Building A FOUNDATION FOR THE Future

Oklahoma Municipal Power Authority (OMPA)
2013 Annual Report

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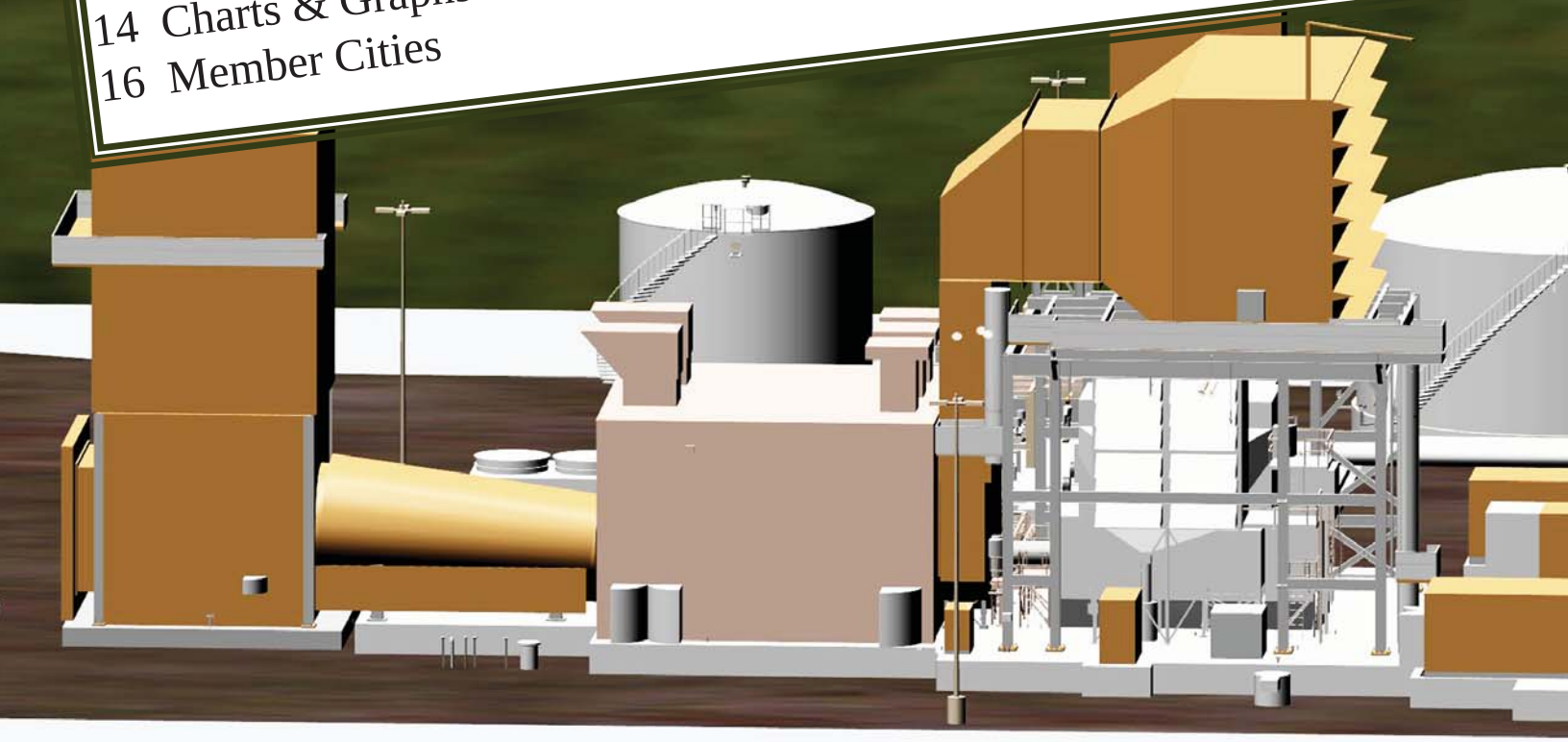


Rendering of the Charles D. Lamb Energy Center.
The Energy Center is expected to be complete in April of 2015.

Highlights of 2013

OMPA completes the pricing of $132,920,000 in power supply system revenue bonds, series 2013A to fund construction of the Charles D. Lamb Energy Center, and the series 2013B ($39,565,000) to fund other capital improvements to the power supply and transmission system.

Procurement contract executed by Siemens Energy Inc. to supply the 103-megawatt simple-cycle combustion turbine generator for the Charles D. Lamb Energy Center. The general contractor, TIC (The Industrial Company), was approved at the December 2013 board meeting.
In all, the OMPA Board of Directors approved 16 contracts related to this project.

Invested approximately $1.8 million in Kingfisher, Laverne, Mangum and Pawhuska to upgrade their existing generation facilities to meet the new Reciprocating Internal Combustion Engines (RICE) rules mandated by the U.S. EPA.

David W. Osburn, Assistant General Manager, becomes General Manager on August 1st. Former General Manager, Cindy L. Holman, retired on July 31st after a 28-year career with OMPA.

Twenty-four Demand and Energy Efficiency Program (DEEP) projects were completed with an estimated load reduction of 657.8 kW, resulting in an estimated savings of 3,017,196 kWh of electric energy. A total of $79,411 in rebate checks, or an average of $120.73/kW, was paid to customers in nine member cities.

A total of 789 tons of HVAC equipment was rebated under the Ways I Save Electricity (WISE) Rebate program. A total of $113,868 was provided to member cities for WISE rebates. An estimated 394.13 kW, or 472,956 kWh, were saved due to the installation of the high-efficiency heating and cooling units.

Two member municipal electric systems, Fairview Utilities Authority and Tonkawa Municipal Authority, were approved by the OMPA Board for certification in the Competitive Utility Program (CUP), bringing the total number of cities CUP certified to 19.

Building on a Strong Foundation

A letter from our Board Chair and General Manager

The theme for the 2013 Annual Report, Building on a Strong Foundation, illustrates how the accomplishments of 2013 by the Oklahoma Municipal Power Authority (OMPA) have laid the foundation for even greater success in the future. These achievements are like building blocks that continue to add to the legacy of OMPA by providing its member cities with a diverse, stable power supply and services to better serve their customers. Together they add up to an agency that is committed to serving municipal electric systems in Oklahoma.

The Authority experienced a change in leadership in 2013 with Cindy L. Holman, General Manager, announcing her retirement effective July 31st and David W. Osburn, Assistant General Manager, assuming the position of General Manager on August 1st. Ms. Holman's 28-year career with OMPA culminated in her being selected as the Authority's second General Manager, succeeding Roland H. Dawson, on February 1, 2007. Prior to being promoted to General Manager, she had served as the Director of Operations and Chief Financial Officer. The OMPA Board recognized her years of service during the 2013 Annual Electors' Meeting, as a plaque was unveiled naming OMPA's Executive Conference Room in her honor.

In 2013, we saw significant activity towards the development of the Charles D. Lamb Energy Center in northern Kay County. The OMPA Board voted to name the facility after their chairman. In all, the OMPA Board approved 16 contracts related to this project. All required permits have been issued and all equipment components have been ordered for the plant. We appreciate the significant amount of time and effort put forth by OMPA staff in design reviews, bid preparations and reviews, and overall project coordination. The general contractor, TIC (The Industrial Company), was approved at the December 2013 board meeting. Construction is expected to begin in February 2014 and be completed in April 2015. With the award to TIC, the project costs have come well under budget, providing additional savings to our 39 member cities.

This culminated with OMPA celebrating a significant milestone on February 13, 2014 in a pasture north of Ponca City with the groundbreaking for the Charles D. Lamb Energy Center. This is the first time that OMPA has purchased land for the development and operation of a power plant, which will be entirely owned and operated by the Authority. The groundbreaking marks another step in the growth and development of the agency in meeting the needs of our member cities with cost efficient and reliable electricity. It also is the state's first natural-gas fired power plant since 2011.

Initially, this new plant will be used only in peak demand times, usually during the daytime in summer. The facility will be constructed on a site comprised of 160 acres, which will allow OMPA to expand the simple cycle plant into a combined cycle for improved efficiency and increased output and even construct additional units in the future.

OMPA undertook other projects in 2013 that helped shore up the foundation of our existing power supply program. The Authority invested approximately $1.8 million in four of our member cities to upgrade their existing generation facilities

to meet the new Reciprocating Internal Combustion Engines (RICE) rules mandated by the U.S. Environmental Protection Agency (EPA). This investment enables OMPA to continue to rely on over 25 megawatts of generation to meet our capacity requirements to the Southwest Power Pool. These projects, located in Kingfisher, Laverne, Mangum and Pawhuska, were completed in 2013. In addition, OMPA, in cooperation with our partners, authorized significant upgrades to the Redbud and McClain power plants. Both of these plants will be retrofitted in 2014 with Advanced Gas Path technologies that will result in increased output and improved efficiencies. It is estimated that OMPA will realize an additional 13 megawatts from these upgrades. Besides capacity increases, this new technology will allow for longer periods between major overhauls (hot gas path), resulting in significant savings for the Authority and its members. As both Redbud and McClain are already very efficient natural gas plants, having increased capacity from these units will be very valuable in the long-term.

OMPA continues to offer its members a variety of programs that promote energy efficiency and load reduction. Two of these programs are the Demand and Energy Efficiency Program (DEEP) and the Ways I Save Electricity (WISE) Rebate Program. Through DEEP, OMPA provides rebates to commercial/industrial customers who implement retrofits that reduce their demand at peak times. The WISE program provides rebates for qualifying high-efficiency air conditioners and heat pumps for both residential and commercial installations.

Another OMPA energy services program, the Competitive Utility Program (CUP), is designed to assist our member electric utilities, through a self assessment, to recognize best practices in their business operations and the importance of providing great customer service to their customer/citizen owners. This program provides two types of rewards – recognition in the form of certification as a competitive utility and financial awards. At the end of 2013, Fairview Utilities Authority and the Tonkawa Municipal Authority were approved by the board for CUP certification, bringing the total number of member cities certified in this program to 19.

OMPA has undertaken a more aggressive approach to rolling out new services designed to assist our member cities in dealing with changes in customer needs and technology as customers request more from their local utility. Three programs we are considering offering to our members in 2014 include a joint billing system, an advanced metering system and load profiling for commercial/industrial customers. OMPA is a member-driven organization, and as such, programs like these are a result of collaboration between our member cities and Authority staff.

2014 will bring its own challenges with the construction of the Charles D. Lamb Energy Center and the implementation of a Day 2 market in the Southwest Power Pool. We are confident in our ability to succeed. OMPA's primary focus is, and always will be, serving its member cities. We are excited about the activities and programs mentioned above as they will continue to strengthen the OMPA organization and build on our foundation of success.

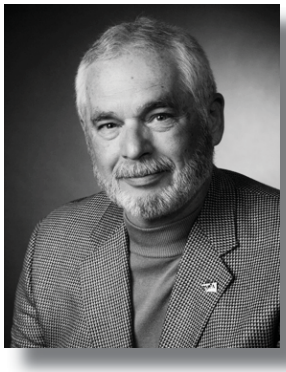
The OMPA Board has also undertaken a more proactive program to reach out, to be a resource and to educate the policy makers both at the state and national levels on issues of importance to OMPA and its members. We are planning a more active role for the electors in our member cities in this new effort. We want to expand the voice and positive visibility of OMPA as we address the new rule-making affecting our business.

We will continue to seek ways to build and strengthen our relationships with our members, while continuing to uphold the principles contained in our Mission Statement: "To provide reliable, low cost energy and services to municipal entities to enable each municipality to be competitive, while maximizing the benefit to our stakeholders." We look forward to a successful 2014.

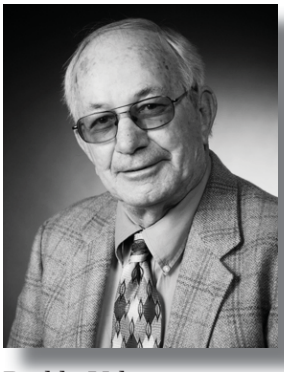
Charles Lamb
Board Chair

David W. Osburn
General Manager

Board of Directors

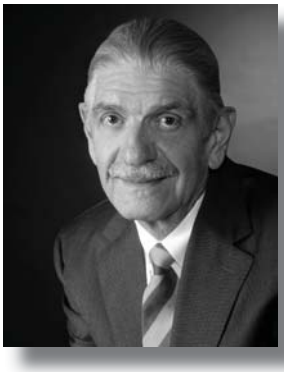


Charles Lamb
Chair
Mayor/Elector
Edmond, Oklahoma
Ex-officio of all Board appointed committees



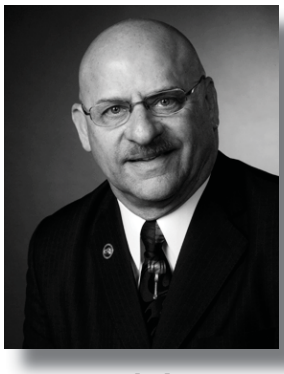
Buddy Veltema
Chairman Emeritus
Vice Chair
Elector
Walters, Oklahoma
Executive Commitee

Dale Bunn
City Manager/Elector
Purcell, Oklahoma



Jim Frieda
City Manager/Elector
Duncan, Oklahoma

Elizabeth Gray
City Manager/Elector
Altus, Oklahoma



Homer Nicholson
Mayor/Elector
Ponca City, Oklahoma
Legislative Committee

Robert Johnston
City Manager/Elector
Secretary
Frederick, Oklahoma
Executive/Finance Committees
Legislative Committee

James C. Joseph
State Bond Advisor
Ex-Officio Member
Finance Committee

John Ramey
Treasurer
City Manager/Elector
Okeene, Oklahoma
Executive/Finance Committees

Mary Rupp
City Manager/Elector
Perry, Oklahoma

Mark Skiles
City Manager/Elector
Blackwell, Oklahoma
Finance Committee

Leslie Swinerton
Mayor/Elector
Geary, Oklahoma
Legislative Commitee

Key Staff

David Osburn
General Manager

Randy Elliott
General Counsel

Mike Mushrush
Director of Operations

John Vansant, CPA
CFO/Director of Corporate Services

Drake Rice
Director of Member Services

Jim McAvoy, P.E.
Manager of Engineering Services

Roger Farrer, Ph. D., CEM, CEA
Manager of Energy Services

Bruce Jackson, CPA
Manager of Accounting Services

Malcolm Booker
Manager of Financial Services

MaryDoris Casey
Markets Manager

Umesh Sadalge
Senior Facilities Engineer

Andrea Simmons
Adminstrative/HR Supervisor

OMPA Edmond, OK Employees

Obtaining Power Resources

During 2013, 16 equipment procurement contracts were executed for the construction of the Charles D. Lamb Energy Center (CDLEC). Of those contracts, one was with Siemens Energy Inc. to supply the 103-megawatt simple-cycle combustion turbine-generator and another with TIC (The Industrial Company) to be the general contractor for the project. TIC will also engineer and construct the 345 kV switchyard that will connect the energy center to an OG&E interconnect substation. The facility will be constructed on a 160-acre site in Kay County, Oklahoma. The site is approximately seven miles north of Ponca City and east of Blackwell, on the north side of State Highway 11. Both Ponca City and Blackwell are served by OMPA.

Rendering of Charles D. Lamb Energy Center

The site was selected due to its close access to a 345-kilovolt transmission line and a major natural gas pipeline. The transmission line will allow the power to immediately be delivered onto the regional transmission grid, while the gas line will allow the fuel supply to reach the plant. Water for the plant will be supplied by the Ponca City Utility Authority. Once completed, the plant will be operated by the OMPA Power Production Department in Ponca City. The size of the site will allow OMPA to add units, if needed, in the future.

A groundbreaking ceremony at the site is scheduled for February 13, 2014. Construction of the plant is to begin in February 2014, with a targeted completion date of April 2015. A public meeting regarding the plant was held at the Pioneer Technology Center in Ponca City in May 2013. OMPA officials provided a presentation on the plant and addressed questions from city officials and the public.

The power plant will be the first one developed, owned and operated by OMPA. The plant will be primarily used for peaking power. Peaking power is power that is produced due to the high demand for electricity during the summer months. The facility will be a quick-start plant and will have very little noise, due to the sound minimizing barrier around the turbine. The OMPA Board of Directors voted to name the facility after their Board Chair. Since 2001, Charles Lamb has served as Board Chair and is the longest tenured elected official to serve as chair.

To finance the new (CDLEC) generating facility, OMPA completed the pricing of $132,920,000 in power supply system revenue bonds, Series 2013A. The budget for the new facility is $115 million. However, the projected final cost will be several million dollars below budget. The bond pricing was completed with a true interest cost of 3.911 percent for a maximum 35-year term. The bonds will also be used to fund other capital improvements to the power supply and transmission system. To bridge the power supply gap before the plant comes on line, OMPA executed a 40-megawatt power purchase agreement with Westar Energy's Spring Creek Energy Center, a 300-megawatt natural gas facility, in Edmond, Oklahoma. The Authority also executed another power purchase agreement with Calpine for 50 megawatts from 2014 to 2018.

Other Plants

At its April business meeting, the OMPA Board approved capacity and efficiency upgrades to the Redbud Generating Facility and the McClain Plant, as well as other system improvements. OMPA partnered with Oklahoma Gas & Electric (OG&E) and Grand River Dam Authority (GRDA) in 2008 to purchase the 1,230-megawatt natural gas-fired Redbud located near Luther, Oklahoma. OMPA owns a 13 percent share (160 megawatts) of the plant, with OG&E owning 51 percent interest and GRDA owning the remaining 36 percent. The McClain Plant is a 520-megawatt merchant power plant located near Newcastle, Oklahoma. OMPA purchased a 23 percent ownership share (120-megawatts) of this plant in 2000 with OG&E also being the majority owner and operator of this plant.

In April 2013, Drake N. Rice, Director of Member Services, and Randy Elliott, General Counsel, attended the dedication of the John W. Turk, Jr. Power Plant. OMPA owns a 6.6 percent (43 megawatts) share in the 650-megawatt baseload power plant, located in Hempstead County, Arkansas. The Turk Plant is operated by American Electric Power's (AEP) regional utility Southwestern Electric Power Company (SWEPCO). More than 400 local residents, power company employees, state and local officials attended the dedication of the $2 billion facility, which was the largest capital investment in Arkansas history.

John W. Turk, Jr. Power Plant
Hempstead County, AR

Edison Electric Institute (EEI), a leading utility trade group, awarded AEP the 2013 Edison Award, the electric power industry's most prestigious honor, for the company's completion and commercial operation of the Turk Plant. The plant, which began operations on December 20, 2012, is the first U.S. power plant to employ an advanced ultra-supercritical steam cycle. This allows the plant to use less fuel and produce fewer emissions to create the same amount of power as other pulverized coal-based power plants.

Landfill-Gas-to-Energy Dedication

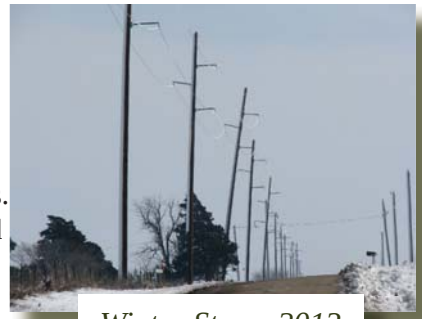
Rice also attended the dedication of OMPA's landfill-gas-to-energy project in Sand Springs, Oklahoma in April 2013. In addition to Rice, Cindy L. Holman, former General Manager, Charles Lamb, Board Chair, John Ramey, Board Member, and Jay Albert, Deputy Secretary of Energy for the State of Oklahoma, attended the ribbon cutting ceremony held at the site. This project, which became operational on February 27, 2013, is the first landfill-gas-to-energy project to begin commercial operations in Oklahoma. The project was funded by the project developer Montauk Energy. The municipal solid waste plant will initially produce 3-megawatts, but may grow to 7-plus megawatts in the future. Landfill-gas-to-energy projects generate electricity more than 90 percent of the time, 24 hours a day, and seven days a week.

Future

Diversification in generation resources with coal, natural gas, methane gas, wind and hydro protect OMPA from being overly dependent on one fuel-source or any single power plant. We will continue to plan our power supply with an economic emphasis while maintaining maximum flexibility for the 39 cities we serve.

Maintaining Municipal Electric Systems

In 2013, Oklahoma's weather included a mix of significant drought, flooding, violent tornadoes, bitter cold and more. On February 24th, a major winter storm that brought as much as 22 inches of snow to parts of Oklahoma caused power outages to eight OMPA member cities. This storm resulted in Governor Mary Fallin declaring a state of emergency for 56 Oklahoma counties. Member cities Fairview, Geary, Goltry, Granite, Okeene, Ponca City, Watonga and Waynoka reported power outages due to the snow and blizzard conditions. The City of Kingfisher also was affected, but has a municipal power plant that generated and supplied power to the city.



Winter Storm 2013

Hundreds of downed power lines and poor road conditions delayed restoration efforts. Crews from Edmond Electric and Purcell Municipal Electric assisted Okeene Oklahoma Power System crews and Fairview Electric crews with replacing damaged poles on their distribution systems. The majority of cities affected by the storm had power restored by the evening of February 27th. Due to the extent of the damage, along with road conditions, transmission service remained out in Goltry affecting 169 customers until the afternoon of February 28th.

Edmond Tornado 2013

As a result of the May tornadoes, four member cities – Duncan, Edmond, Marlow and Ryan – experienced transmission outages. There were also some cases of the storms causing a few distribution system outages. The number of distribution system outages was small enough that the member cities were able to restore power to their customers on their own.

In addition, on October 1st, member city Comanche experienced a power outage due to a failed circuit switcher on the transformer at the city's substation. OMPA Engineering staff, with assistance from Duncan Power crews, worked with Comanche's electric department to restore power to the approximately 900 customers that were affected during the outage.

RICE Environmental Upgrades

The OMPA Board of Directors held their fall planning retreat in Kingfisher to see first-hand the recent $1.9 million investments OMPA made to one of four local power plants. These investments were made in order to comply with U.S. EPA's National Emissions Standards for Hazardous Air Pollutants (NESHAP) for (stationary) Reciprocating Internal Combustion Engines (RICE) that went into effect in 2013. Under the new RICE rules, facilities with stationary engines are required to meet stringent emissions standards, verify compliance, perform maintenance activities, and report their continued compliance to EPA. The other three member cities that have municipal generation facilities that underwent improvements to their plants in 2013 were Laverne, Mangum and Pawhuska.

Stationary engine air quality rules have become more stringent and complex at both the federal and state levels. OMPA compliance staff assisted these four member cities to ensure that they met the emissions standards and maintained the necessary record keeping.

Southwest Power Pool (SPP)

In February, Phyllis E. Bernard, Southwest Power Pool (SPP) Board of Directors member, visited the OMPA offices in Edmond and toured the Redbud Generating Facility, the Kingfisher Municipal Power Plant and the Canadian Hills Wind Farm. OMPA owns a 13 percent share (155 megawatts) of the 1,230-megawatt natural gas-fired Redbud facility near Luther, Oklahoma that is operated by OG&E. OMPA entered into a 25-year agreement with Apex Energy Holdings LLC to purchase 49.2 megawatts of wind generation from Canadian Hills Wind Farm located near El Reno, Oklahoma.

SPP Board Member Tours Canadian Hills Wind Farm

SPP is a Regional Transmission Organization, mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure and competitive wholesale prices of electricity. OMPA is a member of SPP that serves customers across all, or parts, of nine southwestern states, including Oklahoma.

OMPA Operations Center staff prepared for the Integrated Marketplace, a day ahead, financially binding market that SPP will implement in the first quarter of 2014 by undertaking mock auctions and connectivity testing. SPP's day ahead market determines the most cost-effective and reliable mix of generation for the region. Currently, each market participant decides which generation it will run the next day to meet its own needs, based on knowledge of its own system. Generation choices are limited, and market participants may incur costs that could be avoided through the implementation of the Integrated Marketplace.

SPP is investing in new transmission projects over the next 10 years to improve the regional electric grid. These projects will reduce congestion on power lines to better integrate SPP's east and west regions, thereby improving SPP members' ability to deliver power to customers and to facilitate the addition of new renewable and non-renewable generation. These steps taken by SPP should improve service to our members and the region, which should result in stronger grid reliability and greater cost savings and efficiencies.

SCADA

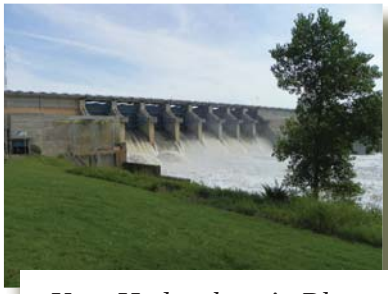
OMPA's current Supervisory Control and Data Acquisition (SCADA) Wide Area Network (WAN) communications infrastructure relied on old technology, land line services called Frame Relay that were being discontinued by all major service providers. This would have had a drastic impact on OMPA's ability to gather meter data that is used for forecasting, scheduling, settlements, regulatory requirements and systems monitoring.

Early in 2013, OMPA SCADA staff started working on a replacement communications system and tested cellular wireless technology at several member cities. The tests were successful and proved even more reliable than Frame Relay land-line network connections, achieving connection and data rates of about 99 percent. This new infrastructure will provide reliable, less costly and secure data communications that will meet OMPA's needs for the next five to 10 years.

Since 2006, OMPA has spent an average of $158,000 per year on Frame Relay services. Projected savings for the new SCADA wireless communication system when fully implemented is $60,000 per year. This new system will also allow remote engineering access for device/systems management and true redundancy at, and between OMPA's Primary and Disaster Recovery sites, something OMPA never had before. These capabilities are essential to maintain continuity of operations, keep up with growth and change and meet future regulatory requirements. In addition, OMPA is researching the possible use of Geostationary Satellite networks that could be used as back-up, or in some extreme cases, as the primary connection for sites on the fringes of cellular coverage.

Ponca City

In 2013, OMPA employees at the Ponca City Power Plant Complex in Ponca City, Oklahoma performed regular maintenance and started identifying major work to be done in 2014 involving turbine maintenance and control system upgrades to Unit 3. The complex includes two natural gas turbines, Unit 3 with a net output of 62 megawatts in combined cycle mode with Units 1, and Unit 4 with 42 megawatts of net output. These employees also identified a need to change out the original governor at the 29-megawatt Kaw Hydroelectric Plant, located near Ponca City on Kaw Lake. Replacement of the governor will be planned for 2014.



Kaw Hydroelectric Plant

Future

Providing reliable power to our member cities will continue to be a main priority for OMPA. In 2013, OMPA Engineering staff assisted member city Comanche with the rebuilding of its substation. Staff also worked with Marlow on their plans to expand their substation in 2014. In addition, staff started planning for upgrades to the OMPA owned substations at member cities Okeene, Spiro and Wynnewood. This included the purchase of an additional transformer in January 2014 for the Wynnewood substation. Besides substation projects, OMPA Engineering staff plans to replace 28 old wooden poles on transmission lines it owns with steel poles and establish an inventory of spare steel poles in the Ponca City and Purcell areas.

Promoting Public Power

Public Power in Oklahoma faces many challenges. One of those challenges includes the need for our member cities to be prepared to educate their customers on the value of owning their local utility in times of rising costs. There are many regulatory impacts in the power industry, in addition to other cost drivers (i.e. transmission expansion, new construction, fuel prices, etc.) that will continue to impact the cost of electricity over the next two to five years. Many Oklahoma communities rely on utility revenues to support city services in the absence of sales tax revenues.

One of the ways OMPA promotes Public Power in Oklahoma is partnering with Municipal Electric Systems of Oklahoma (MESO) to sponsor the annual Public Power Conference. "Peaking Power Performance" was the theme of the conference held at the Reed Center in Midwest City. This conference had a record attendance with an overall total of 225 people, including guests. Of those attending the conference, there was a total of 103 city personnel representing 34 cities from Oklahoma, Arkansas and Kansas. MESO is an association of municipally-owned electric utilities that provide electric service to over 400,000 residents.

Mark Crisson, the opening speaker at the 2013 Public Power Conference

The conference is geared towards energy services staff, customer service personnel, as well as electric superintendents and linemen. This yearly conference provides participants with new programs, ideas, processes and equipment that might benefit their utility. Breakout sessions dealt with technical issues, customer service and energy services programs.

The opening speaker was Mark Crisson, President and CEO of the American Public Power Association (APPA). APPA is the service organization for the more than 2,000 U.S. community-owned electric utilities that serve over 47 million Americans.

OML Annual Conference

For the first time, OMPA staff shared a booth with staff from MESO and the Grand River Dam Authority (GRDA) at the Oklahoma Municipal League's (OML) Annual Conference held in Tulsa. OML, which celebrated its 100th anniversary in 2013, is an association of the incorporated cities and towns of Oklahoma organized for mutual assistance and improvement. During the conference, the three organizations had the opportunity to speak with attendees about the advantages of municipal ownership of their electric systems.

2013 All-Employee Trainer Sheriff J.B. Smith

Training

OMPA provides a variety of training opportunities to those in our member cities in order to strengthen customer relationships and promote professional development. The Authority conducts All-Employee Training each year in several regional locations to make it more accessible for employees to attend the training.

Former Sheriff J. B. Smith, Emmy Award-winning author, humorist, auctioneer and rancher, conducted the sessions held in 10 member cities during the months of October and November. Smith emphasized the importance of attitude during his presentation "Laughter is Lawful," which drew upon his 36 years

in law enforcement as the sheriff of Smith County, Texas. The overall attendance this year was 627, with 22 cities sending employees to the training.

Public Power Week 2013

Public Power Week
This year marked Public Power Week's 27th anniversary as a country-wide program to celebrate the importance of public power to local citizens. This event is sponsored by the American Public Power Association (APPA), based in Washington, DC.

OMPA staff assisted five of our member cities with their open houses and provided several other cities with materials. Staff also coordinated the ordering of 6,500 Compact Florescent Light Bulbs (CFLs). Several member cities gave the CFLs to their customers during Public Power Week.

Congressman Frank Lucas visits OMPA

"Legislative Branding"
In 2013, OMPA continued to maintain its "legislative branding" initiative started in 2012, which involved the hiring of a government relations firm to assist in raising awareness of OMPA's profile on the state and federal levels. OMPA also invited state and federal legislators, including U.S. Congressman Frank Lucas (R-Cheyenne), to our headquarters for a tour of our facility to increase their awareness of the critical role Public Power plays in Oklahoma.

OMPA Website
To improve communication with our members, OMPA launched its newly enhanced website, www.ompa.com. The website is essentially the same layout as our previous website, but with a facelift. The website features scrolling pictures of our member cities, emphasizing their ownership of their municipal electric systems and the important role they play in OMPA.

The newly designed website is also smartphone and tablet friendly. This means that when the site is visited from a smartphone or a tablet, the site will automatically recognize the device and condense the material to the appropriate dimensions. In addition, the website features a Facebook scroll on the home page that shows our recent social media posts.

Future
OMPA continues to look at ways to disseminate Public Power's primary focus – its fundamental obligation to serve its customers and to be responsive to the communities they serve. Public Power utilities are directly accountable to the people they serve through locally elected or appointed officials.

In April 2014, OMPA looks forward to being involved in the 14th Annual APPA Public Power Lineworkers' Rodeo that will be hosted by OMPA member Edmond Electric. This national event is the ultimate venue for public power lineworkers to demonstrate their skill and knowledge. The rodeo will be held in conjunction with the APPA Engineering and Operations Technical Conference in Oklahoma City.

Assisting Member Cities

A well-designed power supply program should always contain energy efficiency programs, or other types of demand reduction programs. OMPA provides our 39 members with a variety of energy services programs. Most of these programs are directed towards load reduction and energy efficiency improvements. Reduction in demand helps keep energy rates competitive for our member cities and delays the need for OMPA to add generation capacity to our system.

DEEP Awards 2013

DEEP

One of these programs, the Demand and Energy Efficiency Program (DEEP), since its start four years ago, is becoming largely known and accepted by our member cities. DEEP helps existing commercial and industrial customers in our member cities stay in business and remain competitive in their particular marketplace with their products and services by lowering their electric costs. DEEP provides rebate awards to cities and their commercial and industrial customers, who implement energy-saving measures that reduce their summer peak electric demands. Projects are evaluated on a case-by-case basis, and funds available for an individual project are determined through submission of detailed project plans.

In 2013, 24 DEEP projects were completed with an estimated load reduction of 657.8 kW resulting in an estimated savings of 3,017,196 kWh of electric energy. A total of $79,411 in rebate checks or an average of $120.73/kW was paid to customers in nine member cities. The majority of the projects involved lighting upgrades. These savings can then be used to expand product lines, hire new employees, improve other business systems, or just to reduce the length of the payback for the energy reduction project.

WISE Rebate Recipient John Ross Elementary

WISE Rebate Program

In addition to DEEP, the Ways I Save Electricity (WISE) Rebate Program provides rebates for qualifying high-efficiency air conditioners and heat pumps to customers in our member cities. The rebates are available for both residential and commercial installations. This rebate program is a cost sharing program between OMPA and our participating member cities.

The OMPA Board in 2013 approved the recommendation of the Energy Services Committee to modify the qualifying criteria and rebate amounts of the WISE Rebate Program to include commercial rebate standards.

One of the unique aspects of this rebate program is that the minimum requirements for rebates are equal to or above the minimum standards required by the U.S. Environmental Protection Agency's (EPA) Energy Star program. This means the equipment installed, in most cases, is higher than the minimum standards set by the U.S. Department of Energy.

In 2013, a total of 789 tons of HVAC equipment was rebated – 188 tons were ground source heat pumps, 73 tons were air-source heat pumps and 54 tons were dual-fuel heat pumps. Also, 474 tons of air conditioners were rebated. A total of $113,868 was provided to member cities for WISE rebates. An estimated 394.13 kW or 472,956 kWh were saved due to the installation of the high-efficiency heating and cooling units for 123 customers in 14 of our member cities.

Loop-Leasing for Geothermal Heat Pumps (GHP)
To offset some of the costs associated with GHP installations, the OMPA Board approved and set aside $1 million for OMPA member cities to borrow from to assist with the up-front costs of the installation of geothermal heat pumps in their communities. The loop-leasing program allows our member cities to borrow funds from OMPA at a low interest rate to finance the drilling of the geothermal loop wells needed to install a GHP system. The city then passes on the costs for the loops to their customers.

CUP
Another program OMPA offers its members is the Competitive Utility Program (CUP). CUP is a voluntary program that provides our members with a way to evaluate and improve the operation of their electric utilities, and makes them able to better compete in the electricity utility industry. CUP provides two types of rewards – recognition in the form of certification and financial awards. At the end of 2013, two member municipal electric systems, Fairview Utilities Authority and Tonkawa Municipal Authority, were approved by the OMPA Board for CUP certification, bringing the total number of CUP certified cities to 19.

Tonkawa Municipal Authority
CUP Certification

Energy Audits
OMPA also offers free energy audits to residential customers as long as they purchase their electricity from an OMPA member city. The comprehensive energy audit takes approximately two hours to complete and includes a blower-door test. After the audit has been completed, each customer receives a free weatherization kit, along with an audit report. In 2013, a total of 214 energy audits were conducted in 23 of our member cities.

SafeElectricity®
In 2013, OMPA also purchased a membership with the Energy Education Council that allows all of our member cities to have access to their Safe Electricity® program website and materials. Safe Electricity® offers OMPA and our members a multitude of ready-made education materials and communication tools, including press releases, annual electrical safety campaigns and royalty free photographs to be used in publications.

Questline
OMPA continues to offer other programs like Questline, which is a key accounts support program for our member cities. This program provides technical and business-oriented information to commercial and industrial customers. Questline delivers a monthly electronic newsletter, Power Lines, on behalf of the participating member city, to commercial and industrial customers, who have signed up for the program. Each issue focuses on energy-related technology or business subjects, including ways to lower costs, improve productivity and reduce energy usage, that are relevant to everyday operations of commercial and industrial customers. This professional information resource also gives access to an extensive web-based reference library, and Ask-an-Expert hotline and webinars on energy-related topics and technologies.

Future
OMPA seeks to embrace the challenge of meeting the customers' needs in our member cities in a "smartphone" era. The demand from customers for more mobile technologically-based services will only continue to grow. OMPA wants our member cities to be prepared to offer these services and we stand ready to assist our cities with implementing these services. Three new programs being considered for launch in 2014 include a joint billing system, an advanced metering system and load profiling for commercial and industrial customers.

Net Revenues & Debt Service Coverage

In thousands	2013	2012	2011	2010	2009
Operating revenues	$180,364	$169,661	$168,109	$156,868	$147,670
Operating expenses					
Purchased power	47,852	41,697	44,445	36,928	39,878
Generation	62,518	60,448	62,735	62,286	54,704
Transmission	16,760	14,239	11,893	11,580	12,408
Other operating expenses	8,069	7,925	7,114	6,815	6,578
Depreciation	19,596	16,013	15,487	15,267	15,111
	154,795	140,322	141,674	132,876	128,679
Net operating revenues	25,569	29,339	26,435	23,992	18,991
Other revenues (expenses)					
Interest income**	2,573	2,365	2,804	2,276	2,841
Net change in fair value of investments **	(7,095)	(226)	663	(602)	(1,113)
Other Income	-				-
Gain on Sale of Assets	-	1	1	-	48
Ponca City fire loss					-
Lease Revenue - FPL	2,738	2,839	2,934	3,024	3,108
Amortization of organization costs	(85)	(85)	(85)	(85)	(85)
	(1,869)	4,894	6,317	4,613	4,799
Interest and debt expense					
Interest expense	(24,005)	(25,138)	(26,918)	(24,340)	(22,708)
Interest expense - Other	(2,738)	(2,839)	(2,934)	(3,024)	(3,108)
Amortization of bond costs	(2,354)	(2,531)	(2,701)	(2,904)	(3,259)
Amortization of Other Costs	(332)	(183)	(142)	(153)	(106)
	(29,429)	(30,691)	(32,695)	(30,421)	(29,181)
Net nonoperating expenses	(31,298)	(25,797)	(26,378)	(25,808)	(24,382)
Net deferred costs recoverable in future years	3,478	1,048	1,614	2,578	3,612
Extraordinary income					
Increase (decrease) in fund equity	(2,251)	4,590	1,671	762	(1,779)
Fund equity, beginning of year	28,176	23,586	21,917	21,155	22,934
Fund equity, end of year	$ 25,925	$ 28,176	$ 23,588	$ 21,917	$ 21,155
Debt Service Coverage					
Net Operating Revenues	$ 25,569	$ 29,339	$ 26,435	$ 23,992	$ 18,991
Add:					
Investment income	2,573	2,365	2,804	2,276	2,841
Depreciation	19,596	16,013	15,487	15,267	15,111
Gain/Loss on asset sale	-	1	1	-	48
Amortization of capacity prepayment	3,114	3,024	2,764	2,741	2,741
Credit Obligations *	26,315	25,477	26,448	23,872	22,706
Net revenue available for bond coverage	$ 77,167	$ 76,219	$ 73,939	$ 68,148	$ 62,438
Principal and interest	$ 43,605	$ 43,773	$ 44,713	$ 42,425	$ 38,888
Debt service coverage	1.77	1.74	1.65	1.61	1.61
Net revenue available for bond coverage before credit obligations	50,852	50,742	47,491	44,276	39,732
Coverage excluding Credit Obligations	1.17	1.16	1.06	1.04	1.02

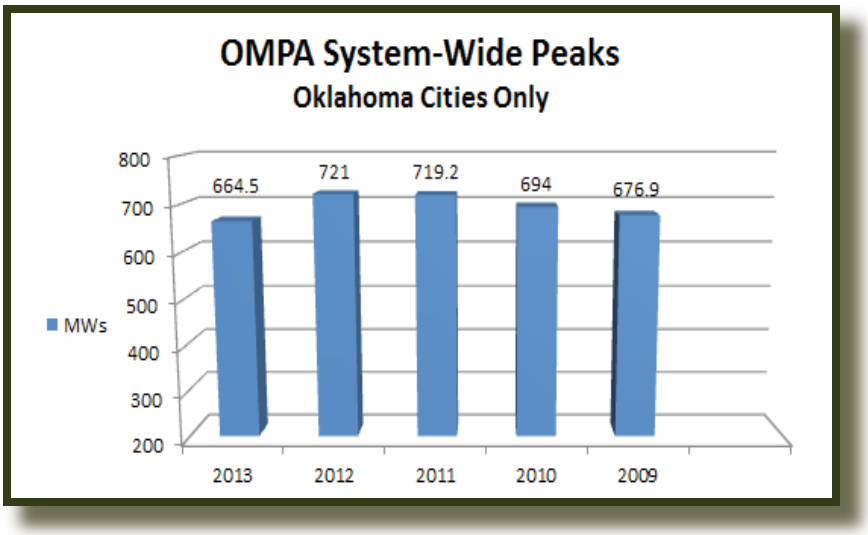
* Certain purchase power contracts with terms in excess of five years may be excluded from operating expenses for purposes of debt service coverage.

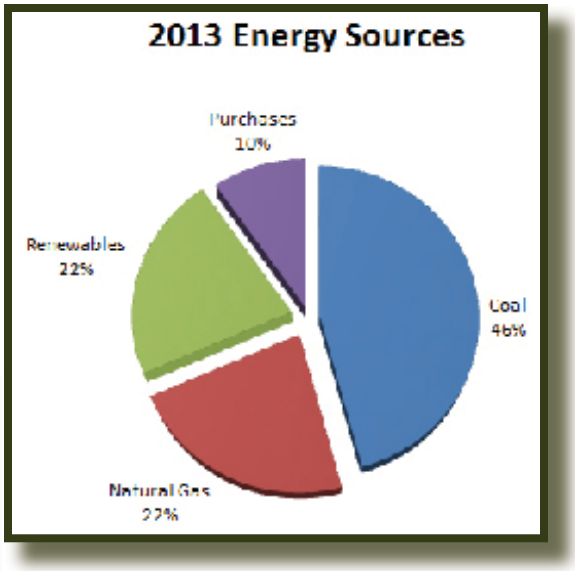
** Interest income and net change in fair value of investments have been adjusted in order to comply with bond covenant requirements for the purpose of debt service coverage calculation.

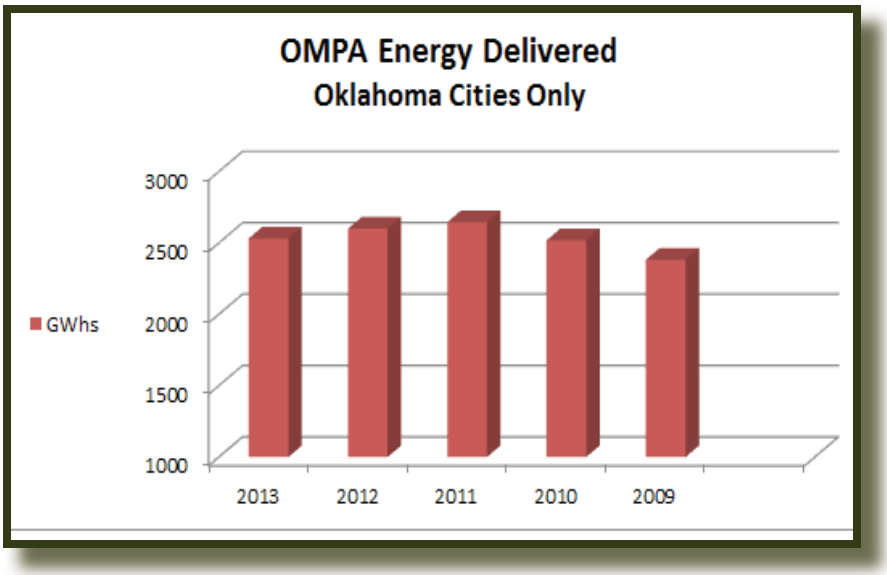
OMPA's peak load responsibility for our 39 long-term contract cities is shown below. In 2010, OMPA added two additional members, Geary (2.5 MWs) and Orlando (.5 MWs), while 2011 saw the addition of Watonga (8 MWs), which is reflected in the load growth for those years, as well as increases in Energy Delivered as shown on that chart. In addition to adding Watonga, in 2012, Oklahoma experienced over 28 days of 100 plus heat causing electric usage to reach an all-time record. In 2013, Oklahoma experienced a cooler than normal summer with only 14 days of 100 degree weather, which is reflected in the system load reduction. Since most city loads are weather sensitive, and with the fluctuation of the national economy, both factors are starting to have an impact on cities and towns, which reflect less electric sales.

Our 2013 Energy Sources showed an increase in Coal and a decrease in Natural Gas generation when compared to 2012. This change was due to an increase in natural gas prices, which resulted in a slight increase in the cost of power to our members. Also, our renewable energy resources gained the addition of the landfill gas plant in the spring.

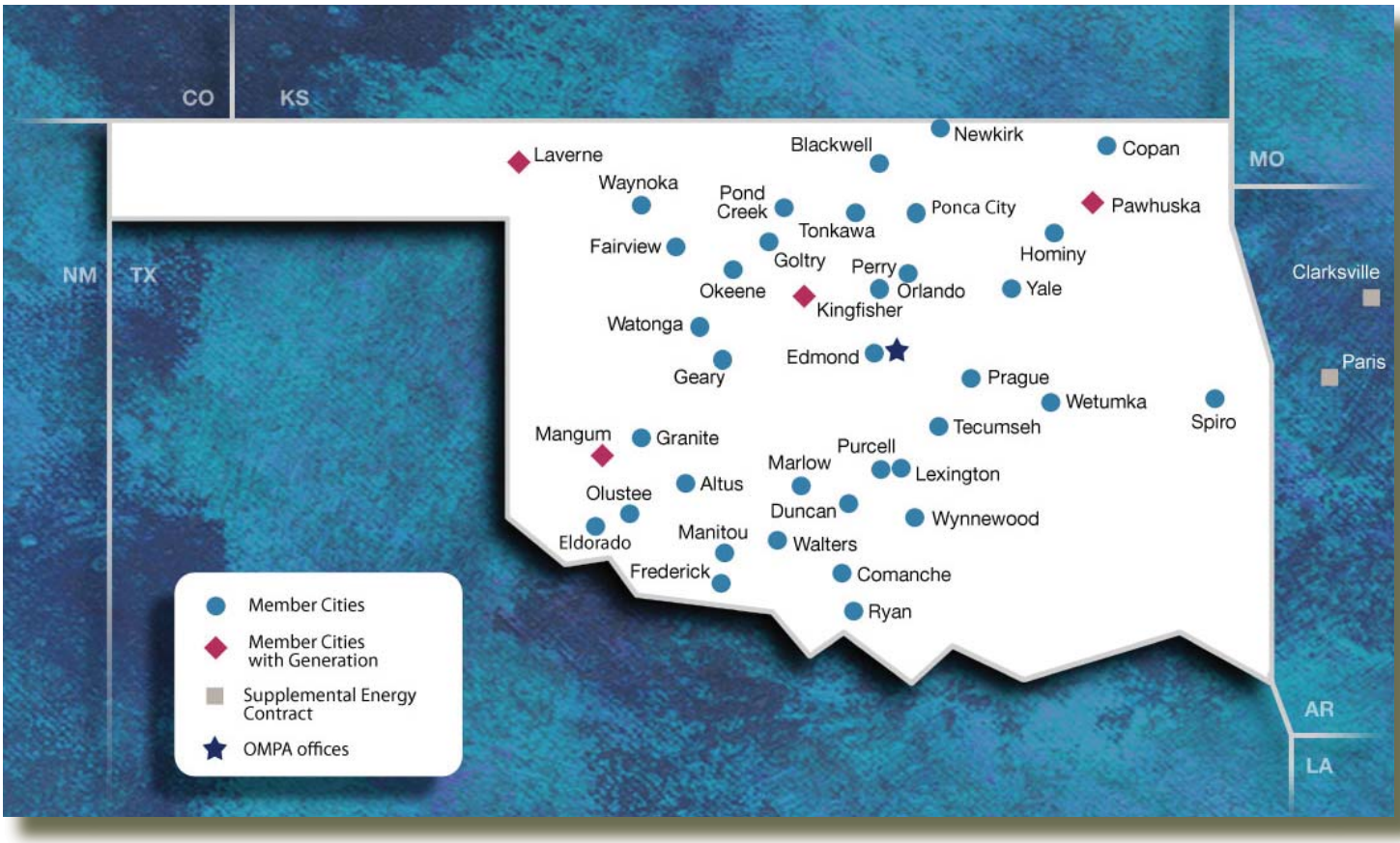
The Energy Delivered chart reflects a reduction, but not as drastic as our System-Wide Peaks chart. We believe the promotion of high efficiency equipment and the use of Ground Source Heat Pumps have helped member cities' loads increase in the winter, while the efficiency has helped reduce their need during peak times in the summer.







Member Cities



The **Oklahoma Municipal Power Authority (OMPA)** is a wholesale power company owned by 39 municipal electric utilities located in 26 Oklahoma counties. Since 1985, OMPA has been providing economies of scale in power generation and related services to support community-owned electric utilities. In 2013, OMPA served 113,257 customers in its member cities, including 98,290 residential customers and 14,967 commercial/industrial customers. OMPA's service area encompasses approximately 250,000 Oklahomans.

Altus Municipal Authority
Blackwell Municipal Authority
Clarksville Light & Water Company **
Comanche Public Works Authority*
Copan Public Works Authority*
Duncan Public Utilities Authority*
Edmond Public Works Authority
Eldorado Public Works Authority*
Fairview Utilities Authority
Frederick Public Works Authority
Geary Utilities Authority
Goltry Public Works Authority*
Granite Public Works Authority*
Hominy, Oklahoma Public Works Authority*
Kingfisher Public Works Authority
Laverne Public Works Authority
Lexington Public Works Authority*
Mangum Utilities Authority
Manitou Public Works Authority*
Marlow Municipal Authority
Newkirk Municipal Authority
Okeene Public Works Authority
Olustee Public Works Authority*
Orlando Public Works Authority
Paris Municipal Light & Water**
Pawhuska Public Works Authority
Perry Municipal Authority
Ponca City Utility Authority
Pond Creek Public Works Authority
Prague Public Works Authority
Purcell Public Works Authority*
Ryan Utilities Authority*
Spiro Municipal Improvement Authority*
Tecumseh Utility Authority
Tonkawa Municipal Authority
Walters Public Works Authority*
Watonga Public Works Authority
Waynoka Utilities Authority
Wetumka Municipal Authority*
Wynnewood City Utilities Authority
Yale Water and Sewage Trust*

* Also has SWPA Allocation
** Short-term Supplemental Agreement

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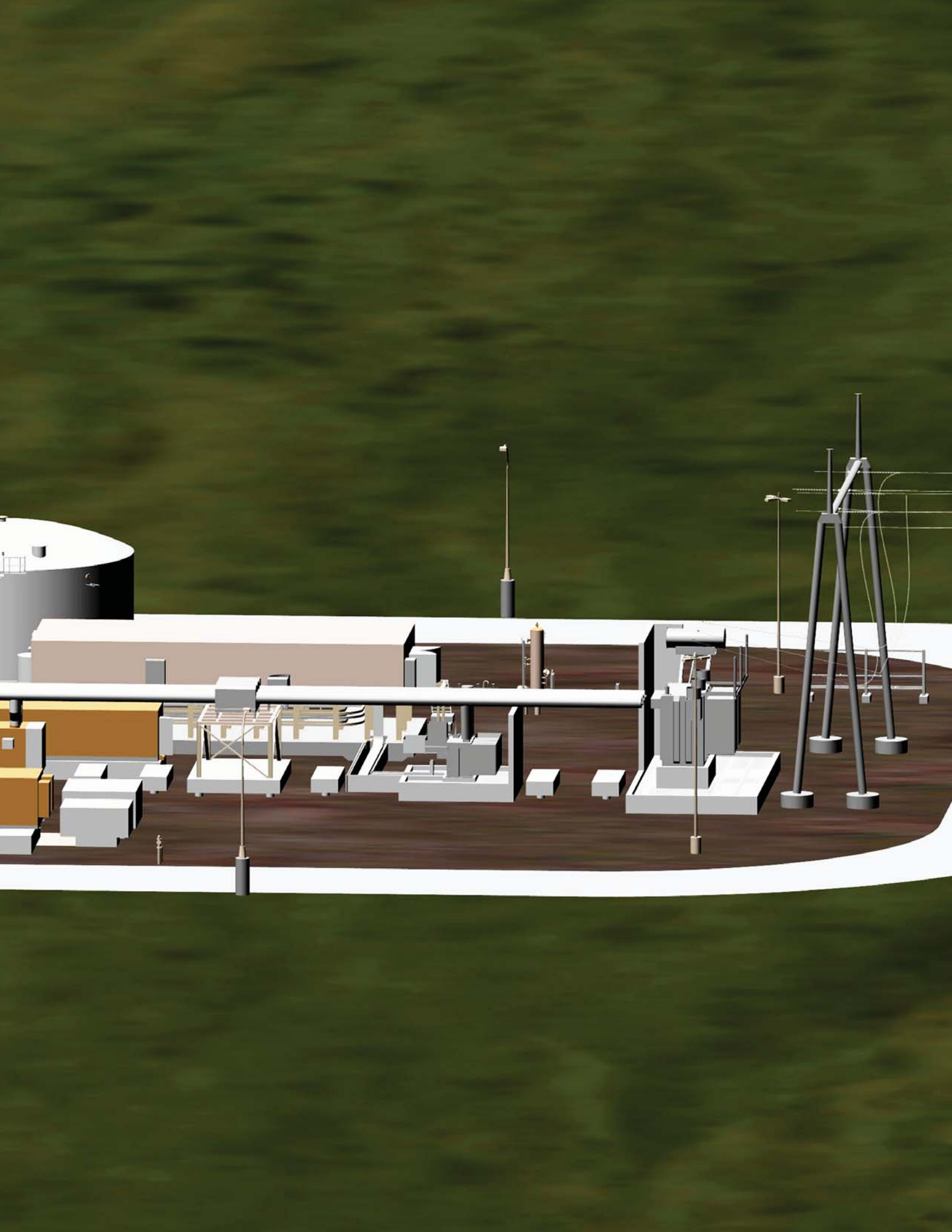

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