FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
**|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2001

OR

**| | TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-1097

Oklahoma Gas and Electric Company meets the conditions set forth in general instruction H (1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format permitted by general instruction H (2).

OKLAHOMA GAS & ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Oklahoma (State or other jurisdiction of incorporation or organization)	73-0382390 (I.R.S. Employer Identification No.)

321 North Harvey
P. O. Box 321
Oklahoma City, Oklahoma 73101-0321
(Address of principal executive offices)
(Zip Code)

405-553-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ______

There were 40,378,745 Shares of Common Stock, par value $2.50 per share, outstanding as of October 31, 2001.

OKLAHOMA GAS AND ELECTRIC COMPANY

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended September 30 2001	3 Months Ended September 30 2000
	(thousands except per share data)	
OPERATING REVENUES	$ 508,142	$ 528,993
COST OF GOODS SOLD	225,667	239,437
Gross margin on revenues	282,475	289,556
Other operation and maintenance	69,480	62,587
Depreciation and amortization	29,251	30,841
Taxes other than income	11,434	11,079
OPERATING INCOME	172,310	185,049
OTHER EXPENSES, NET	(260)	(14)
EARNINGS BEFORE INTEREST AND TAXES	172,050	185,035
INTEREST INCOME (EXPENSES):		
Interest income	356	209
Interest on long-term debt	(10,257)	(11,506)
Allowance for borrowed funds used during construction	158	259
Other interest charges	(954)	(1,182)
Net interest income (expenses)	(10,697)	(12,220)
INCOME BEFORE TAXES	161,353	172,815
INCOME TAX EXPENSE	61,236	65,488
NET INCOME	$ 100,117	$ 107,327
AVERAGE COMMON SHARES OUTSTANDING (thousands)	40,379	40,379
EARNINGS PER AVERAGE COMMON SHARE	$ 2.48	$ 2.66
DIVIDENDS DECLARED PER SHARE	$ 0.642	$ 0.641

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

STATEMENTS OF INCOME

(Unaudited)

	9 Months Ended September 30	
	2001	**2000**
	(thousands except per share data)	
OPERATING REVENUES	$ 1,194,458	$ 1,109,898
COST OF GOODS SOLD	619,469	541,308
Gross margin on revenues	574,989	568,590
Other operation and maintenance	212,978	196,923
Depreciation and amortization	89,774	91,355
Taxes other than income	34,575	33,814
OPERATING INCOME	237,662	246,498
OTHER EXPENSES, NET	(1,551)	(1,415)
EARNINGS BEFORE INTEREST AND TAXES	236,111	245,083
INTEREST INCOME (EXPENSES):		
Interest income	1,431	498
Interest on long-term debt	(32,332)	(34,377)
Allowance for borrowed funds used during construction	575	1,989
Other interest charges	(3,955)	(2,605)
Net interest income (expenses)	(34,281)	(34,495)
INCOME BEFORE TAXES	201,830	210,588
INCOME TAX EXPENSE	74,685	76,927
NET INCOME	$ 127,145	$ 133,661
AVERAGE COMMON SHARES OUTSTANDING (thousands)	40,379	40,379
EARNINGS PER AVERAGE COMMON SHARE	$ 3.15	$ 3.31
DIVIDENDS DECLARED PER SHARE	$ 1.925	$ 1.922

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

BALANCE SHEETS
(Unaudited)

	September 30 2001	December 31 2000
	(dollars in thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 546	$ 422
Accounts receivable - customers, less reserve of $6,722 and $3,672, respectively	180,575	130,920
Accrued unbilled revenues	51,300	49,000
Accounts receivable - other	17,013	14,092
Fuel inventories	68,674	75,515
Materials and supplies, at average cost	32,681	32,796
Prepayments and other	3,532	38,521
Accumulated deferred tax assets	7,603	8,454
Total current assets	361,924	349,720
OTHER PROPERTY AND INVESTMENTS, at cost	15,446	15,396
PROPERTY, PLANT AND EQUIPMENT:		
In service	3,945,693	3,867,886
Construction work in progress	14,142	14,889
Total property, plant and equipment	3,959,835	3,882,775
Less accumulated depreciation	1,960,458	1,897,696
Net property, plant and equipment	1,999,377	1,985,079
DEFERRED CHARGES:		
Advance payments for gas	12,500	12,500
Income taxes recoverable through future rates	37,875	38,654
Price risk management	2,625	---
Other	35,191	36,100
Total deferred charges	88,191	87,254
TOTAL ASSETS	$ 2,464,938	$ 2,437,449
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - affiliates	$ 105,268	$ 90,474
Accounts payable - other	55,967	107,416
Customers' deposits	27,017	22,645
Accrued taxes	28,899	19,951
Accrued interest	15,960	14,535
Accrued vacation	11,909	11,386
Other	17,822	9,863
Total current liabilities	262,842	276,270
LONG-TERM DEBT	705,364	702,582
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accrued pension and benefit obligation	2,483	11,277
Accumulated deferred income taxes	450,295	449,420

Accumulated deferred investment tax credits	53,566	57,429
Other	13,000	12,500
Total deferred credits and other liabilities	519,344	530,626
STOCKHOLDERS' EQUITY:		
Common stockholders' equity	512,446	512,446
Retained earnings	464,942	415,525
Total stockholders' equity	977,388	927,971
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,464,938	$ 2,437,449

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

STATEMENTS OF CASH FLOWS
(Unaudited)

	9 Months Ended September 30 2001	9 Months Ended September 30 2000
	(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 127,145	$ 133,661
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:		
Depreciation and amortization	89,774	91,355
Deferred income taxes and investment tax credits, net	(745)	1,069
Change in Certain Current Assets and Liabilities:		
Accounts receivable - customers	(49,655)	(91,573)
Accrued unbilled revenues	(2,300)	(15,400)
Fuel, materials and supplies inventories	6,956	3,394
Accumulated deferred tax assets	851	191
Other current assets	32,068	(25,376)
Accounts payable	(1,977)	105,163
Accrued taxes	8,948	9,100
Accrued interest	1,425	1,137
Other current liabilities	12,854	3,284
Other operating activities	(12,763)	(25,349)
Net cash provided from operating activities	212,581	190,656
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(100,051)	(101,334)
Net cash used in investing activities	(100,051)	(101,334)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term debt, net	(34,678)	(12,925)
Cash dividends declared on common stock	(77,728)	(77,669)
Net cash used in financing activities	(112,406)	(90,594)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	124	(1,272)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	422	1,779
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 546	$ 507

	2001	2000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
CASH PAID DURING THE PERIOD FOR:		
Interest (net of amount capitalized)	$ 29,063	$ 35,017
Income taxes	$ 985	$ 42,482
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Interest rate swap	$ (2,625)	$ ---
Change in fair value of long-term debt	$ 2,625	$ ---

DISCLOSURE OF ACCOUNTING POLICY: For purposes of these statements, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. These investments are carried at cost, which approximates market.

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

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. The condensed financial statements included herein have been prepared by Oklahoma Gas and Electric Company (the “Company”), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to make the information presented not misleading.

   In the opinion of management, all adjustments necessary to present fairly the financial position of the Company as of September 30, 2001, and December 31, 2000, and the results of operations and the changes in cash flows for the periods ended September 30, 2001, and September 30, 2000, have been included and are of a normal recurring nature. Certain amounts have been reclassified on the financial statements to conform with the 2001 presentation.

   The results of operations for such interim periods are not necessarily indicative of the results for the full year. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company’s Form 10-K for the year ended December 31, 2000.

2. The Company is a regulated public utility engaged in the generation, transmission and distribution of electricity to retail and wholesale customers. The Company is a wholly-owned subsidiary of OGE Energy Corp. ("Energy Corp.") which is a holding company incorporated in the State of Oklahoma and located in Oklahoma City, Oklahoma.

3. Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137 and 138. SFAS No. 133 sweeps in a broad population of transactions and changes the previous accounting definition of a derivative instrument. Under SFAS No. 133, every derivative instrument is recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. During 2000, the Company established a SFAS No. 133 implementation team that reviewed contracts throughout the Company to identify both freestanding and embedded derivatives which met the criteria set forth in SFAS No. 133 and SFAS No. 138. Management did not identify any contracts that qualified as derivatives under these new standards.

   However, during March 2001, the Company entered into an interest rate swap agreement to convert $110 million of 7.30 percent fixed rate debt, due October 15, 2025, to a variable rate based on the three month London InterBank Offering Rate (“LIBOR”). The objective of this interest rate swap was to raise the percentage of total corporate floating rate debt more in line with industry standard and achieve a lower cost of debt. This interest rate swap qualified as a fair value hedge under SFAS No. 133.

4. In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 will affect the Company's accrued plant removal costs for generation, transmission and distribution facilities and will require that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement is incurred, the liability shall be recognized when a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. Adoption of SFAS No. 143 is required for financial statements for periods beginning after June 15, 2002. The Company will adopt this new standard effective January 1, 2003. Management has not yet determined what the impact of this new standard will be on its financial position or results of operation.

5. In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 requires that an impairment loss be recognized only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and that the measurement of an impairment loss be the difference between the carrying amount and fair value of the asset. Adoption of SFAS No. 144 is required for financial statements for periods beginning after December 15, 2001. The Company will adopt this new standard effective January 1, 2002, and management believes the adoption of this new standard will not have a material impact on its financial position or results of operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

OVERVIEW

The following discussion and analysis presents factors, which affected the results of operations for the three and nine months ended September 30, 2001 (respectively, the "current periods"), and the financial position as of September 30, 2001, of the Company. Revenues from sales of electricity are somewhat seasonal, with a large portion of the Company's annual electric revenues occurring during the summer months when the electricity needs of its customers increase. Because of seasonal fluctuations and other factors, the results of one interim period are not necessarily indicative of results to be expected for the year. Actions of the regulatory commissions that set the Company's electric rates will continue to affect financial results. In September 2001, the director of the Oklahoma Corporation Commission's ("OCC") public utility division filed an application with the OCC to review the rates of the Company. See "Regulation and Rates - Recent Regulatory Matters" for a further discussion of this matter. Deregulation of the electric industry in Oklahoma has been postponed until at least 2003. See "Regulation and Rates - Recent Regulatory Matters" for a related discussion. Unless indicated otherwise, all comparisons are with the corresponding periods of the prior year.

Some of the matters discussed in this Form 10-Q 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", "estimate", "objective", "possible", "potential" 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 their impact on capital expenditures; business conditions in the energy industry; competitive factors including the extent and timing of the entry of additional competition in the markets served by the Company; unusual weather; state and federal legislative and regulatory decisions and initiatives that affect cost and investment recovery, have an impact on rate structures and affect the speed and degree to which competition enters the Company's markets; and other risk factors listed in the Company's Form 10-K for the year ended December 31, 2000, including Exhibit 99.01 thereto and other factors described from time to time in the Company's reports to the Securities and Exchange Commission.

EARNINGS

Net income decreased $7.2 million or 6.7 percent and $6.5 million or 4.9 percent in the current periods.

REVENUES

Operating revenues decreased $20.9 million or 3.9 percent in the three months ended September 30, 2001, and increased $84.6 million or 7.6 percent in the nine months ended September 30, 2001. The decrease in the three months ended September 30, 2001, was primarily attributable to milder weather (approximately a 6.6 percent decrease in the cooling degree days as compared to the same period in 2000), resulting in a decrease in electricity sales of 1.2 percent to Company customers ("system sales"), and a decrease in electricity sales of 2.9 percent to other utilities and power marketers ("off-system sales").

The increase in operating revenue for the nine months ended September 30, 2001, resulted primarily from the recovery of higher fuel costs. The Company recovered higher fuel costs due to variances in the actual cost of fuel used in electric generation and certain purchased power costs, as compared to that component in cost-of-service for ratemaking, which are passed through to the Company's customers through automatic fuel adjustment clauses. The automatic fuel adjustment clauses are subject to periodic review by the OCC, the Arkansas Public Service Commission ("APSC") and the Federal Energy Regulatory Commission ("FERC"). See "Regulation and Rates." Partially offsetting the increased recoveries under the fuel adjustment clauses in the nine months ended September 30, 2001, were decreased recoveries under the Generation Efficiency Performance Rider ("GEP Rider") of $3.4 million, the Acquisition Premium Credit Rider ("APC Rider") of $2.0 million, and the Gas Transportation Adjustment Credit Rider ("GTAC Rider") of $0.9 million. See "Regulation and Rates - Recent Regulatory Matters" for a related discussion. In the nine months ended September 30, 2001, system sales increased 0.2 percent and off-system sales increased 3.5 percent, however, off-system sales are generally at lower prices per kilowatt-hour and have less impact on operating revenues and earnings than system sales.

EXPENSES

Cost of goods sold, which consists of fuel expense for electric generation and purchased power, decreased $13.8 million or 5.8 percent in the three months ended September 30, 2001 and increased $78.2 million or 14.4 percent in the nine months ended September 30, 2001. The specific components of cost of goods sold for the reported periods are as follows:

	3 Months Ended September 30		9 Months Ended September 30	
	2001	2000	**2001**	2000
	(dollars in thousands)			
Fuel........................	$ 155,072	$ 170,793	$ 401,469	$ 349,999
Purchased power.............	70,595	68,644	218,000	191,309
Total cost of goods sold..	$ 225,667	$ 239,437	$ 619,469	$ 541,308

Fuel expense decreased $15.7 million or 9.2 percent in the three months ended September 30, 2001, primarily due to decreased generation levels associated with milder weather. Fuel expense increased $51.5 million or 14.7 percent in the nine months ended September 30, 2001, primarily due to a significant increase in the average cost of fuel (particularly natural gas in the first quarter of 2001).

The Company increased its purchased power by $2.0 million or 2.8 percent and $26.7 million or 14.0 percent in the current periods. These increases were primarily due to an increase in capacity purchases under a wholesale purchase contract that the Company maintains with Southwestern Public Service Corp. and the availability of wholesale electricity at favorable prices.

Revenue less cost of goods sold resulted in a decrease in gross margin on revenues of $7.1 million or 2.4 percent in the three months ended September 30, 2001. In the nine months ended September 30, 2001, the gross margin on revenues increased $6.4 million or 1.1 percent.

Other operation and maintenance increased $6.9 million or 11.0 percent and $16.1 million or 8.2 percent in the current periods primarily due to higher expenses attributed to increased employee pensions and benefit costs, outside services and increased bad debt expense.

Interest charges decreased $1.5 million or 12.5 percent and $0.2 million or 0.6 percent in the current periods primarily due to a decrease in interest charges on long-term debt associated with the interest rate swap entered into by the Company in March 2001.

LIQUIDITY AND CAPITAL REQUIREMENTS

The Company's primary needs for capital are related to construction of new facilities to meet anticipated demand for utility service, to replace or expand existing facilities and to some extent, for satisfying maturing debt.

The Company meets its cash needs through a combination of internally generated funds, short-term borrowings from Energy Corp. and permanent financing. For the nine months ended September 30, 2001, the Company satisfied its capital expenditures of $100.1 million through internally generated funds and short-term borrowings. The Company expects that internally generated funds will be adequate during the remainder of 2001 to meet anticipated construction expenditures.

The Company will continue to use short-term borrowings from Energy Corp. to meet its temporary cash requirements. Energy Corp. has in place lines of credit for up to $315 million, of which $200 million expires on January 15, 2002, $100 million expires on January 15, 2004, and $15 million expires on June 28, 2002. Energy Corp. expects to replace these lines of credit on or prior to their expirations. The Company has the necessary regulatory approvals to incur up to $400 million in short-term borrowings at any one time. The Company had $4.5 million and $39.2 million in short-term debt to Energy Corp. outstanding at September 30, 2001 and December 31, 2000, which is classified as accounts payable-affiliates on the accompanying balance sheets.

The Company's capital structure and cash flow remained strong throughout the current period. The Company's combined cash and cash equivalents increased approximately $124,000 during the nine months ended September 30, 2001. The increase reflects the Company's cash flow from operations net of construction expenditures and payments of short-term debt and cash dividends. Variations in accounts receivable and fuel inventories reflect the seasonal nature of the Company's business.

Like any business, the Company is subject to numerous contingencies, many of which are beyond its control. For discussion of significant contingencies that could affect the Company, reference is made to Part II, Item 1 - "Legal Proceedings" of this Form 10-Q, to Part II, Item 1 - "Legal Proceedings" in the Company's Form 10-Q for the quarters ended March 31, 2001 and June 30, 2001, and to "Management's Discussion and Analysis" and Notes 8 and 9 of Notes to the Financial Statements in the Company's 2000 Form 10-K.

MARKET RISK

RISK MANAGEMENT

The risk management process established by the Company is designed to measure both quantitative and qualitative risks in its businesses. A senior risk management committee has been established to review these risks on a regular basis. The Company's current market risk exposure relates primarily to changes in interest rates.

Interest Rate Risk

The Company's exposure to changes in interest rates relates primarily to long-term debt obligations. The Company manages its interest rate exposure by limiting its variable-rate debt to a certain percentage of total capitalization and by monitoring the effects of market changes in interest rates. The Company may utilize interest rate derivatives to alter interest rate exposure in an attempt to reduce interest rate expense related to existing debt issues. Interest rate derivatives are used solely to modify interest rate exposure and not to modify the overall leverage of the debt portfolio.

During March 2001, the Company entered into an interest rate swap agreement to convert $110 million of 7.30 percent fixed rate debt, due October 15, 2025, to a variable rate based on the three month LIBOR. The objective of this interest rate swap was to raise the percentage of total corporate floating debt more in line with industry standard and achieve a lower cost of debt. This interest rate swap qualified as a fair value hedge under SFAS No. 133.

The fair value of long-term debt is estimated based on quoted market prices and management's estimate of current rates available for similar issues. The Company has no long-term debt maturing until 2005. The following table itemizes the Company's long-term debt maturities and the weighted-average interest rates by maturity date.

(dollars in millions)	2005	Thereafter	Total	Fair Value at 9-30-01
Fixed rate debt:				
Principal amount.......	$ 110.0	$ 350.0	$ 460.0	$ 467.7
Weighted-average interest rate........	7.125%	6.55%	6.84%	---
Variable-rate debt:				
Principal amount.......	---	$ 248.0	$ 248.0	$ 248.0
Weighted-average interest rate........	---	4.31%	4.31%	---

REGULATION AND RATES

The Company's retail electric tariffs in Oklahoma are regulated by the OCC, and in Arkansas by the APSC. The issuance of certain securities by the Company is also regulated by the OCC and the APSC. The Company's wholesale electric tariffs, short-term borrowing authorization and accounting practices are subject to the jurisdiction of the FERC. The Secretary of the Department of Energy has jurisdiction over some of the Company's facilities and operations.

Recent Regulatory Matters

As previously reported, the OCC Staff ("Staff") annually conducts a review ("Matrix Review") to assess utility operations. The purpose of the Matrix Review is to enable the Staff to specifically identify regulated utilities that have experienced material or significant changes in operating characteristics, or in the underlying cost of service, as a means of evaluating the need to pursue rate hearings. The Staff also uses the Matrix Review to identify regulated utilities that require a Staff review of some specific operational activity conducted by the utility. The Matrix Review is composed of 11 indicators that are the basic guide for the Staff's initial review of a regulated utility. The 11 indicators include such items as the time from a utility's last rate review and service quality complaints. Each indicator is given a rating by the Staff from zero to three. A rating of zero is considered not relevant, a rating of one is considered slightly relevant, a rating of two is considered moderately relevant, while a rating of three is considered significantly relevant. The Staff believes that an aggregate rating of less than ten and with no individual indicator receiving a rating of three, should indicate that no further assessment is required. Any rating above these levels could result in a Staff recommendation requesting that a further review should be performed. In July 2001, the OCC held a hearing at which the Staff reported the results of its Matrix Review of the Company. The review resulted in an aggregate score of 17 for the Company, with only one indicator of "Time since last formal rate review", achieving a rating of three. The Company's last formal rate review by the Staff occurred in 1995. As part of its written report, the Staff recommended that a general rate review be performed on the Company.

In September 2001, the director of the OCC public utility division filed an application with the OCC to review the rates of the Company. In the filing, the Staff requests that the Company submit information in accordance with OCC standard filing requirements by January 28, 2002, for a test year ending September 30, 2001. At this time, management cannot predict the outcome of the rate review or the impact on its financial position or results of operation. Hearings in this case are expected to commence in July 2002.

As previously reported, certain aspects of the Company's electric rates recently have been addressed by the OCC. In March 2000, the OCC approved, and the Company implemented, the APC Rider reflecting the completion of the recovery of the amortization premium paid by the Company when it acquired Enogex in 1986. The effect of the APC Rider is to remove $10.7 million annually from the amount being recovered by the Company from its Oklahoma customers in current rates.

In June 2000, the OCC approved modifications to the Company's GEP Rider. The GEP Rider was established initially in 1997 in connection with the Company's last general rate review and was intended to encourage the Company to lower its fuel costs by (i) allowing the Company to collect one-third of the amount by which its fuel costs was below a specified percentage (96.261%) of the average fuel costs of certain other investor-owned utilities in the region and (ii) disallowing the collection of one-third of the amount by which its fuel costs exceeded a specified percentage (103.739%) of the average fuel costs of other investor-owned utilities. The modifications enacted in June 2000 had the effect of reducing the amount the Company could recover under the GEP Rider, and for the period between July 1, 2001 and June 30, 2002, the Company estimates that it will recover $5.1 million under the GEP Rider. The GEP Rider is scheduled to expire in June 2002, however, the OCC could decide to establish a similar reward mechanism in a subsequent action upon proper showing. For a more detailed explanation of the GEP Rider see the Company's 2000 Form 10-K.

The final action addresses the competitive bid process of the Company's gas transportation needs following which the Company's affiliate, Enogex, contracted to provide gas transportation service to all of the Company's generation plants. For a discussion of the background of the competitive bid process, see Note 9 of Notes to Financial Statements in the Company's 2000 Form 10-K.

In July 2000, the Company entered into a stipulation (the "Stipulation") with the Staff, the Office of the Attorney General and a coalition of industrial customers regarding the competitive bid process of the Company's gas transportation service. The Stipulation (which, with one exception, was signed by all parties to the proceeding) would permit the Company to recover

$25.2 million annually for gas transportation services to be provided by Enogex pursuant to the competitive bid process. The Stipulation was presented for approval to an Administrative Law Judge ("ALJ") in September 2000, and the ALJ recommended its approval. However, at a hearing on September 28, 2000, the OCC chose to delay the decision concerning the Stipulation and two of the three commissioners expressed concern over the competitive bid process.

In June 2001, the Staff approved the Stipulation declaring the Stipulation to be fair, just and reasonable and representing a reasonable settlement of the issues and thereby serving the public interest. The Company had previously collected $28.5 million on an annual basis through its base rate and APC Rider for gas transportation services from Enogex for the power plant requirements covered by the competitive bid. The Stipulation permits the Company to recover $25.2 million annually for the gas transportation services provided by Enogex. The Stipulation directs the Company to reduce rates to its Oklahoma retail customers by approximately $2.7 million per year through the implementation of the GTAC Rider. The GTAC Rider is a credit for gas transportation cost recovery and is applicable to and becomes part of each Oklahoma retail rate schedule to which the Company's Fuel Cost Adjustment rider applies. The GTAC Rider became effective with the first billing cycle of July 2001, and will remain in effect until amended by the Company at the direction of the OCC.

State Restructuring Initiatives

Oklahoma: As previously reported, Oklahoma enacted in April 1997 the Electric Restructuring Act of 1997 (the "Act"), which is designed to provide for choice by retail customers of their electric supplier by July 1, 2002. Additional implementing legislation needs to be adopted by the Oklahoma Legislature to address many specific issues associated with the Act and with deregulation. In May 2000, a bill addressing the specific issues of deregulation was passed in the Oklahoma State Senate and then was defeated in the Oklahoma House of Representatives. In May 2001, the Oklahoma Legislature passed Senate Bill 440 ("SB 440"), which postponed the scheduled start date for customer choice of July 1, 2002 until at least 2003. In addition to postponing the date for customer choice, the SB 440 calls for a nine-member task force to further study the issues surrounding deregulation. The task force includes the Governor or his designee, the Attorney General, the Oklahoma Corporation Commission Chair and several legislative leaders, among others. The Company will continue to participate actively in the legislative process and expects to remain a competitive supplier of electricity. The Company cannot predict what, if any, legislation will be adopted at the next legislative session.

Arkansas: In April 1999, Arkansas became the 18th state to pass a law ("the Restructuring Law") calling for restructuring of the electric utility industry at the retail level. The Restructuring Law, like the Oklahoma law, will significantly affect the Company's future operations. The Company's electric service area includes parts of western Arkansas, including Fort Smith, the second-largest metropolitan market in the state. The Restructuring Law initially targeted customer choice of electricity providers by January 1, 2002. In February 2001, the law was amended to delay the start date of customer choice of electric providers in Arkansas until October 1, 2003, with the APSC having discretion to further delay implementation to October 1, 2005. The Restructuring Law also provides that utilities owning or controlling transmission assets must transfer control of such transmission assets to an independent system operator, independent transmission company or regional transmission group, if any such organization has been approved by the FERC. Other provisions of the Restructuring Law permit municipal electric systems to opt in or out, permit recovery of stranded costs and transition costs and require filing of unbundled rates for generation, transmission, distribution and customer service. The Company filed preliminary business separation plans with the APSC on August 8, 2000. The APSC has established a timetable to establish rules implementing the Arkansas restructuring statutes.

PART II. OTHER INFORMATION

Item 1 LEGAL PROCEEDINGS

Reference is made to Item 3 of the Company's 2000 Form 10-K and to Part II, Item 1 of the Company's Form 10-Q for the quarters ended March 31, 2001 and June 30, 2001 for a description of certain legal proceedings presently pending. There are no new significant cases to report against the Company and there have been no notable changes in the previously reported proceedings, except as set forth below:

As reported in the Company's Form 10-K for the year ended December 31, 2000, Trigen-Oklahoma City Energy Corporation ("Trigen") sued the Company in the United States District Court, Western District of Oklahoma, Case No. CIV-96-1595-M. On April 3, 2001, the United States Court of Appeals for the Tenth Circuit issued an order reversing the trial court judgment in favor of Trigen and remanding the case back to the trial court with orders to dismiss the case in its entirety. On October 29, 2001, the United States Supreme Court denied Trigen's petition for certiorari, asking the Supreme Court to review the Court of Appeals decision. As a result of the Supreme Court's denial of Trigen's petition, the Company expects that the trial court will dismiss the charges and the Company considers this matter closed.

Item 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Reports on Form 8-K

(1) Item 5. Other Events, dated September 11, 2001.

SIGNATURES

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.

OKLAHOMA GAS AND ELECTRIC COMPANY
(Registrant)

By /s/ Donald R. Rowlett
Donald R. Rowlett
Vice President and Controller

(On behalf of the registrant and in
his capacity as Chief Accounting Officer)

November 14, 2001