

Measures:

- a. OG&E will maintain these Compliance Procedures for implementing and complying with the Standards of Conduct.
- b. OG&E will post these written Standards of Conduct Compliance Procedures on OGE's internet website.
- c. OG&E will distribute access to these Compliance Procedures to all OGE Energy Corporation Employees that are classified as Transmission Function Employees, Marketing Function Employees, or Other Employees -Training..
- d. The CC will ensure that information, including documents and communications, are retained to demonstrate that OG&E is in compliance with the Standards of Conduct and/or these Compliance Procedures.

F. Compliance Personnel

In the event that an employee has a question regarding the appropriate application of the Standards of Conduct, the employee must call the Compliance Contact or the OGE Energy Corporation Ethics Hotline at 1-877-888-0002.

Measures:

- a. OG&E's Compliance Contact for the Standards of Conduct is Kimber Shoop, 553-3023 or shoopkl@oge.com.

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- b. OG&E will post its Compliance Contact information on OGE's internet website.

G. Training

OGE Energy Corporation will conduct training on Standards of Conduct compliance. The training program commits to reinforce to employees the importance of full and unequivocal compliance with the Standards of Conduct.

Measures:

- a. OGE Energy Corporation will require all new employees classified as Transmission Function Employees, Walled Employees, or Other Employees-Training to complete Standards of Conduct training within the first 30 days of their employment. At the end of the training, either an electronic or written certification will be created signifying satisfactory completion of the training requirements. OGE Energy Corporation's Human Resources department will maintain the certifications.
- b. OGE Energy Corporation will require all Transmission Function Employees, Walled Employees, and Other Employees-Training to complete annual Standards of Conduct training. At the end of the training, either an electronic or written certification will be created signifying satisfactory completion of the training requirements. OGE Energy Corporation's Human Resources department will maintain the certifications.
- c. OGE Energy Corporation's Human Resources department will be responsible for verifying that all required employees have completed training. Management will be made aware of any employees who have not completed the training so that appropriate arrangements can be made for the employees to complete the mandatory training.
- d. OGE Energy Corporation's Human Resources department will implement procedures to identify any new hires or transferred employees that require training on the Standards of Conduct, and verify that such training occurs in a timely manner.

H. Books and Records

OG&E will maintain its books of account and records separately from those of its Affiliates that employ or retain Walled Employees. These books of account and records will be available for FERC's inspection in accordance with the Standards of Conduct.

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EXHIBIT A

OG&E's Marketing Affiliates

- OG&E Power Supply-Power Ops
- OG&E Power Supply-Regulatory Support
- OG&E Utility Commercial Operations-Business Development

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Exhibit B

Guidelines - Transmission Control Center Access

The Transmission Control Center is a restricted access area. It is a critical working area for the company and access to the operations area should be limited. The only employees who will be granted electronic card access will be Transmission-Function Employees and any other approved employees that need access to the Transmission Control Center on a regular basis ("Approved Employees"). All other employees will be granted access to the Transmission Control Center on a case-by-case basis. **However, no Walled Employees under FERC's Order No. 717 Standards of Conduct shall be granted access to the Transmission Control Center.**

Access Control:

All employees other than Transmission-Function Employees and Approved Employees must enter the Transmission Control Center through a single door located between the hallway and the conference/viewing room of the Transmission Control Center. These guidelines shall be posted on the exterior of this entrance along with a sign reading "No Walled Employees Beyond This Point". When an employee other than a Transmission-Function Employee or a Approved Employee attempts to enter the conference room within the Transmission Control Center, a Transmission Control Center employee must request to see the employee's OG&E badge and check the name against the list of Walled Employees before granting the employee access. If the Manager of Transmission Operations is unavailable to check OG&E badges against the list of Walled Employees, such responsibility shall fall to the next highest ranking employee within the Transmission Control Center.

A list of Transmission-Function Employees and Approved Employees will be periodically reviewed and approved by the Manager of Transmission Operations.

Tours:

Tours can be arranged via request to the Manager of Transmission Operations. To the extent possible, arrangements should be made at least 48 hours in advance of the requested tour along with information such as the purpose of the tour, a list of all tour attendees, and a description of whether the tour attendees are OG&E employees or external to the company. Tours will be scheduled as workload and operational conditions permit.

Under no circumstances shall any Walled Employees be granted access to the Transmission Control Center for a tour.