

OGE ENERGY CORP.
Form 10-Q
May 02, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

OR

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 (I.R.S. Employer
incorporation or organization) 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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Emerging growth company

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Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
 Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	OGE	New York Stock Exchange

At March 31, 2019, there were 200,174,701 shares of common stock, par value \$0.01 per share, outstanding.

OGE ENERGY CORP.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2019

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GLOSSARY OF TERMS

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

Abbreviation	Definition
2018 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2018
2017 Tax Act	Tax Cuts and Jobs Act of 2017
AES	AES-Shady Point, Inc.
APSC	Arkansas Public Service Commission
ArcLight group	Bronco Midstream Holdings, LLC and Bronco Midstream Holdings II, LLC, collectively
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
CenterPoint	CenterPoint Energy Resources Corp., wholly-owned subsidiary of CenterPoint Energy, Inc.
CO ₂	Carbon dioxide
Company	OGE Energy Corp., collectively with its subsidiaries
CSAPR	Cross-State Air Pollution Rule
Dry Scrubber	Dry flue gas desulfurization unit with spray dryer absorber
Enable	Enable Midstream Partners, LP, a 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 July 30, 2013, the name was changed to Enable Oklahoma Intrastate Transmission, LLC)
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
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 U.S.
MATS	Mercury and Air Toxics Standards
MBbl/d	Thousand barrels per day
MW	Megawatt
MWh	Megawatt-hour
NAAQS	National Ambient Air Quality Standards
NGLs	Natural gas liquids
NO _x	Nitrogen oxide
OCC	Oklahoma Corporation Commission
OG&E	Oklahoma Gas and Electric Company, wholly-owned subsidiary of OGE Energy
OGE Energy	Holding company
OGE Holdings	OGE Enogex Holdings, LLC, wholly-owned subsidiary of OGE Energy, parent company of Enogex Holdings (prior to May 1, 2013) and 25.5 percent owner of Enable
Pension Plan	Qualified defined benefit retirement plan
QF	Qualified cogeneration facility
Regional Haze Rule	The EPA's Regional Haze Rule
Restoration of Retirement Income Plan	Supplemental retirement plan to the Pension Plan
SIP	State Implementation Plan
SO ₂	Sulfur dioxide

SPP	Southwest Power Pool
System sales	Sales to OG&E's customers
TBtu/d	Trillion British thermal units per day
U.S.	United States of America

FORWARD-LOOKING STATEMENTS

Except for the historical statements contained herein, the matters discussed in this Form 10-Q, including those matters discussed within "Item 2. 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 within "Item 1A. Risk Factors" in the Company's 2018 Form 10-K and "Item 2. 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;
- the ability to obtain timely and sufficient rate relief to allow for recovery of items such as capital expenditures, fuel costs, operating costs, transmission costs and deferred expenditures;
- 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;
- the impact on demand for our services resulting from cost-competitive advances in technology, such as distributed electricity generation and customer energy efficiency programs;
- technological developments, changing markets and other factors that result in competitive disadvantages and create the potential for impairment of existing assets;
- factors affecting utility operations such as unusual weather conditions; catastrophic weather-related damage;
- unscheduled generation outages, unusual maintenance or repairs; unanticipated changes to fossil fuel, natural gas or coal supply costs or availability due to higher demand, shortages, transportation problems or other developments;
- environmental incidents; or electric transmission or gas pipeline system constraints;
- availability and prices of raw materials for current and future construction projects;
- the effect of retroactive pricing of transactions in the SPP markets or adjustments in market pricing mechanisms by the SPP;
- 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, safety laws or other regulations that may impact the cost of operations or restrict or change the way the Company operates its facilities;
- 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 cyberattacks and other catastrophic events;
- creditworthiness of suppliers, customers and other contractual parties;

• social attitudes regarding the utility, natural gas and power industries;
• identification of suitable investment opportunities to enhance shareholder returns and achieve long-term financial objectives through business acquisitions and divestitures;
• increased pension and healthcare costs;
• costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters, including, but not limited to, those described in this Form 10-Q;
• 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 within "Item 1A. Risk Factors" in the Company's 2018 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. FINANCIAL INFORMATION

Item 1. Financial Statements.

OGE ENERGY CORP.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (Unaudited)

	Three Months Ended March 31,	
(In millions, except per share data)	2019	2018
OPERATING REVENUES		
Revenues from contracts with customers	\$477.4	\$477.9
Other revenues	12.6	14.8
Operating revenues	490.0	492.7
COST OF SALES	212.6	210.5
OPERATING EXPENSES		
Other operation and maintenance	119.0	112.7
Depreciation and amortization	82.4	78.8
Taxes other than income	26.3	24.1
Operating expenses	227.7	215.6
OPERATING INCOME	49.7	66.6
OTHER INCOME (EXPENSE)		
Equity in earnings of unconsolidated affiliates	30.7	33.9
Allowance for equity funds used during construction	1.5	7.0
Other net periodic benefit expense	(7.0)	(4.8)
Other income	6.7	5.4
Other expense	(5.7)	(4.4)
Net other income	26.2	37.1
INTEREST EXPENSE		
Interest on long-term debt	32.6	39.6
Allowance for borrowed funds used during construction	(1.0)	(3.7)
Interest on short-term debt and other interest charges	3.0	2.7
Interest expense	34.6	38.6
INCOME BEFORE TAXES	41.3	65.1
INCOME TAX (BENEFIT) EXPENSE	(5.8)	10.1
NET INCOME	\$47.1	\$55.0
BASIC AVERAGE COMMON SHARES OUTSTANDING	199.9	199.7
DILUTED AVERAGE COMMON SHARES OUTSTANDING	200.5	200.2
BASIC EARNINGS PER AVERAGE COMMON SHARE	\$0.24	\$0.28
DILUTED EARNINGS PER AVERAGE COMMON SHARE	\$0.24	\$0.27

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

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OGE ENERGY CORP.
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)

	Three Months Ended March 31,	
(In millions)	2019	2018
Net income	\$47.1	\$55.0
Other comprehensive income, net of tax:		
Pension Plan and Restoration of Retirement Income Plan:		
Amortization of deferred net loss, net of tax of \$0.2 and \$0.2, respectively	0.7	0.7
Settlement cost, net of tax of \$2.2 and \$0.0, respectively	6.6	—
Postretirement Benefit Plans:		
Amortization of prior service credit, net of tax of (\$0.1) and (\$0.1), respectively	(0.5)	(0.5)
Other comprehensive income, net of tax	6.8	0.2
Comprehensive income	\$53.9	\$55.2

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

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OGE ENERGY CORP.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

	Three Months Ended March 31,	
(In millions)	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$47.1	\$55.0
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	82.4	78.8
Deferred income taxes and investment tax credits, net	(0.5)	7.3
Equity in earnings of unconsolidated affiliates	(30.7)	(33.9)
Distributions from unconsolidated affiliates	35.3	33.9
Allowance for equity funds used during construction	(1.5)	(7.0)
Stock-based compensation expense	3.0	2.7
Regulatory assets	(7.3)	0.2
Regulatory liabilities	(7.0)	2.6
Other assets	(3.8)	0.6
Other liabilities	15.9	0.9
Change in certain current assets and liabilities:		
Accounts receivable and accrued unbilled revenues, net	19.2	14.8
Fuel, materials and supplies inventories	9.1	(12.2)
Fuel recoveries	(22.8)	48.2
Other current assets	(11.0)	8.3
Accounts payable	(42.6)	(23.7)
Other current liabilities	(55.9)	(9.5)
Net cash provided from operating activities	28.9	167.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures (less allowance for equity funds used during construction)	(152.9)	(137.4)
Investment in unconsolidated affiliates	(1.0)	(1.6)
Return of capital - unconsolidated affiliates	—	1.4
Net cash used in investing activities	(153.9)	(137.6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term debt	366.4	25.5
Payment of long-term debt	(250.0)	—
Dividends paid on common stock	(75.5)	(66.6)
Expense of common stock	(10.2)	(0.4)
Net cash provided from (used in) financing activities	30.7	(41.5)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(94.3)	(12.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	94.3	14.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$—	\$2.3

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

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OGE ENERGY CORP.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

(In millions)	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$—	\$94.3
Accounts receivable, less reserve of \$1.4 and \$1.7, respectively	163.5	174.7
Accrued unbilled revenues	54.6	62.6
Income taxes receivable	15.2	9.9
Fuel inventories	48.3	57.6
Materials and supplies, at average cost	112.8	126.7
Fuel clause under recoveries	24.5	2.0
Other	35.2	29.5
Total current assets	454.1	557.3
OTHER PROPERTY AND INVESTMENTS		
Investment in unconsolidated affiliates	1,173.9	1,177.5
Other	77.0	73.4
Total other property and investments	1,250.9	1,250.9
PROPERTY, PLANT AND EQUIPMENT		
In service	12,326.7	11,994.8
Construction work in progress	156.6	376.4
Total property, plant and equipment	12,483.3	12,371.2
Less accumulated depreciation	3,713.9	3,727.4
Net property, plant and equipment	8,769.4	8,643.8
DEFERRED CHARGES AND OTHER ASSETS		
Regulatory assets	276.5	285.8
Other	10.7	10.8
Total deferred charges and other assets	287.2	296.6
TOTAL ASSETS	\$10,761.6	\$10,748.6

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

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OGE ENERGY CORP.
 CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
 (Unaudited)

(In millions)	March 31, 2019	December 31, 2018
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term debt	\$366.4	\$—
Accounts payable	194.1	239.3
Dividends payable	73.0	72.9
Customer deposits	83.7	83.6
Accrued taxes	26.2	44.0
Accrued interest	35.2	44.5
Accrued compensation	23.6	47.8
Long-term debt due within one year	—	250.0
Fuel clause over recoveries	—	0.3
Other	82.0	87.0
Total current liabilities	884.2	869.4
LONG-TERM DEBT	2,897.3	2,896.9
DEFERRED CREDITS AND OTHER LIABILITIES		
Accrued benefit obligations	227.1	225.7
Deferred income taxes	1,319.5	1,310.9
Deferred investment tax credits	7.2	7.2
Regulatory liabilities	1,254.3	1,270.7
Other	195.8	162.7
Total deferred credits and other liabilities	3,003.9	2,977.2
Total liabilities	6,785.4	6,743.5
COMMITMENTS AND CONTINGENCIES (NOTE 14)		
STOCKHOLDERS' EQUITY		
Common stockholders' equity	1,120.5	1,127.7
Retained earnings	2,877.8	2,906.3
Accumulated other comprehensive loss, net of tax	(22.1)	(28.9)
Total stockholders' equity	3,976.2	4,005.1
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$10,761.6	\$10,748.6

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

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OGE ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Shares Outstanding	Common Stock	Premium Common Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
(In millions)						
Balance at December 31, 2018	199.7	\$ 2.0	\$1,125.7	\$2,906.3	\$ (28.9)	\$4,005.1
Net income	—	—	—	47.1	—	47.1
Other comprehensive income net of tax	—	—	—	—	6.8	6.8
Dividends declared on common stock (\$0.3650 per share)	—	—	—	(75.6)	—	(75.6)
Stock-based compensation	0.5	—	(7.2)	—	—	(7.2)
Balance at March 31, 2019	200.2	\$ 2.0	\$1,118.5	\$2,877.8	\$ (22.1)	\$3,976.2
Balance at December 31, 2017	199.7	\$ 2.0	\$1,112.8	\$2,759.5	\$ (23.2)	\$3,851.1
Net income	—	—	—	55.0	—	55.0
Other comprehensive income net of tax	—	—	—	—	0.2	0.2
Dividends declared on common stock (\$0.3325 per share)	—	—	—	(66.5)	—	(66.5)
Stock-based compensation	—	—	2.3	—	—	2.3
Balance at March 31, 2018	199.7	\$ 2.0	\$1,115.1	\$2,748.0	\$ (23.0)	\$3,842.1

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

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OGE ENERGY CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

The Company's significant accounting policies are detailed in "Note 1. Summary of Significant Accounting Policies" in the Company's 2018 Form 10-K. Changes to the Company's accounting policies as a result of adopting ASU 2016-02, "Leases (Topic 842)," and the related ASU 2018-01 and ASU 2018-11 are discussed in Notes 2 and 4 in this Form 10-Q.

Organization

The Company is a holding company with investments in energy and energy services providers offering physical delivery and related services for both electricity and natural gas primarily in the south central U.S. The Company conducts these activities through two business segments: (i) electric utility and (ii) natural gas midstream operations. The accounts of the Company and its wholly owned subsidiaries are included in the Condensed Consolidated Financial Statements. All intercompany transactions and balances are eliminated in consolidation. The Company generally uses the equity method of accounting for investments where its ownership interest is between 20 percent and 50 percent and it lacks the power to direct activities that most significantly impact economic performance.

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 Fort Smith, Arkansas and the surrounding communities. 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 represents the Company's investment in Enable through wholly owned subsidiaries and ultimately OGE Holdings. Enable was formed in 2013, and its general partner is equally controlled by the Company and CenterPoint, who each have 50 percent management ownership. Based on the 50/50 management ownership, with neither company having control, the Company accounts for its interest in Enable using the equity method of accounting. Enable is primarily 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 in the Anadarko, Arkoma and Ark-La-Tex Basins. Enable also owns crude oil gathering assets in the Anadarko and Williston Basins. Enable has intrastate natural gas transportation and storage assets that are located in Oklahoma as well as interstate assets that extend from western Oklahoma and the Texas Panhandle to Louisiana, from Louisiana to Illinois and from Louisiana to Alabama.

Basis of Presentation

The Condensed Consolidated Financial Statements included herein have been prepared by 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 GAAP have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to prevent the information presented from being misleading.

In the opinion of management, all adjustments necessary to fairly present the consolidated financial position of the Company at March 31, 2019 and December 31, 2018, the consolidated results of its operations for the three months ended March 31, 2019 and 2018 and its consolidated cash flows for the three months ended March 31, 2019 and 2018

have been included and are of a normal, recurring nature except as otherwise disclosed. Management also has evaluated the impact of events occurring after March 31, 2019 up to the date of issuance of these Condensed Consolidated Financial Statements, and these statements contain all necessary adjustments and disclosures resulting from that evaluation.

Due to seasonal fluctuations and other factors, the Company's operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019 or for any future period. The Condensed Consolidated Financial Statements and Notes thereto should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto included in the Company's 2018 Form 10-K.

Accounting Records

The accounting records of OG&E are maintained in accordance with the Uniform System of Accounts prescribed by the FERC and adopted by the OCC and the APSC. Additionally, 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, based on regulatory orders or other available evidence, it is probable that the costs or obligations will be included in amounts allowable for recovery or refund in future rates.

The following table is a summary of OG&E's regulatory assets and liabilities.

	March	December
(In millions)	31,	31,
	2019	2018
REGULATORY ASSETS		
Current:		
Fuel clause under recoveries	\$24.5	\$ 2.0
Cogeneration credit rider over credit (A)	7.6	—
Production tax credit rider over credit (A)	6.6	6.9
Oklahoma demand program rider under recovery (A)	—	6.4
Other (A)	2.2	3.2
Total current regulatory assets	\$40.9	\$ 18.5
Non-current:		
Benefit obligations regulatory asset	\$175.2	\$ 188.2
Deferred storm expenses	33.4	36.5
Smart Grid	23.8	25.6
Sooner Dry Scrubbers	12.5	4.5
Unamortized loss on reacquired debt	11.2	11.4
Arkansas deferred pension expenses	7.8	6.8
Other	12.6	12.8
Total non-current regulatory assets	\$276.5	\$ 285.8
REGULATORY LIABILITIES		
Current:		
Reserve for tax refund (B)	\$ 15.8	\$ 15.4
SPP cost tracker over recovery (B)	12.1	16.8
Oklahoma demand program rider over recovery (B)	3.3	—
Transmission cost recovery rider over recovery (B)	2.0	2.7
Fuel clause over recoveries	—	0.3
Other (B)	2.0	1.4
Total current regulatory liabilities	\$35.2	\$ 36.6
Non-current:		
Income taxes refundable to customers, net	\$929.3	\$ 937.1
Accrued removal obligations, net	313.6	308.1
Pension tracker	4.9	18.7

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Other	6.5	6.8
Total non-current regulatory liabilities	\$1,254.3	\$1,270.7
(A) Included in Other Current Assets in the Condensed Consolidated Balance Sheets.		
(B) Included in Other Current Liabilities in the Condensed Consolidated Balance Sheets.		

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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 or liabilities, which could have significant financial effects.

Investment in Unconsolidated Affiliates

The Company's investment in Enable is considered to be a variable interest entity because the owners of the equity at risk in this entity have disproportionate voting rights in relation to their obligations to absorb the entity's expected losses or to receive its expected residual returns. However, the Company is not considered the primary beneficiary of Enable since it does not have the power to direct the activities of Enable that are considered most significant to the economic performance of Enable; therefore, the Company accounts for its investment in Enable using the equity method of accounting. Under the equity method, the investment will be adjusted each period for contributions made, distributions received and the Company's share of the investee's comprehensive income as adjusted for basis differences. The Company's maximum exposure to loss related to Enable is limited to the Company's equity investment in Enable at March 31, 2019 as presented in Note 13. The Company evaluates its equity method investments for impairment when events or changes in circumstances indicate there is a loss in value of the investment that is other than a temporary decline.

The Company considers distributions received from Enable, which do not exceed cumulative equity in earnings subsequent to the date of investment, to be a return on investment and are classified as operating activities in the Condensed Consolidated Statements of Cash Flows. The Company considers distributions received from Enable in excess of cumulative equity in earnings subsequent to the date of investment to be a return of investment and are classified as investing activities in the Condensed Consolidated Statements of Cash Flows.

Accumulated Other Comprehensive Income (Loss)

The following tables summarize changes in the components of accumulated other comprehensive income (loss) attributable to the Company during the three months ended March 31, 2019 and 2018. All amounts below are presented net of tax.

(In millions)	Pension Plan and Restoration of Retirement Income Plan		Postretirement Benefit Plans		Total
	Net Income (Loss)	Prior Service Cost (Credit)	Net Income	Prior Service Cost (Credit)	
Balance at December 31, 2018	\$ (38.8)	\$	—\$ 4.6	\$ 5.3	\$(28.9)

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IMPROVEMENTS IT ACQUIRES FROM US. WE MAY BE UNABLE TO SELL ADDITIONAL DEBT OR EQUITY SECURITIES IN THE FUTURE, AND WE DO NOT KNOW THE EXTENT TO WHICH WE COULD MONETIZE OUR EXISTING UNENCUMBERED REAL ESTATE. ACCORDINGLY, WE MAY NOT HAVE SUFFICIENT WORKING CAPITAL OR CASH LIQUIDITY;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE SOME OF OUR BELIEFS WITH RESPECT TO CERTAIN PENDING LITIGATION. THESE STATEMENTS MAY IMPLY THAT WE WILL PREVAIL IN OUR LITIGATION OR SUCCESSFULLY SETTLE THE REFERENCED MATTERS. IN FACT, WE MAY BE UNABLE TO PREVAIL IN OUR PENDING LITIGATION OR COMPLETE SETTLEMENTS AND ANY SETTLEMENTS OR ADVERSE RULINGS MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS. ALSO, THE LEGAL AND OTHER EXPENSES WE MAY INCUR IN CONNECTION WITH LITIGATION WILL DEPEND, IN PART, UPON ACTIONS TAKEN BY OTHER PARTIES, WHICH ACTIONS ARE NOT WITHIN OUR CONTROL. OUR LITIGATION COSTS MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE HAVE A CREDIT FACILITY WITH A CURRENT MAXIMUM AVAILABILITY OF \$200 MILLION. HOWEVER, OUR BORROWING AND LETTER OF CREDIT AVAILABILITY IS SUBJECT TO OUR HAVING QUALIFIED COLLATERAL, INCLUDING ELIGIBLE CASH, ACCOUNTS RECEIVABLE AND INVENTORIES THAT VARY IN AMOUNT FROM TIME TO TIME. ACCORDINGLY, OUR BORROWING AND LETTER OF CREDIT AVAILABILITY AT ANY TIME MAY BE LESS THAN \$200 MILLION. FOR EXAMPLE, WE HAD \$141.2 MILLION OF BORROWING AND LETTER OF CREDIT AVAILABILITY UNDER OUR CREDIT FACILITY AS OF SEPTEMBER 30, 2014, OF WHICH \$41.9 MILLION WAS UTILIZED FOR OUTSTANDING LETTERS OF CREDIT. ALSO, OUR THIRD QUARTER 10-Q STATES THAT THE MAXIMUM AMOUNT AVAILABLE UNDER THE CREDIT FACILITY MAY BE INCREASED TO \$300 MILLION, SUBJECT TO AVAILABLE COLLATERAL AND LENDER PARTICIPATION. IF WE DO NOT HAVE SUFFICIENT COLLATERAL OR IF WE ARE UNABLE TO IDENTIFY LENDERS WILLING TO INCREASE THEIR COMMITMENTS OR JOIN OUR CREDIT FACILITY, WE MAY NOT BE ABLE TO INCREASE THE CREDIT FACILITY OR THE AVAILABILITY OF BORROWINGS WHEN WE MAY NEED OR WANT TO DO SO;

THIS PROSPECTUS STATES THAT WE ARE CURRENTLY IN DISCUSSIONS WITH THE LENDERS UNDER THE REVOLVING CREDIT FACILITY TO AMEND CERTAIN TERMS OF THE REVOLVING CREDIT FACILITY. THERE ARE NO ASSURANCES AS TO THE TIMING OF ANY AMENDMENTS TO, OR WHETHER WE WILL BE ABLE TO AMEND, THE REVOLVING CREDIT FACILITY OR WHAT THE FINAL TERMS OF SUCH AMENDMENTS WILL BE AS SUCH AMENDMENTS ARE SUBJECT TO NEGOTIATION AND WILL REQUIRE CONSENT FROM THE ADMINISTRATIVE AGENT AND THE LENDERS UNDER THE REVOLVING CREDIT FACILITY;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE OUR CURRENT OBSERVATIONS OF ECONOMIC AND INDUSTRY CONDITIONS. IMPROVEMENTS, IF ANY, IN THE U.S. ECONOMY IN GENERAL, OR IN THE TRUCKING OR TRAVEL CENTER INDUSTRIES SPECIFICALLY, MAY NOT CONTINUE, AND OUR FUEL AND NONFUEL SALES VOLUMES AND MARGINS MAY DECLINE;

THE INFORMATION INCORPORATED HEREIN STATES THAT WE AND HPT ARE CHALLENGING THE VIRGINIA DEPARTMENT OF TRANSPORTATION, OR VDOT, VALUATION OF THE PROPERTY WE LEASED FROM HPT AND OPERATE IN

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ROANOKE, VIRGINIA, THAT WAS TAKEN BY EMINENT DOMAIN PROCEEDINGS BY VDOT. THE IMPLICATION OF THIS STATEMENT MAY BE THAT WE AND HPT WILL RECOVER ADDITIONAL AMOUNTS FROM VDOT THAT WOULD FURTHER REDUCE OUR RENT PAYABLE TO HPT AND/OR PROVIDE US A CASH PAYMENT. HOWEVER, WE MAY NOT BE SUCCESSFUL IN OUR CHALLENGE AND WE EXPECT THAT THE ULTIMATE RESOLUTION OF THIS MATTER WILL TAKE A PROLONGED PERIOD OF TIME;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE HAVE ACQUIRED TRAVEL CENTER AND GASOLINE/CONVENIENCE STORE LOCATIONS IN 2013 AND 2014, WE REFERENCE SEVERAL ACQUISITIONS THAT WE HAVE COMPLETED OR AGREED TO COMPLETE IN 2013 AND 2014, AND WE STATE THAT WE CURRENTLY INTEND TO CONTINUE OUR EFFORTS TO SELECTIVELY ACQUIRE ADDITIONAL PROPERTIES. THERE ARE MANY FACTORS THAT MAY RESULT IN OUR NOT BEING ABLE TO ACQUIRE AND RENOVATE ADDITIONAL TRAVEL CENTERS AT PRICES THAT ARE LESS THAN THEIR REPLACEMENT COST, INCLUDING COMPETITION FOR SUCH ACQUISITIONS FROM OTHER BUYERS, THE INABILITY TO NEGOTIATE ACCEPTABLE PURCHASE TERMS AND THE POSSIBILITY THAT WE NEED TO USE OUR AVAILABLE FUNDS FOR OTHER PURPOSES, SUCH AS ADDITIONAL INVESTMENTS IN OR MAINTENANCE AND REPAIR OF OUR EXISTING TRAVEL CENTERS. ALSO, WE MAY NOT SUCCEED IN COMPLETING THE PURCHASES TO WHICH WE HAVE AGREED AND WE MAY NOT SUCCEED IN IDENTIFYING AND/OR ACQUIRING OTHER TRAVEL CENTERS. THE IMPLICATIONS OF OUR STATEMENTS MAY ALSO BE THAT WE WILL BE ABLE TO OPERATE OUR ACQUIRED LOCATIONS PROFITABLY. MANY OF THE TRAVEL CENTERS WE HAVE ACQUIRED, OR MAY ACQUIRE, PRODUCED OPERATING RESULTS WHICH MAY HAVE CAUSED THE PRIOR OWNERS TO EXIT THESE BUSINESSES AND OUR ABILITY TO OPERATE THESE LOCATIONS PROFITABLY DEPENDS UPON MANY FACTORS, INCLUDING OUR ABILITY TO INTEGRATE NEW OPERATIONS INTO OUR EXISTING OPERATIONS AND SOME FACTORS WHICH ARE BEYOND OUR CONTROL SUCH AS THE LEVEL OF DEMAND FOR OUR GOODS AND SERVICES ARISING FROM THE U.S. ECONOMY GENERALLY. WE MAY NOT BE ABLE TO SUCCESSFULLY INTEGRATE TRAVEL CENTER OPERATIONS OR OPERATE THESE LOCATIONS, OR ANY OF THEM, PROFITABLY IN THE FUTURE;

OUR ENVIRONMENTAL LIABILITY MAY BE GREATER THAN WE CURRENTLY ANTICIPATE. LEGISLATION AND REGULATION REGARDING CLIMATE CHANGE, INCLUDING GREENHOUSE GAS EMISSIONS, AND OTHER ENVIRONMENTAL MATTERS MAY BE ADOPTED, ADMINISTERED OR ENFORCED DIFFERENTLY IN THE FUTURE AND ANY SUCH CHANGES, THE MARKET REACTION THERETO OR ANY GLOBAL CLIMATE CHANGES COULD ADVERSELY IMPACT OUR OPERATIONS, CAUSE US TO EXPEND SIGNIFICANT AMOUNTS AND CAUSE OUR BUSINESS AND FINANCIAL CONDITION TO DECLINE MATERIALLY;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE ESTIMATE THAT ACQUIRED TRAVEL CENTER SITES GENERALLY WILL REACH STABILIZATION IN APPROXIMATELY THE THIRD YEAR AFTER ACQUISITION. THE IMPLICATIONS OF THESE STATEMENTS ARE THAT OPERATIONS AT THESE ACQUIRED SITES WILL IMPROVE TO A LEVEL THAT WILL RESULT IN INCREASES IN OPERATING INCOME AND NET INCOME IN THE FUTURE. MANY OF THE LOCATIONS WE HAVE ACQUIRED PRODUCED OPERATING RESULTS WHICH CAUSED THE PRIOR OWNERS TO EXIT THESE BUSINESSES AND OUR ABILITY TO OPERATE THESE LOCATIONS PROFITABLY DEPENDS UPON MANY FACTORS, INCLUDING OUR ABILITY TO INTEGRATE NEW

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OPERATIONS INTO OUR EXISTING OPERATIONS. IN FACT, THERE ARE MANY FACTORS WHICH WILL IMPACT OUR FUTURE OPERATIONS THAT MAY CAUSE US TO OPERATE LESS PROFITABLY OR UNPROFITABLY IN ANNUAL AND/OR QUARTERLY PERIODS IN ADDITION TO THESE STATED ITEMS, INCLUDING SOME FACTORS WHICH ARE BEYOND OUR CONTROL SUCH AS SEASONALITY, THE CONDITION OF THE U.S. ECONOMY GENERALLY, THE FUTURE DEMAND FOR OUR GOODS AND SERVICES AND COMPETITION IN OUR BUSINESS;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN REFERENCE ACQUISITIONS THAT HAVE BEEN AGREED BUT THAT HAVE NOT BEEN COMPLETED AS OF SEPTEMBER 30, 2014. IMPLICATIONS OF THESE STATEMENTS MAY BE THAT THESE ACQUISITIONS WILL BE COMPLETED AND THAT THEY MAY IMPROVE OUR FUTURE PROFITS. HOWEVER, THESE ACQUISITIONS ARE SUBJECT TO CONDITIONS AND MAY NOT BE COMPLETED OR MAY BE DELAYED OR THEIR TERMS MAY CHANGE. MOREOVER, MANAGING AND INTEGRATING ACQUIRED TRAVEL CENTER AND CONVENIENCE STORE OPERATIONS CAN BE DIFFICULT, TIME CONSUMING AND/OR MORE EXPENSIVE THAN ANTICIPATED AND INVOLVE RISKS OF FINANCIAL LOSSES. WE MAY NOT OPERATE THESE ACQUIRED LOCATIONS AS PROFITABLY AS WE NOW EXPECT;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN REFERENCE OUR ACQUISITION IN DECEMBER 2013 OF A COMPANY THAT OPERATES 31 CONVENIENCE STORES AND STATES THAT THE CONVENIENCE STORES WE ACQUIRED ARE HIGH VOLUME FUEL LOCATIONS, THAT THESE CONVENIENCE STORES APPEAR TO NEED ONLY LIMITED NEAR TERM CAPITAL INVESTMENT, THAT THESE CONVENIENCE STORES WILL NOT REQUIRE A LENGTHY PERIOD TO ACHIEVE STABILIZED FINANCIAL RESULTS AND THAT WE EXPECT THAT WE MAY BE ABLE TO REALIZE SYNERGIES IN PURCHASING AND MERCHANDISING AT THESE CONVENIENCE STORES. THE IMPLICATION OF THESE STATEMENTS IS THAT THESE STORES MAY HAVE A POSITIVE IMPACT ON OUR EARNINGS AND IMPROVE OUR FUTURE PROFITS. HOWEVER, ACQUISITIONS AND MANAGING AND INTEGRATING ACQUIRED OPERATIONS CAN BE DIFFICULT, TIME CONSUMING AND/OR MORE EXPENSIVE THAN ANTICIPATED AND INVOLVE RISKS OF FINANCIAL LOSSES. CHANGES OF OWNERSHIP FREQUENTLY RESULT IN PERSONNEL CHANGES AND IN REQUIREMENTS FOR NEW SUPPLY AND SALES ARRANGEMENTS. THESE OR OTHER FACTORS MAY RESULT IN LOWER FINANCIAL PERFORMANCE THAN EXPECTED OR FINANCIAL LOSSES. ALSO, MARKET CONDITIONS AFFECTING THE CONVENIENCE STORES WE ACQUIRED MAY CHANGE IN A WAY WHICH MATERIALLY AND ADVERSELY IMPACTS THE BUSINESS OF THESE CONVENIENCE STORES. WE MAY NOT OPERATE THESE ACQUIRED SITES AS PROFITABLY AS WE NOW EXPECT;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE ARE IN THE PROCESS OF DESIGNING AND IMPLEMENTING IMPROVED INTERNAL CONTROL OVER FINANCIAL REPORTING TO REMEDIATE THE MATERIAL WEAKNESSES THAT EXISTED AS OF DECEMBER 31, 2013 AND SEPTEMBER 30, 2014 AND THAT WE EXPECT THE CHANGES TO OUR CONTROL ENVIRONMENT TO BE IN PLACE AND FUNCTIONING BY THE END OF 2014. HOWEVER, WE MAY NOT BE SUCCESSFUL IN OUR REMEDIATION EFFORTS, IT MAY TAKE US LONGER THAN EXPECTED TO HAVE THE CHANGES TO OUR CONTROL ENVIRONMENT IN PLACE AND FUNCTIONING AND TO COMPLETE THE REMEDIATION AND WE MAY DISCOVER OTHER MATERIAL WEAKNESSES IN OUR INTERNAL CONTROL OVER FINANCIAL REPORTING;

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WE EXPECT TO BENEFIT FINANCIALLY BY PARTICIPATING IN AIC WITH RMR AND OTHER COMPANIES TO WHICH RMR PROVIDES MANAGEMENT SERVICES. HOWEVER, THERE CAN BE NO ASSURANCE THAT WE WILL BENEFIT FINANCIALLY FROM THIS PARTICIPATION; AND

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE OUR BELIEF THAT OUR CONTINUING RELATIONSHIPS WITH HPT, RMR, AIC AND THEIR AFFILIATED AND RELATED PERSONS AND ENTITIES MAY BENEFIT US AND PROVIDE US WITH ADVANTAGES IN OPERATING AND GROWING OUR BUSINESS. IN FACT, THE ADVANTAGES WE BELIEVE WE MAY REALIZE FROM THESE RELATIONSHIPS MAY NOT MATERIALIZE.

THESE AND OTHER UNEXPECTED RESULTS MAY BE CAUSED BY VARIOUS FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL, INCLUDING:

THE TREND TOWARDS IMPROVED FUEL EFFICIENCY OF MOTOR VEHICLE ENGINES AND OTHER FUEL CONSERVATION PRACTICES EMPLOYED BY OUR CUSTOMERS MAY CONTINUE TO REDUCE THE DEMAND FOR DIESEL FUEL AND MAY ADVERSELY AFFECT OUR BUSINESS;

THE IMPACT OF CHANGES IN THE ECONOMY AND THE CAPITAL MARKETS ON US, OUR CUSTOMERS AND OUR FRANCHISEES;

COMPLIANCE WITH, AND CHANGES TO, FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS, ACCOUNTING RULES, TAX RATES, ENVIRONMENTAL REGULATIONS AND SIMILAR MATTERS;

COMPETITION WITHIN THE TRAVEL CENTER AND CONVENIENCE STORE INDUSTRIES;

FUTURE FUEL PRICE INCREASES, FUEL PRICE VOLATILITY OR OTHER FACTORS MAY CAUSE US TO NEED MORE WORKING CAPITAL TO MAINTAIN OUR INVENTORIES AND CARRY OUR ACCOUNTS RECEIVABLE THAN WE NOW EXPECT;

ACQUISITIONS OR PROPERTY DEVELOPMENT MAY SUBJECT US TO ADDITIONAL OR GREATER RISKS THAN OUR CONTINUING OPERATIONS, INCLUDING THE ASSUMPTION OF UNKNOWN LIABILITIES;

MOST OF OUR TRUCKING COMPANY CUSTOMERS TRANSACT BUSINESS WITH US BY USE OF FUEL CARDS, MOST OF WHICH ARE ISSUED BY THIRD PARTY FUEL CARD COMPANIES. THE FUEL CARD INDUSTRY HAS ONLY A FEW SIGNIFICANT PARTICIPANTS. FUEL CARD COMPANIES FACILITATE PAYMENTS TO US, AND CHARGE US FEES FOR THESE SERVICES. COMPETITION, OR LACK THEREOF, AMONG THE FUEL CARD COMPANIES MAY RESULT IN FUTURE INCREASES IN OUR TRANSACTION FEE EXPENSES OR WORKING CAPITAL REQUIREMENTS, OR BOTH;

FUTURE INCREASES IN FUEL PRICES MAY REDUCE THE DEMAND FOR THE PRODUCTS AND SERVICES THAT WE SELL BECAUSE HIGH FUEL PRICES MAY ENCOURAGE FUEL CONSERVATION, DIRECT FREIGHT BUSINESS AWAY FROM TRUCKING OR OTHERWISE ADVERSELY AFFECT THE BUSINESS OF OUR CUSTOMERS. SOME OF THESE TRENDS MAY CONTINUE, WHICH MAY ADVERSELY AFFECT OUR BUSINESS EVEN IF FUEL PRICES DO NOT INCREASE;

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OUR SUPPLIERS MAY BE UNWILLING OR UNABLE TO MAINTAIN THE CURRENT CREDIT TERMS FOR OUR PURCHASES. IF WE ARE UNABLE TO PURCHASE GOODS ON REASONABLE CREDIT TERMS, OUR REQUIRED WORKING CAPITAL

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MAY INCREASE AND WE MAY INCUR MATERIAL LOSSES. IN TIMES OF RISING FUEL AND NONFUEL PRICES OUR SUPPLIERS MAY BE UNWILLING OR UNABLE TO INCREASE THE CREDIT AMOUNTS THEY EXTEND TO US, WHICH MAY REQUIRE OUR WORKING CAPITAL NEEDS TO INCREASE. ALSO, THE AVAILABILITY AND THE TERMS OF ANY CREDIT WE MAY BE ABLE TO OBTAIN ARE UNCERTAIN;

OUR FAILURE TO TIMELY FILE OUR ANNUAL REPORT AND OUR QUARTERLY REPORTS ON FORMS 10-Q FOR THE QUARTERS ENDED MARCH 31, 2014 AND JUNE 30, 2014, AND OUR CONSEQUENT INABILITY TO USE OUR SHELF REGISTRATION STATEMENT ON FORM S-3 UNTIL WE HAVE BEEN CURRENT IN OUR FILINGS UNDER THE EXCHANGE ACT FOR A PERIOD OF NOT LESS THAN ONE YEAR, MAY NEGATIVELY IMPACT OUR ABILITY TO ISSUE NEW DEBT AND EQUITY SECURITIES;

WE ARE ROUTINELY INVOLVED IN LITIGATION AND OTHER LEGAL MATTERS INCIDENTAL TO THE ORDINARY COURSE OF OUR BUSINESS. DISCOVERY AND COURT DECISIONS DURING LITIGATION OFTEN HAVE UNANTICIPATED RESULTS. LITIGATION IS USUALLY EXPENSIVE AND DISTRACTING TO MANAGEMENT. WE CAN PROVIDE NO ASSURANCE AS TO THE OUTCOME OF ANY OF THE LITIGATION MATTERS IN WHICH WE ARE OR MAY BECOME INVOLVED;

ACTS OF TERRORISM, GEOPOLITICAL RISKS, WARS, OUTBREAKS OF SO CALLED PANDEMICS OR OTHER MANMADE OR NATURAL DISASTERS BEYOND OUR CONTROL MAY ADVERSELY AFFECT OUR FINANCIAL RESULTS;

ALTHOUGH WE BELIEVE THAT WE BENEFIT FROM OUR CONTINUING RELATIONSHIPS WITH HPT, RMR, AIC AND THEIR AFFILIATED AND RELATED PERSONS AND ENTITIES, ACTUAL AND POTENTIAL CONFLICTS OF INTEREST WITH HPT, RMR, AIC AND THEIR AFFILIATED AND RELATED PERSONS AND ENTITIES MAY PRESENT A CONTRARY PERCEPTION OR RESULT IN LITIGATION;

AS A RESULT OF CERTAIN TRADING IN OUR SHARES DURING 2007, WE EXPERIENCED AN OWNERSHIP CHANGE AS DEFINED BY SECTION 382 OF THE CODE; CONSEQUENTLY, WE MAY BE UNABLE TO USE OUR NET OPERATING LOSS GENERATED IN 2007 TO OFFSET FUTURE TAXABLE INCOME WE MAY GENERATE. IF WE EXPERIENCE ADDITIONAL OWNERSHIP CHANGES, AS DEFINED IN THE CODE, OUR ABILITY TO USE OUR NET OPERATING LOSSES GENERATED AFTER 2007 COULD BE LIMITED OR ELIMINATED; AND

WE ACCUMULATED A SIGNIFICANT DEFICIT DURING THE YEARS 2007 THROUGH 2010. ALTHOUGH WE GENERATED NET INCOME FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2014, AND OUR PLANS ARE INTENDED TO GENERATE NET INCOME IN FUTURE PERIODS, THERE CAN BE NO ASSURANCE THAT THESE PLANS WILL SUCCEED.

RESULTS THAT DIFFER FROM THOSE STATED OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS MAY ALSO BE CAUSED BY VARIOUS CHANGES IN OUR BUSINESS OR MARKET CONDITIONS AS DESCRIBED MORE FULLY IN THIS PROSPECTUS UNDER THE CAPTION "RISK FACTORS."

YOU SHOULD NOT PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS. EXCEPT AS REQUIRED BY LAW, WE UNDERTAKE NO OBLIGATION TO UPDATE OR REVISE ANY FORWARD LOOKING STATEMENT AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

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\$120,000,000

TravelCenters of America LLC

8.00% Senior Notes due 2029

PROSPECTUS

December 9, 2014

Citigroup
Morgan Stanley
RBC Capital Markets
UBS Investment Bank
MLV & Co.
BB&T Capital Markets
Janney Montgomery Scott
Oppenheimer & Co.
