

# Oklahoma Municipal Power Authority (OMPA)

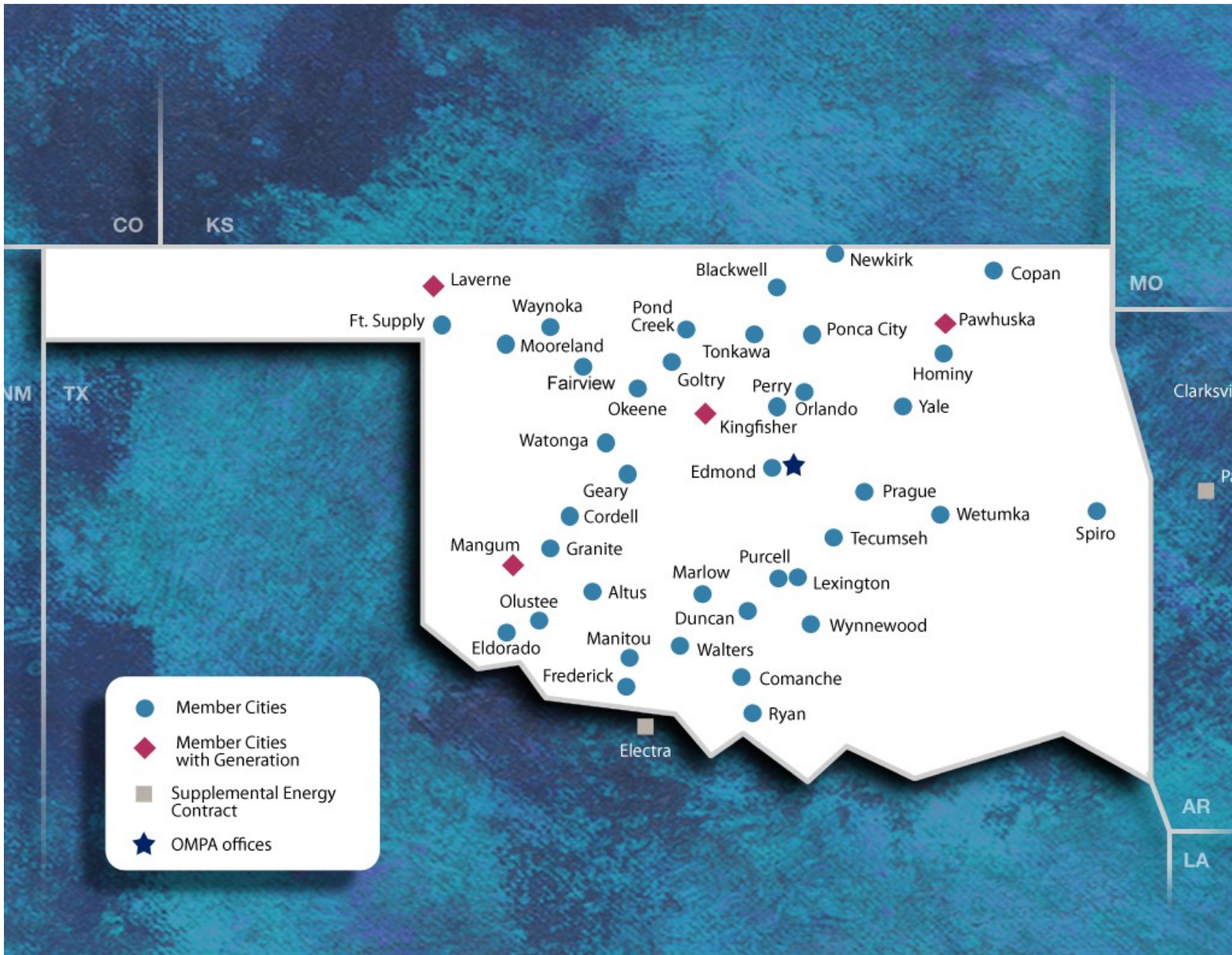
Considered a Municipal Joint Action Agency

Provides wholesale electricity to 42 Oklahoma municipal members

Non-appropriated state agency

Members represented by committee members: Altus, Comanche, Duncan, Edmond, Eldorado, Frederick, Ft. Supply, Granite, Kingfisher, Laverne, Manitou, Okeene, Olustee, Prague, Tecumseh, Walters, Watonga, Wetumka, Wynnewood.

Majority are low-income, rural communities



# Concerns with Expansion of RFOR

- OMPA is a Transmission Dependent Utility. Which means we pay the wholesale transmission rates of the incumbent transmission owner.
- Transmission has been OMPA's fastest growing expense over the past 8 years with the transmission expansion through SPP – grown from ~\$14m in 2015 to now over \$23m/yr. – that is a 64% increase. During that period, our Load has remained virtually flat.
- This has had a direct impact on the cost of electricity paid by the citizens of our members.
- Transmission has become a growth opportunity for some regulated utilities as they earn 10.5 to over 11% ROE on 30-40 yr. assets.
- It is essential to control the cost of these projects, and following FERC Order 1000 is critical. Controlling project costs upfront in the selection process is the best way.
- As most new transmission proposed at SPP is at 345kV, and certainly the most expensive, it needs to be competitively bid through the SPP process – this lowers the cost up front in the design process.



# Concerns with Expansion of RFOR - Cont'd

- Recent project awards by SPP resulted in significant savings – including that the winner guaranteed a cost cap. A project was awarded in August, again with significant savings. The original estimate was \$376 million and was awarded for \$291.6 million.
- The OCC oversight of transmission rate recovery has its limitations. Having project savings is more important to consumers than OCC review after the fact. The OCC is not involved in the decision up front to construct. In addition, OCC's oversight is for retail rate recovery, not wholesale.
- The goal should be to control costs and keep transmission rates in check, and the best way to do that is to continue the existing structure. Giving incumbent transmission owners exclusive rights is akin to writing blank checks.
- Expanding the ROFR will result in potentially \$billions of future transmission projects moving forward without competitive designs, construction management and techniques, etc.
- We may have only seen the tip of the iceberg when it comes to transmission buildout. We can't afford expanding the ROFR.

# Thank You for your consideration.

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