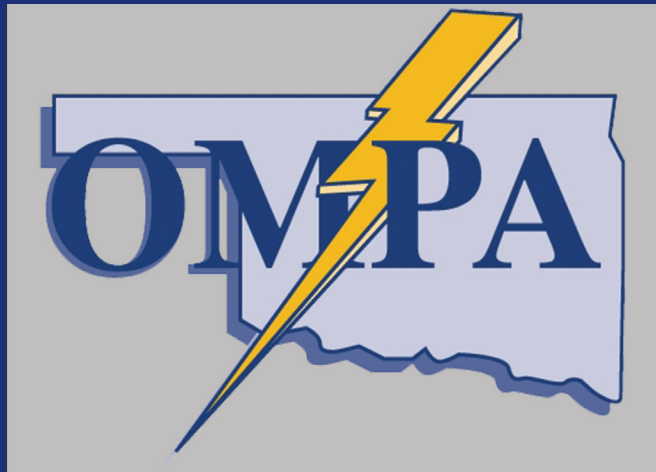


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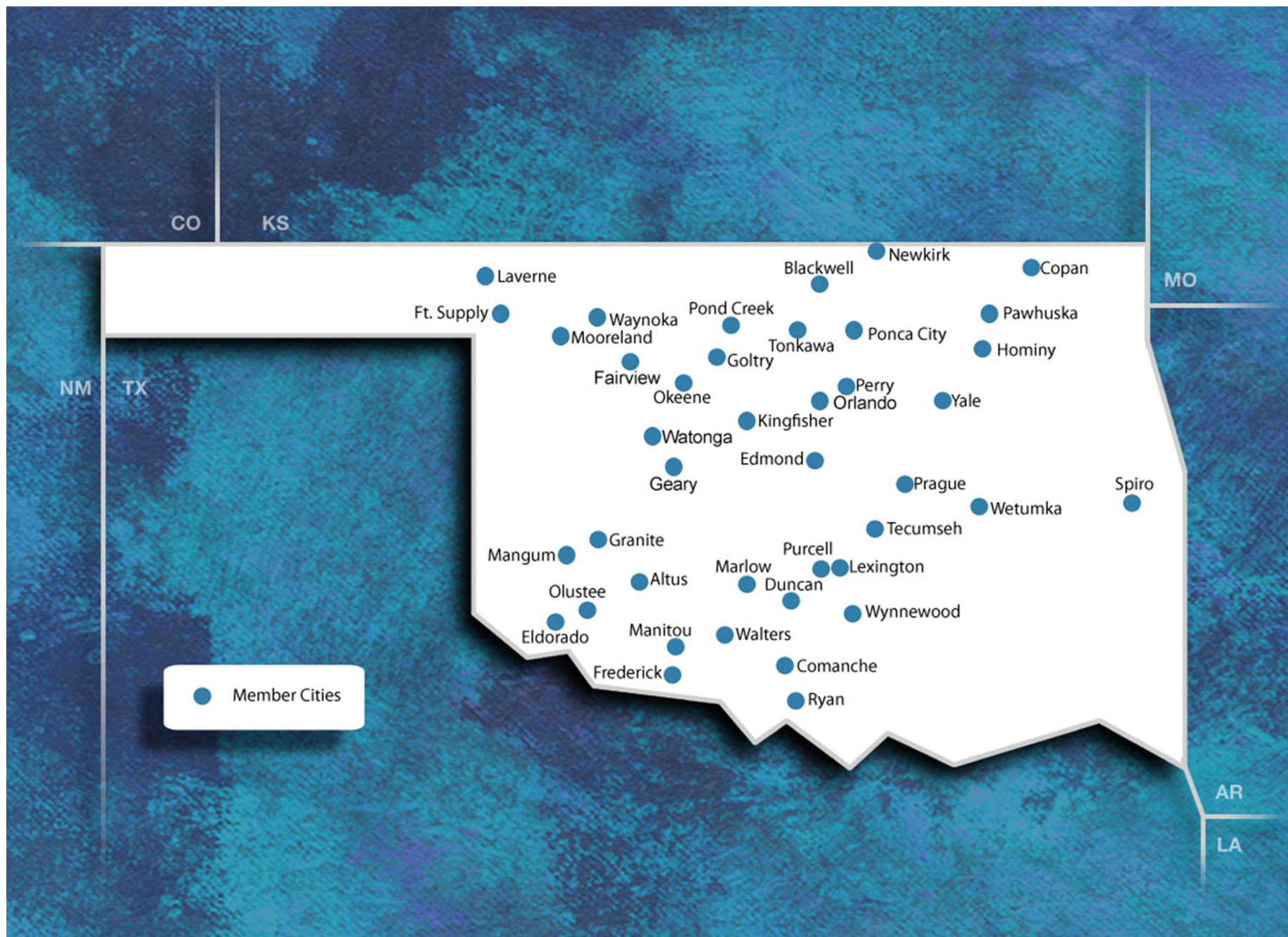


*Oklahoma Municipal Power Authority*

*1981-2015*







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# Foreword

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# Foreword

This history book project has been a discussion item with the Oklahoma Municipal Power Authority Board for a couple years. As time has moved along and board members have come and gone, some of the origins of OMPA get a little vague. Time has eroded some of the details of how and why OMPA exists and, to outsiders, even what OMPA is. If it were not for our two charter members who are available to refresh our memories, some focus could be lost. Drake Rice, Director of Member Services, and Buddy Veltema, Vice-Chair and Chairman Emeritus, with their long historical perspective, have been invaluable to the Board as touchstones to this early history.

This book hopes to capture some of the story from the earliest days, from the identification of need to the challenges presented to Oklahoma municipal public power utilities. It will cover the steps and required compromises in the legislative process that led to the inception of the enabling legislation, as well as challenges at the local community level and the efforts of those dedicated OMPA pioneers to establish a joining together represented by long-term contracts. Those contracts led to the establishment of generation resources and delivery of power to the member cities.

The organization has grown and evolved since the early years and many changes have occurred in staff, Board membership and programs to support our member cities. This book will cover some of those growing pains. We believe that, when you know the story, it helps to understand who OMPA is and is not. OMPA exists because of public power cities and for those cities and their citizen customers. OMPA is a significant partner providing energy and services to the member cities and allowing them to be competitive in the demanding utility industry.

**Charles D. Lamb,**  
*OMPA Board Chairman 2001-Present*





The Oklahoma Municipal Power  
Authority headquarters at 2701 W.  
I-35 Frontage Road in Edmond.











The 1970s featured lava lamps, shag-pile carpet, disco, sideburns for men and Farrah Fawcett feather cuts for women. It was characterized by novelist Tom Wolfe as the “Me” decade and by historians as a “pivot of change” in world history. Economically, the decade was marked by an oil crisis, exacerbating the nation’s already struggling economy.

The economy birthed a new term, “stagflation,” a situation in which inflation and unemployment steadily increases. For 70 years, the average inflation rate was approximately 2.5 percent.

Then, in 1970 and for the next nine years, the inflation rate tripled, growing to an extraordinary 13 percent near the end of the decade.

In Oklahoma, municipal electric systems and public trusts were heavily dependent on private companies for their energy requirements. Wholesale rates were extremely high — at times even higher than comparable retail. Future supplies were uncertain, due to a variety of factors locally, statewide, nationally and internationally.

The condition of many smaller community electrical systems in the state looked grim, faced with rapidly rising power costs.

Some towns with their own power-generation plants reluctantly considered selling their systems and becoming retail customers of investor-owned utilities.

Other towns were nearing the end of their long-term contracts with Oklahoma Gas & Electric, Public Service Co. of Oklahoma or a rural cooperative. City leaders wondered if there were other, less-expensive options that would allow them to retain or maintain local control.

Then-Prague City Manager Drake Rice stepped in — into the midst of this tumultuous economic environment.

Representing a very small town — population approximately 2,000 — Rice began speaking with other cities’ leaders about finding a way to allow municipalities to help control their destiny through “owned energy.”



On this point, Rice was passionate — so much so that he would someday serve as Oklahoma Municipal Power Authority’s director of member services, and would hold that position for decades.

“Gas embargoes had caused the shutdown of municipal power plants and required towns to find other suppliers, such as OGE, PSO or Western Farmers,” said Rice. OGE was a giant in the state, incorporated in 1902 and a longtime leader in power supply.

“So, we began to talk about cities banding together to establish their own agency that would give us greater economic and bargaining clout and a stronger voice in determining our future power resources.”

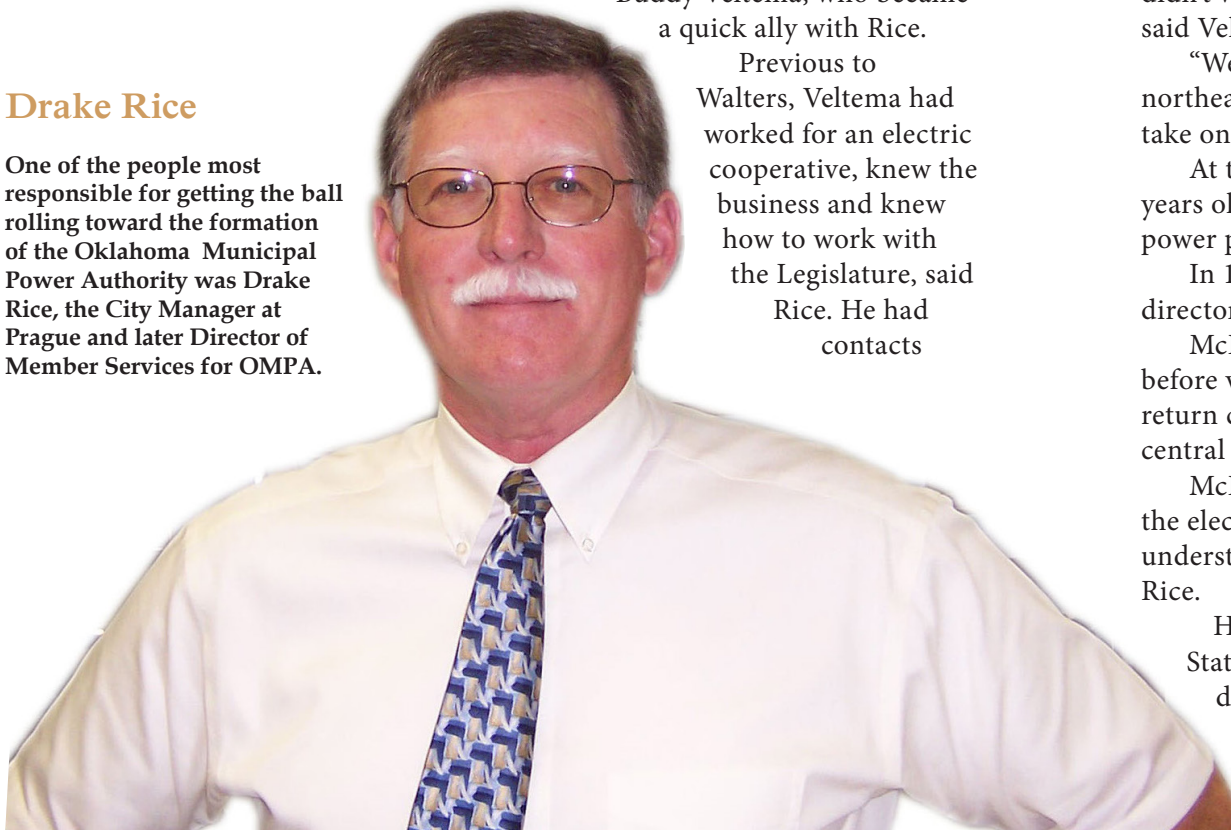
Town leaders were seeing power-rate increases by as much as 38 percent in just one year. Such was the case for then-Walters City Manager

Buddy Veltema, who became a quick ally with Rice.

Previous to Walters, Veltema had worked for an electric cooperative, knew the business and knew how to work with the Legislature, said Rice. He had contacts

## Drake Rice

One of the people most responsible for getting the ball rolling toward the formation of the Oklahoma Municipal Power Authority was Drake Rice, the City Manager at Prague and later Director of Member Services for OMPA.



through the cooperatives’ statewide association, such as with legislators and with Jay Gault, an attorney who had dealt with PSO on behalf of cities regarding rate increases.

“We knew we needed an option, but I didn’t think (cities) could compete with the PSOs and co-ops,” said Veltema who, after serving as city manager for years, would join OMPA in its formative years.

“We explored other options. Initially, we called three or four cities located near Walters to see if we could unite with them, but they didn’t want to break with their power suppliers,” said Veltema.

“We also tried to join a group of cities in northeastern Oklahoma working on a similar project, but they wanted to take on the whole state and not get bogged down with our effort.”

At the time, Municipal Electric Systems of Oklahoma was only four years old. It was organized to lobby for the most cost-effective purchased power possible for cities and was the predecessor to OMPA.

In 1977, MESO hired Mike McDowell as its first full-time executive director.

McDowell’s primary duty was to work on lobbying efforts to place before voters a statewide initiative petition. The State Question would return control to municipalities of their own power supply systems via a central utility.

McDowell had been a city manager in Kansas, where the city owned the electric system. He had been involved with Kansas municipalities and understood the legislative methods of getting issues off the table, said Rice.

However, McDowell resigned before the legislation to create the State Question came to fore. Consequently, the State Question failed due to little or no money to adequately fund and publicize the effort.

And with that, the effort to create an OMPA-type organization died.

*“So, we began to talk about cities banding together to establish their own agency that would give us greater economic and bargaining clout and a stronger voice in determining our future power resources.”*

- Drake Rice

### June 2, 1981

Gov. George Nigh signs legislation into law, paving the way for the creation of the Oklahoma Municipal Power Authority

### Sept. 2, 1981

First annual meeting held, allowing for the selection of the original Board of Directors

### November, 1981

R.W. Beck and Associates hired to undertake a Reconnaissance Power Supply Study, paid for by interested cities

### June, 1982

Reconnaissance Power Supply Study completed by R.W. Beck & Associates

### November, 1982

Interviews conducted with candidates for General Manager, concluding with the hiring of Ronald H. Dawson



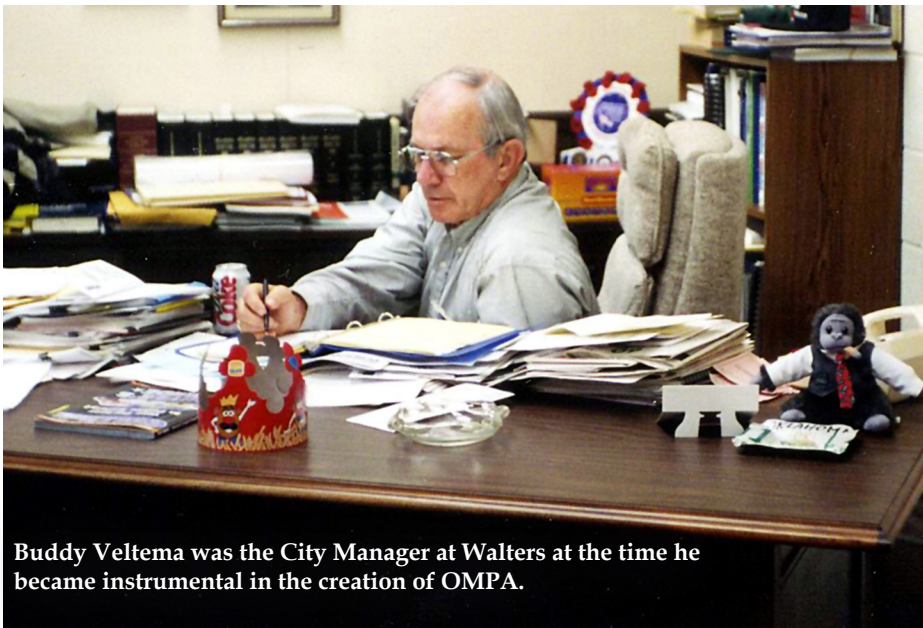
Undaunted, MESO next hired Chuck Smith, then city manager of Blackwell, as its second executive director.

Smith was immediately tasked to work with a Wall Street investment house, the Oklahoma Municipal League and attorneys to write legislation to allow creation of a state agency, OMPA. This allowed participating communities to control their own power-supply destinies.

The OMPA effort found a partner with Oklahoma Municipal League, which was a lobbying arm for incorporated cities and towns. Obviously, they were interested in the rate-structure issue.

Particularly helpful in drafting legislation were OML's Don Rider and Bill Moyer, then-executive director and assistant executive director of OML, respectively, Smith said.

The organizers behind the Oklahoma Municipal Power Authority movement were now poised and ready to enter state politics with support from MESO and OML. They would battle to formally establish the agency by legislation and garner the necessary commitments to support their efforts.



Buddy Veltema was the City Manager at Walters at the time he became instrumental in the creation of OMPA.



The Oklahoma Municipal League headquarters at 201 N.E. 23rd St., just down the street from the state Capitol.

## Oklahoma's Smallest Communities Find Ally in OMPA

In 1970, some of the movers and shakers of OMPA's formative years were from cities with populations of more than 15,000. Stillwater's population was almost 32,000. Duncan's was almost 20,000 and Edmond's almost 17,000.

However, the majority of the represented cities were from what could only be described as communities of modest size.

For example, Lexington and Prague had fewer than 2,000 residents; Pryor, just over 7,000. And many of them were seeing declines in their census numbers, following the national rural-to-urban exodus.

These communities had much to gain by allying themselves with a statewide organization formed with the express purpose of providing affordable power and shared services to its members.

In retrospect, without the OMPA's support, many of these towns would remain today only as historical footnotes, according to then-leaders of the small communities, MESO and OMPA leadership.

**Dec. 29, 1982**

Closing on development loan agreement with Fidelity Bank of OKC

**Dec. 29, 1982**

Harry Dawson begins developing OMPA as a power supplier

**September, 1984**

Statewide meetings are held with prospective member cities to review proposed contracts

**Oct. 2, 1984**

Ryan becomes the first city to sign power contract

**Oct. 16, 1984**

Edmond becomes the first large city to approve power contract

**Nov. 20, 1984**

Altus becomes last of the original 26 cities to join the Power Supply Program

**June, 1985**

First financing with Morgan Bank of New York commences

## Before OMPA, There Was MESO

The decade of the 1970s dramatically underscored American dependence on fossil fuels. The economic climate was characterized by heated debate on the nation's energy policy and on the security of the country's energy supply.

Several events combined to bring about a crisis:

- Energy consumption rose dramatically nationally and globally.
- Domestic oil production declined, which led to a greater dependence on foreign countries.
- In a purely political move, the Organization of Petroleum Exporting Countries imposed an embargo against the United States, causing energy prices to skyrocket, which initiated gas rationing.

Into this unstable arena entered Municipal Electric Systems of Oklahoma, or MESO.

No authoritative book on the history of the Oklahoma Municipal Power Authority can be written without prominent mention of MESO, a statewide trade association of Oklahoma's municipally owned electric distribution utilities.

Established in 1971, MESO was the brainchild of then-Stillwater City Manager Larry Gish.

Located in north-central Oklahoma, Stillwater is home to Oklahoma State University, which is also the city's largest employer. By 2012, it ranked as the state's 10th largest city.

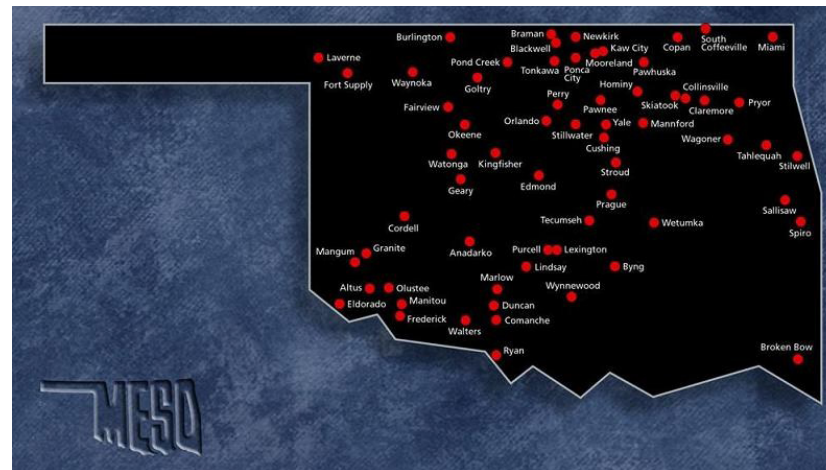
Action-oriented, Gish moved Stillwater's electrical services from the Grand River Dam Authority to Oklahoma Gas & Electric. Gish was always looking for ways to save the ratepayers' dollars. Civic-minded, he would later serve as International City/Council Management Association president and as a state legislator from Stillwater.

His plan was to form MESO, which would be an organization of cities focusing on municipal electric issues, much like in other states.

Discussions leading to the creation of MESO began three years prior to its creation, when Gish called together representatives of several Oklahoma cities in 1968. They discussed forming an organization to represent cities on issues before Congress, the Legislature and regulatory bodies charged with developing rules, regulations and laws impacting their industry.

The bottom line: MESO would lobby for the most cost-effective power possible for municipalities. In the process, it would disseminate information to the membership and offer training to power-plant employees.

Each person involved in that initial meeting was driven to get more control over an



escalating rate structure, said Drake Rice, longtime OMPA employee and early organizer of MESO's efforts.

At the same time, Western Farmers Electric Cooperative had started construction programs to add capacity, thus pressuring cities to recoup those building costs through rate hikes.

The MESO group included Ray Duffy of Altus, who later became superintendent of Frederick; Buddy Veltema, the new city manager of Walters; John Hamman of Cushing; Eldon Head of Duncan; Louis Garber of Edmond; Marvin Hicks of Tahlequah; and Al Milton of Pryor.

A pivotal addition to the group was then-newly named Tecumseh City Manager William Charles Martin.

After serving Tecumseh 15 years as city manager, Martin went on to serve Frederick in the same capacity and then Altus as city administrator, for a combined 33-year municipal experience.

Martin would have much to contribute then, and in the future.

Gish would serve as MESO's second president of the board of directors, after Hamman.

Four years after MESO's formation, the organization hired its first full-time staffer — Mike McDowell — as executive director. He became a key figure in the formation of MESO's cousin, the Oklahoma Municipal Power Authority.

McDowell formulated a legislative bill to create a State Question allowing cities and towns to establish a Joint Action Agency, the predecessor of OMPA.

However, McDowell left MESO before the legislative action was resolved, and the State Question issue was defeated in 1979.

Enter Chuck Smith.

In 1980, Smith took the job as MESO executive director, and served MESO two years. Smith picked up the legislative ball and turned to then-state legislator Cal Hobson to carry legislation to create OMPA.

Smith's No. 1 goal was the establishment of a joint power authority representing multiple municipalities — one that would yield greater purchasing power and participate in future power plant projects. In other words, the Oklahoma Municipal Power Authority.

The mission was eventually accomplished.

And thus, as Martin put it so succinctly, "Out of MESO sprang OMPA."





Above, a competitor in the annual Lineworkers Rodeo, hosted by MESO, goes through a drill.



Pictured, from top to bottom, are the MESO headquarters at 308 Northeast 27th Street in Oklahoma City, long-time MESO Executive Director Shane Woolbright (right) at a meeting, and Woolbright presenting an award to the linemen from Edmond Electric.



# The 1980s

War on Drugs, MTV  
and global recession





Kaw Hydroelectric Plant  
Ponca City, Oklahoma

The early 1980s was marked by a severe global economic recession affecting much of the developed world. Fashion statements included ripped and skin-tight acid-washed jeans, legwarmers, neon clothing and shoulder pads, while popular hairstyles included the perm, mullet, Jheri curl, flattop and big hair. The television station MTV was launched.

The period marked the rise of the modern Internet, and personal computers grew explosively, from being a toy for electronics hobbyists to a full-fledged industry.

Ronald Reagan was elected president in 1980, and the Reagan Administration accelerated the “War on Drugs,” perhaps best remembered for its “Just Say No” campaign. Also in this decade, the issue of global warming first came to the attention of the public.

For the men and women working to establish what would become OMPA, the focus also moved toward politics. Their largest push was to pull together legislation allowing the power authority’s establishment, and then to get that legislation passed.

Cal Hobson was a brash, young state representative, elected to the House and looking for a way to make his mark.

An attorney, Hobson had been mayor in Lexington, which owned their own power system and contracted with the federal government for hydropower, transmitted over OGE lines.

Then-Rep. Hobson remembers well the circumstances surrounding the decision to legislate an agency to help keep power costs down for Oklahoma communities.

In the late 1970s, the power transmission system in the state was highly fragmented among three primary transmitters.

Lexington was representative of the size of the cities with which OMPA was dealing. Lexington is in Cleveland County in central Oklahoma, population under 2,000. It was one of about 65 cities and towns in the state that owned their own electric distribution systems.

Other communities were served by co-ops or received power from

*“Cal introduced the bill, called for a vote, and at first there were a lot of green flags - meaning ‘yes’ votes - and then a lot of reds. And it failed!”*

**- Chuck Smith**

He discovered quickly the carry-through was going to be more difficult than he had thought.

“The investor-owned power suppliers such as OGE and PSO preferred the cities fragmented. They hoped the cities would turn to them to take over their antiquated, inefficient systems,” Hobson said.

“But, in truth, had the current power companies accomplished this, the cities would have had even fewer choices,” he said. “Once a Walmart takes over, small business goes under.”

The bill was important because it established the Oklahoma Municipal Power Authority as a Joint Action Agency, which could issue debt through highly rated tax-exempt bonds.

Former MESO Executive Director Chuck Smith said Hobson saw the value of a municipally controlled power system to rural Oklahoma, and to the state.

Assisting Hobson in creating the bill was then-newly elected State Rep. Stratton Taylor, who later became senator and Senate pro tem.

The two legislators realized they faced a “delicate” situation with heavy hitters OGE and PSO.

Prior to the House vote on the bill, a meeting was quietly arranged between representatives of both power utilities and MESO’s Smith and then-Walters City Manager Buddy Veltema, a key player in OMPA’s formation.

OGE or Public Service Co. of Oklahoma. A few had access to hydroelectric power from the Grand River Dam Authority or the Southwestern Power Administration.

When power supply prices began to soar in the 1970s, “it became obvious that the cities would be stronger as a negotiating group with power suppliers if we were recognized as a group through legislation,” said Hobson.

“Part of the reason I was chosen to help move this forward, I think, was that, as a former small-town mayor, I understood the issues.”

“It was Buddy’s contacts and (State Rep.) Stratton’s balancing act — plus the power companies’ belief that our legislation was a frivolous and toothless dream of a few rural municipalities — that allowed our efforts to ultimately be successful,” said Smith.

Then-Rep. Taylor hoped to avoid a public battle with the established power utilities by assuring them the proposed organization would not try to steal customers away and, in fact, wished to partner with them in many cases.

However, the proposed agency was — especially in the long run — in direct competition with PSO and OGE for wholesale municipal loads, Smith said.

The power industry is a capital-intensive business. Dollars can be saved by borrowing money that is tax exempt. Conversely, for-profit corporations such as OGE and PSO must borrow funds at the prime interest rate

The new agency would represent municipalities, so it would benefit from a tax-exempt status, through its bonding status, thus saving dollars.

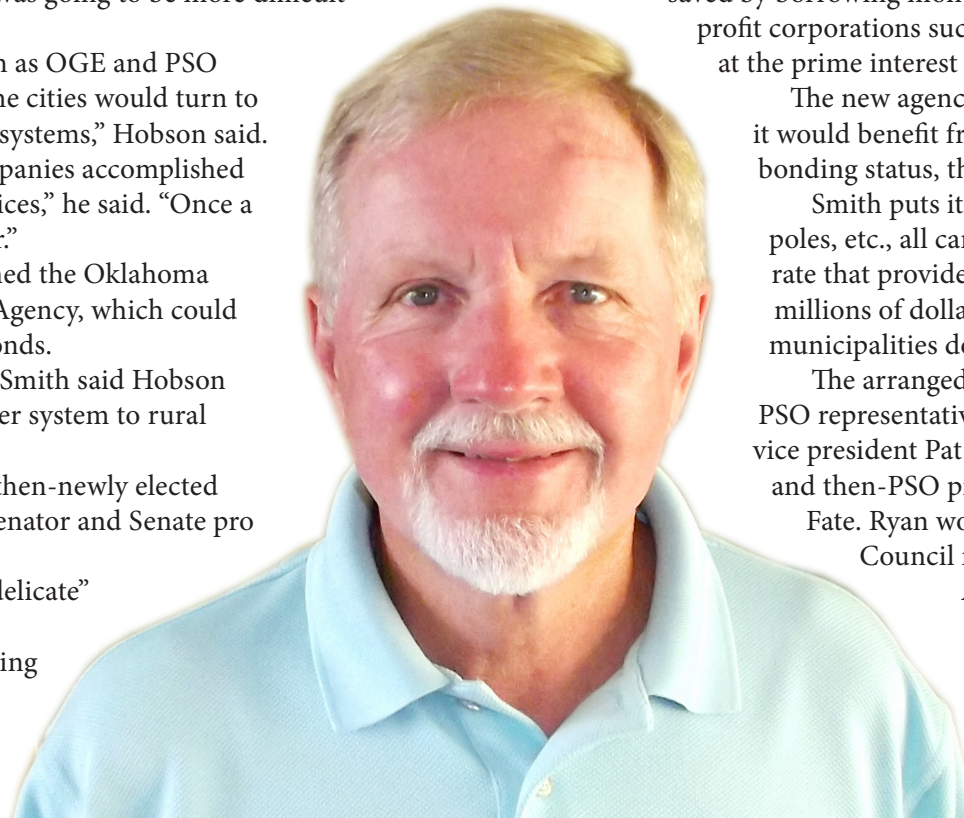
Smith puts it another way: “Gas, railroad tracks, poles, etc., all carry the same cost. It is the borrowing rate that provides the margin of profit. This represents millions of dollars of savings over the years — and municipalities don’t have to pay taxes, either.”

The arranged meeting included numerous OGE and PSO representatives, among them then-OGE executive vice president Pat Ryan, then-OGE lobbyist Jim Wilson and then-PSO president and chief executive Martin Fate. Ryan would later become an Oklahoma City Council member.

As a result, PSO and OGE agreed to

**Chuck Smith**

**Executive Director of MESO, Chuck Smith helped get the legislation that formed OMPA through a tumultuous Oklahoma legislature.**



**July 1, 1985**

Altus, Blackwell, Comanche, Duncan, Edmond, Eldorado, Frederick, Goltry, Granite, Hominy, Kingfisher, Laverne, Lexington, Mangum, Marlow, Okeene, Olustee, Pawhuska, Ponca City, Pond Creek, Ryan, Spiro, Walters, Waynoka, Wynnewood and Yale begin receiving power from OMPA

**July 9, 1985**

Henry S. Pirkey Plant enters the OMPA system service, becoming the first owned source for OMPA

**Aug. 1, 1985**

OMPA assumes ownership of seven substations purchased from Oklahoma Gas & Electric



remain neutral. They wouldn't hamper the effort, but they wouldn't help, either.

This was as positive an outcome as could be expected, said Veltema.

PSO chose not to put up roadblocks because, at the time, they did not think the fledgling authority posed a threat to them and would not amount to much, said Veltema, quoting a PSO representative.

Oklahoma's not-for-profit rural electric co-ops were not in the political fray. The cooperatives were still a political force, however, with about 30 cooperatives. They believed OMPA would want to purchase power from Western Farmers Electric Cooperative, since it had recently completed a coal-fired power plant in Hugo.

Also, the co-ops enjoy tax-exempt status, but they viewed OMPA "more as a sister than a competing girlfriend," and were therefore more receptive to the idea, Smith said.

## The Bill in the House: All's Well that Ends Well

Chuck Smith recalls vividly the day the OMPA-creation bill went before the House for a vote. At the time, Smith was serving as executive director of Municipal Electric Systems of Oklahoma, an organization instrumental in the formation of the municipal power authority.

It was St. Patrick's Day 1981.

"We thought we had the necessary votes in the House. Things were going well; we had even gotten the attention of Wall Street. Cal (Hobson) introduced the bill, called for a vote, and at first there were a lot of green flags — meaning 'yes' votes — and then a lot of reds. And it failed!" Smith said.

"Cal signaled to me to meet him off the floor. He asked me what had just happened, and I said I did not know. Cal said a representative from Marlow — a former county commissioner — had voted 'no' and took his whole block with him."

Hobson told Smith they could request reconsideration in three days, and advised Smith to visit with the representative from Marlow to see why he had voted against the bill.

Smith soon tracked the legislator down.

"I asked him why he had voted against the bill. The legislator looked puzzled. He didn't seem to realize he had voted against OMPA. After I gave him the bill number, he looked it up and skimmed it. Then he laughed, and admitted he was 'just pissed off at Cal and was paying him back.' He said he would fix it."

Three days later, the vote was retaken. It passed. Of such stuff politics are made on.

## The Bill in the Senate: Nearly Blindsighted by Blackfox

In the Senate, passage was expected to go smoothly.

Then-Tulsa Sen. Finis Smith was selected to carry, or represent, the bill. He introduced it and called for the vote.

Then-MESO executive director Chuck Smith describes the scene.

Before the vote could be taken, "a senator raised his hand and asked, 'Sen. Smith, can you guarantee that, if this bill passes, the authority won't buy Black Fox (nuclear plant)?'"

"Finis Smith answered 'no,' but the questioner responded, 'Where does it state that in the bill?' And

## Joint Power Utilities Bill OK'd by Nigh

Gov. George Nigh on Tuesday signed into law legislation that permits cities and public trusts which operate electric systems to join together to finance new power plants through bond issues.

The measure, SB 286, creates the Oklahoma Municipal Power Authority. The bill received final passage from the House last week.

However, legislation specifically prohibits the authority from involving itself with any nuclear power plants.

The authority could contract to own, lease, operate and maintain electrical generation and transmission facilities with the Grand River Dam Authority, a state public trust, or

June 2, 1981

### January, 1986

Discussion of OMPA taking over Kaw Hydroelectric Project begins

### April, 1986

Dolet Hills Power Station, of which OMPA owns 25 MW share, goes online

### May, 1986

OMPA takes over 99.5 percent ownership of Kaw Hydroelectric and becomes general manager of facility's construction

### July 1, 1986

Copan, Newkirk, Prague, Tonkawa, Tecumseh and Wetumka begin receiving power from OMPA

### July, 1986

OMPA builds first transmission line to improve reliability for the Duncan system

### July, 1986

OMPA builds first substation in Kingfisher





Oklahoma Governor George Nigh, center, signs legislation that created the Oklahoma Municipal Power Authority on June 2, 1981.

of course, the bill did not address (Black Fox).”

The Black Fox nuclear power plant construction had been proposed by Public Service Co. of Oklahoma almost a decade earlier and was to be built within the city limits of Inola, a tiny town located in northeastern Oklahoma near Tulsa. Inola is a Cherokee word meaning “Black Fox.”

At that time, the plant proposal met with determined resistance and came to a head several years later when approximately 500 people were arrested for protesting the plant’s construction. That delayed the project due to court and legal challenges.

Subsequently, plans for the plant were abandoned the year before the OMPA vote.

Back on the Senate floor, some of the bill’s opponents — senators, as well as the public — were concerned the bill was a furtive attempt by PSO to recoup some of the money the utility had sunk into the failed nuclear power plant.

Again, the OMPA backers had to resort to a three-day motion for reconsideration.

They went back to negotiations and, reluctantly, worked with legal counsel to include wording that the authority would not purchase

**Dec. 24, 1986**

Oklahoma Power Station begins operation with OMPA owning 78 MW share

**1987**

OMPA builds 9.5 miles of transmission line to serve two new Edmond substations

**June, 1989**

City of Fairview joins OMPA

**1990**

Industrial Development Rate program begins

**Aug. 13, 1990**

Ways I Save Energy (W.I.S.E.) program begins

**Aug. 30, 1990**

W.I.S.E. Energy Services Committee meets for the first time



nuclear power.

When it came time to call for the vote, several senators looked up into the spectator gallery, where a powerful Sierra Club lobbyist was sitting. The lobbyist nodded. As a result, they voted “yes.” The bill passed by a large majority.

The bill was sent to Gov. George Nigh, who signed it on June 2, 1981.

That created the mechanism for cities to come together and create OMPA. What remained was the process of getting cities to agree to power purchase agreements.

## Timing Is Everything

The Oklahoma Municipal Power Authority was organized as a governmental agency of the state of Oklahoma with passage of the OMPA Act of 1981.

The battle to form the joint municipal authority was won through a combination of hard work, determination and excellent timing.

The “timing” was a robust economy due to the oil boom in the early ‘80s — before the Penn Square bank failure, the resulting economic collapse in the state and the oil bust.

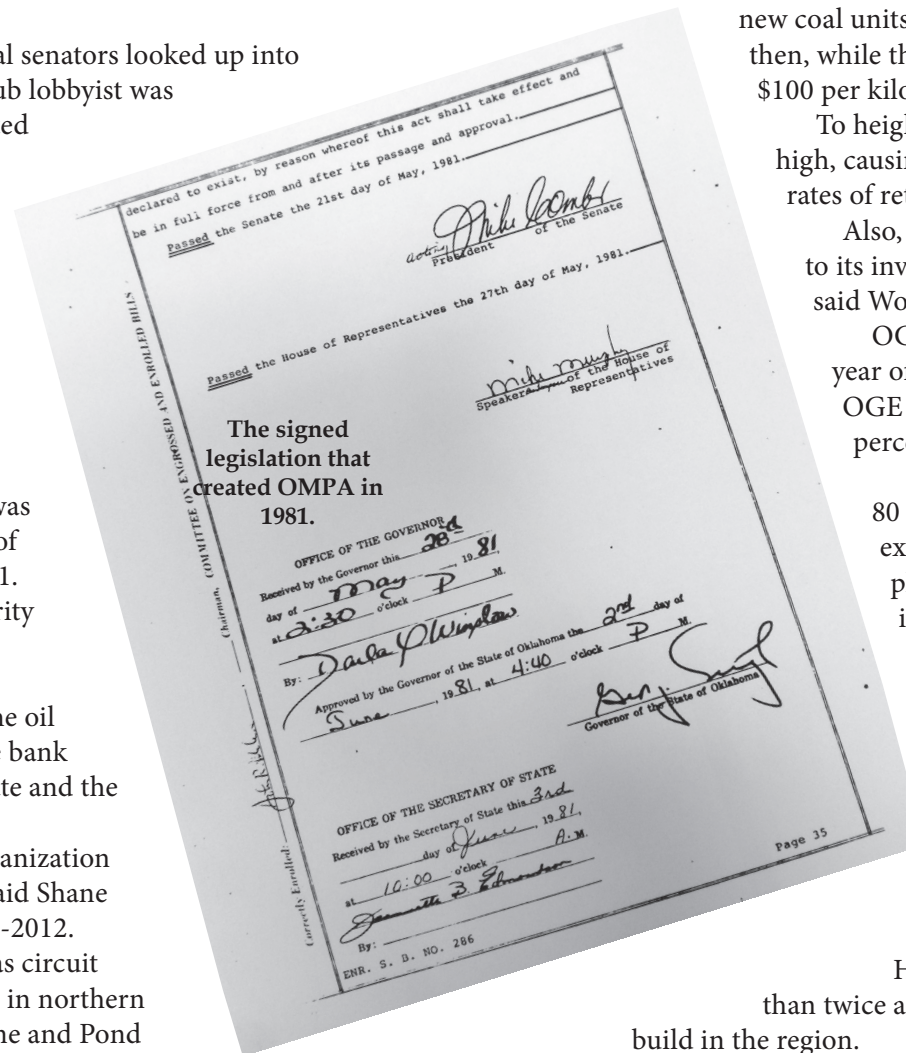
In any other time period prior to this, an organization such as OMPA would not have stood a chance, said Shane Woolbright, MESO executive director from 1983-2012.

At the time, Woolbright pulled double duty as circuit riding city manager for a coalition of seven cities in northern Oklahoma, including MESO communities Okeene and Pond Creek. He worked largely with smaller municipal members and the legislators.

Relationships were everything to the success of OMPA.

“Municipal power had little influence in the Legislature but, that year, the private utilities were out of favor due to continued rate increases over the previous few years,” Woolbright said.

OGE had been transitioning from natural gas to coal-fired power. The



new coal units cost \$440-\$500 per kilowatt of capacity then, while their existing gas fleet had cost less than \$100 per kilowatt.

To heighten the pressure, interest rates were very high, causing further hikes in rates due to higher rates of return for OGE.

Also, PSO was in a poor financial position due to its investment in the failed nuclear power plant, said Woolbright.

OGE filed its fourth rate increase request the year of the OMPA bill introduction. That fall, OGE cities agreed to an increase of almost 20 percent, rather than the 30 percent requested.

PSO charged its member cities an 80 percent rate hike, seeking to recover expenditures associated with the power plant failure. The hike was to be eliminated in eight years, which, “was particularly hard on poor-load-factor cities,” said Woolbright.

Also during this period, “rural cooperatives were out of favor for the first time in history,” he said.

Western Farmers Electric Cooperative had been raising rates to its 19 members to fund construction of a coal plant near

Hugo. The plant ended up costing more than twice as much as other coal plants had cost to build in the region.

As a result, co-ops found their rates regulated by the state for the first time ever.

“By comparison, municipalities had no baggage at the Capitol,” Woolbright said.

The passage of the OMPA-creation legislation was only the first of many battles waged before the authority could begin actual operations.

### September, 1990

Kaw Hydroelectric Plant passes its first year of commercial operation, generating 110.7 gigawatt hours of electricity, which is 6 percent above projections

### Oct. 25, 1990

Ponca City Utility Authority and OMPA sign repowering agreement for steam unit No. 1 in the Ponca City Steam Plant

### 1991

Survey completed, showing member cities believe OMPA has lived up to expectations at a 99 percent rate

### March 14, 1991

Black & Veatch Engineering of Kansas City, Missouri retained for Phases 1 and III of the repowering project at the Ponca City Steam Plant Unit No. 1





The 1986 OMPA Board of Directors. Pictured, from left, are: Harvey Massey, Jeff Railey, Gene Brown, Jerald Stone, Michael Brown, Charles Martin, Carl Reheman, Paul O'Keefe, Buddy Veltema and Ken McCoy.

## Time to Fish or Cut Bait

Wasting no time, newly selected OMPA board members drafted bylaws and worked toward commissioning a study on generating a power supply.

The board took proposals from Benham Holloway Engineering, RW Beck, Southern, Burns and McDonald, and CH Guernsey. Each made a presentation to the board and, after a lengthy discussion, RW Beck was chosen in November 1981, due to its past performance and helping get Joint Action Agencies into power-supply programs.

The next year, the board established a select committee to review

candidates for OMPA's first hired staffer — general manager. The finalists were Lawrence Gish, past city manager of Stillwater; Robert Roundtree, manager of the Brownsville, Texas, Municipal Power Authority; Mike McDowell, MESO executive director; and Harry Dawson, general manager of the Grand Haven Municipal Electric System and vice chairman of the Michigan Public Power Agency.

Eventually, Roland "Harry" Dawson would lead the pack and get the job.

In the meantime, Chuck Smith left his position as executive director of MESO to pursue a career in investment banking. However, he remained active in OMPA affairs on the finance side.

### May 14, 1992

Board authorizes issuance of revenue bonds to fund the Ponca City repowering project

### 1992

Matching money for rebates on high efficiency air conditioned and heating equipment begins through the W.I.S.E. program

### Feb. 11, 1993

Board authorizes the purchase of a General Electric LM6000 gas turbine for Ponca City Steam Plant Unit No. 1

### May 15-16, 1993

Heavy rains lead to a record of 60,000 cubic feet of water per second released at the Kaw Hydroelectric Plant



Then-Walters City Manager Buddy Veltema stepped in as interim executive director of MESO, spending countless hours beyond his municipal job.

Veltema worked to keep cities informed of OMPA's progress. He continued to work with consultants on the power-supply study, and started the process of securing power from Central and Southwest, which was a large holding company in Dallas that owned Public Service Company of Oklahoma, Southwestern Electric Power Company, West Texas Utility and Central Power and Light of Texas.

In 1983, Shane Woolbright accepted the job as executive director at MESO, a position in which he would remain through 2012.

One of his first actions was to work with then-OMPA general counsel Lynn Rogers to draft a bill amending the recently passed OMPA Act. The amendment would allow municipalities to issue debt that would pay more than 10 percent, which up to that point had been prohibited by state statute.

"While such a bill — allowing cities to issue debt at very high interest rates — might have been controversial, the Democratic leadership in both houses smoothed the way for our success," Woolbright said. This was based on research done by Diane Pedicord with OML and by Rogers, who was with Floyd, Brandenburg, Rogers and Willis.

The next issue was how to get the funds — approximately \$133,000 — to pay for the major power-supply study.

A suggestion was made to negotiate a loan or interim financing with Fidelity Bank for \$2.5 million. The loan was to be secured by resolutions passed by each city that would participate in the initial power supply study, stating they would back the loan. Furthermore, if OMPA moved forward, each city would be released of its obligation to pay upon the first bond issued by OMPA for power supply.

"We got enough commitment to borrow some money from the cities who had agreed to participate,

*"In essence, the cities had one study, one chance to get it right."*

- Chuck Smith

## Building the Board

Shortly after the OMPA-creation bill passed in 1981, a board of directors was needed. The selection began with a group of men representing several Oklahoma communities coming together at the legendary County Line barbecue restaurant to select the first OMPA board of directors.

Among the attendees and the cities they represented was Jerry Brockmeier, with R.W. Beck Inc., the research entity developing a study of the state's power supply. R.W. Beck was a leader in the public power industry, setting up Joint Action Agencies. Brockmeier was a young engineer from Nebraska who worked with Bill Mayben, well-known in public power circles.

Again, relationships would be key in the establishment of OMPA.

Others represented were: Then-city managers Buddy Veltema of Walters, Larry Gish of Stillwater, Royce Hunter of Purcell, and Charles Martin of Tecumseh; then-city electric utility directors Don Howland of Duncan, Corky Silvey of Ponca City, Harold Staats of Marlow and Karl Stadler; and then-MESO Executive Director Chuck Smith, who also was acting general manager of OMPA. Also in attendance were Lynn Rogers, then-general counsel to OMPA, and Carl Lyon of Mudge, Rose & Associates, bond counsel.

After nominations, the elections were made and terms by lot. Elected to the board were Bob Pierson, Pryor, one year; Harold Staats, Marlow, one year; Royce Hunter, Purcell, two years; Bill Lacey, Ponca City, two years; Gene Brown, Duncan, two years; Drake Rice, Blackwell, two years; Charles Martin, Tecumseh, two years; Ron Bourbeau, Altus, three years; Mike Brown, Edmond, three years; Rex Boyd, Stillwater, three years; and Buddy Veltema, Walters, three years.

## Oklahoma Municipal Power Authority to Present Electricity Supply Study

By Chris Kinyon  
Lawton Bureau  
EDMOND — Thirty-four Oklahoma communities hoping to reduce their wholesale electricity costs will hear the results next week of a power supply study by the Oklahoma Municipal Power Authority, headquartered here.

According to the study, the 34 communities could save \$75 million in wholesale power costs over the next 11 years by entering long-term power agreements with OMPA, said Harry Dawson, general manager of the au-

thority. OMPA is a tax-exempt authority authorized in 1981 by the state Legislature and Gov. George Nigh.

Each community currently operates a power distribution system. Savings for each city is expected to average 4 percent annually, Dawson said.

It will be up to each city to decide whether to pass the savings to the customers, Dawson said. According to earlier statements by OMPA, the wholesale decrease simply will mean that retail rate increases won't be as high.

Results of the study, conducted by the engineering firm of R.W. Beck & Associates, of Columbus, Neb., will be discussed during an annual meeting of OMPA electors Sept. 13 in Oklahoma City. Each member city has an elector, Dawson said.

In addition, a series of informational meetings about the study have been scheduled for various state regions, Dawson said.

Officials from OMPA, engineers and attorneys will attend the meetings to answer questions, Dawson said.

Meetings will be held in Altus Sept. 24 at 7 p.m. at the Holiday Inn; in Duncan Sept. 25 at 7 p.m. in the municipal courtroom; in Fairview Sept. 26 at 1:30 p.m. in the city council chamber; in Edmond Sept. 26 at 7 p.m. in the city council chamber; in Stillwater Sept. 27 at 2 p.m. in the city council chamber; and in Ponca City Sept. 27 at 7 p.m. in the public safety center.

OMPA proposes to provide power to the cities from a variety of sources, Dawson said.

These will include partial owner-

ship of several generating facilities he said.

The group proposes ownership of 15 megawatts of the 640-megawatt Pierkey Lignite Unit near Marshall, Texas; 25 megawatts of the 640-megawatt Dolet Hills Minemouth Lignite Unit in De Soto Parish, La.; 75 megawatts of the 640-megawatt Oklahoma facility owned by Central and Southwest Corp.; and 10½ megawatts of the proposed 21-megawatt Kaw Hydro Project on the Kaw Dam near Ponca City.

Tax-exempt financing available to the cities would be used to purchase

shares in the plants, Dawson said.

OMPA also proposes signing a unit power purchasing agreement with the Grand River Dam Authority in Chouteau for 75 megawatts, Dawson said.

The balance of the requirement for power would be purchased from Oklahoma Gas & Electric Co., Public Service of Oklahoma and Western Farmers Electric Co-op.

The larger communities whose city councils will be considering the plan include Altus, Duncan, Stillwater, Ponca City and Edmond.

September 6, 1984

July, 1993

Direct load control pilot program started in Altus and Edmond

Sept. 7, 1993

Perry City Council votes to change suppliers of wholesale power electricity

Nov. 18, 1993

Board accepts the Demand-Side Management Committee's recommendation with regard to the direct load control pilot project, deciding to implement a full pilot project in the summer of 1994

Dec. 20, 1993

Perry signs power sales agreement with OMPA

March, 1994

City of Perry begins receiving power from OMPA

and from Fidelity Bank in Oklahoma City,” said Chuck Smith, then-MESO executive director.

OMPA was lucky to have the support of Jack Conn, chairman and CEO of Fidelity for almost 20 years through 1984.

Fidelity Bank, now Bank of Oklahoma, took a chance on a group of cities trying to get into the power business, said Drake Rice. The other banks would not consider the loan request. OMPA continues to bank with BOK because of that early trust and relationship.

The MESO cities had to agree that, at some future date, they would repay the loan, “whether or not the program got off the ground,” said Smith.

“In essence, the cities had one study, one chance to get it right,” he said.

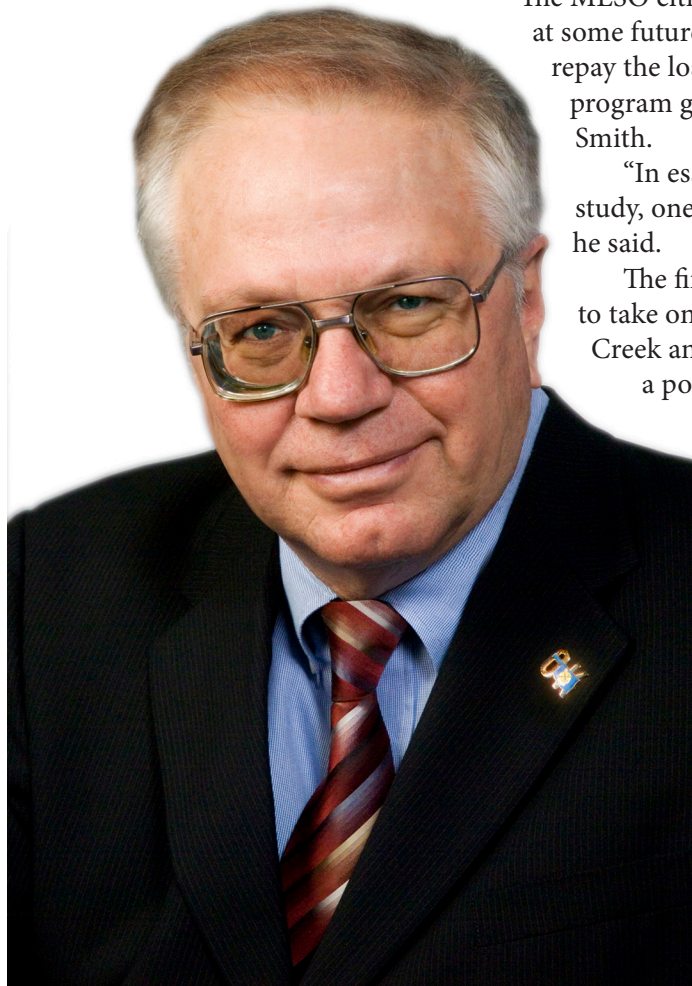
The first courageous cities to take on the debt were Pond Creek and Okeene — each with a population of about 1,000.

They were among the seven cities managed by Woolbright, who was asked to convince the city councils to make the leap.

Both towns agreed to assume the

### Roland Dawson

Hired as the first General Manager of OMPA in 1983, Roland “Harry” Dawson was a leader throughout the agency’s formative years.



debt.

In the end, 36 cities backed the loan, with the initial loan totaling \$2.5 million. For some cities, that meant their share, which was based on load factor, exceeded \$100,000.

“To put that in perspective, that was more than a year’s sales tax collections in those towns,” he said.

### Dawson Reins in Consultants, Leads OMPA Through Setbacks and Successes

In 1983, Harry Dawson began work as general manager of OMPA.

His first major contribution was to rein in the overly generous expense accounts of the consultants: bond counsel, consulting engineers, financial adviser and lead underwriter.

He also debated with them about priorities.

“They wanted to formulate a plan based on building power plants. I thought, ‘We don’t even have an operating staff yet.’ So, I said, initially at least, let’s work cooperatively with the power companies,” Dawson said.

In hindsight, that was a good call.

“OGE could probably have blocked us but, because of OMPA’s noncompetitive attitude, they were largely cooperative and treated us pretty well (because they didn’t see OMPA as a competitive threat). They gave us transmission line access — the ability to transmit power on their system — and it was not an open system in those days.”

Later, Dawson spent a significant amount of time putting together a power supply program before the fledgling authority’s funds from the original Fidelity loan ran out in 1985.

Dawson worked with JP Morgan on a short-term loan that bridged from May to August when the first power bills were paid and long-term financing was in place.

“Harry was a real pain to the consultants by hammering on every bill to get the expenses down. So, OMPA didn’t pay for steaks, when hamburger would do,” said Rice.

*“Harry was a real pain to the consultants by hammering on every bill to get the expenses down. So, OMPA didn’t pay for steaks, when hamburger would do.”*

- Drake Rice

#### April 14, 1994

Board establishes Blue Ribbon Committee that will consider programs to enhance OMPA’s competitive position

#### May 12, 1994

Board approves contract with TIC-The Industrial Company for the Ponca City Repowering Project

#### June 9, 1994

Groundbreaking held for \$42 million Ponca City Repowering Project with Gov. David Walters as keynote speaker

#### July 21, 1994

Blue Ribbon Steering Committee develops “Service Package for Competitive Readiness”





Pictured, from left, are Ed Murphy, Chuck Smith, Lynn Rogers and Jerry Brockmeir after OMPA secured its first bond for \$161 million.

MESO had agreed to help disseminate information to cities on the progress of the power supply plan. Throughout 1983, then-MESO executive director Shane Woolbright accompanied Dawson to the contract signatories across the state, keeping them apprised of ongoing efforts, as well as continuing their recruitment efforts.

The next year, OMPA encountered a series of setbacks.

Anadarko and Lindsay had considered signing with OMPA, but decided to stay with Western Farmers Electric Cooperative when Western offered a new, lower-cost 15-year agreement.

Other prospective members, including Burlington, Mooreland and Fort Supply, accepted rate cuts by as much as 30 percent from their co-op suppliers. And OGE-served cities Stillwater and Stroud opted to sign with the Grand River Dam Authority.

In the midst of this, the OMPA plan was completed, and it was time to get the cities to commit to leave their current suppliers.

At this juncture, “the numbers were catastrophic,” said Woolbright, meaning that many cities had already committed to other power suppliers.

Fortunately for OMPA, though, the tables quickly turned.

OGE had requested a 32 percent rate hike to pay for a new coal unit it had just built in Muskogee. Normally, a Federal Energy Regulatory Commission rate-increase case took a year to a year-and-half to resolve. The OGE request would have delayed the rate change for at least five months.

But, under new FERC directives of President Ronald Reagan, the feds put the rates into effect immediately.

And, in early fall 1984, the weather suddenly cooled, leading to fewer kilowatts sold.

“The result was a poor load-factor month, combined with the full effect of OGE’s hoped-for rate increases. Costs in cities jumped from 42 mills to as much as 60 mills per kilowatt,” said Woolbright.

“OGE cities were so mad that most opted to leave OGE for OMPA, including two cities whose rates were scheduled to rise under OMPA, so upset were they with the OGE system.”

As in a well-crafted novel, the OMPA supporters still faced some major obstacles in getting cities to commit to their plan. This called for what amounted to an act of faith on the part of city leaders that OMPA would fulfill its promises.

Time was one major factor.

OMPA was basically still a one-person show in Dawson, with the help of a secretary/administrative assistant.

The Internet, email, cell phones and other instant electronic devices were still at least a decade in the future, so most communication that couldn’t be done by phone or regular mail took the form of on-site visits.

But, in April 1984, then-Blackwell City Manager Drake Rice was hired as OMPA director of member services, a title he still holds.

Rice had been serving as president of the City Management Association of Oklahoma, and previously he served as the president of MESO. He brought to bear his contacts there to recruit cities in signing long-term contracts to serve as collateral for OMPA bonds.

## Can it Be Done in Three Months?

The OMPA board set a deadline of 90 days for cities to sign up, giving OMPA time to identify load requirements needed upon startup.

So, in the fall of 1984, OMPA representatives had to convince the

### August 11, 1994

Board approves appointments to a committee to develop specifications for the Competitive Utility Program (CUP)

### Sept. 8, 1994

Board discusses the preliminary report on the direct load control pilot project and recommends continuation of the project for the summer of 1995

### 1995

OMPA grows to a staff of 22 employees

### Jan. 12, 1995

Board adopts CUP to assist member cities in providing better services to their customers

### Feb. 27, 1995

OMPA holds the first of five regional meetings to launch CUP

leadership of almost 40 potential member cities to sign a contract. All this was to be done in three months.

Rice and Dawson had their work cut out for them.

They vowed to meet with representatives of every city in Oklahoma that expressed interest in joining with the authority. The duo were on the road at least two days out of the week for those recruiting months, as most cities hold their council meetings on either Monday or Tuesday nights.

In each city, the men explained OMPA's goals and asked for a commitment to sign two resolutions.

One resolution required a 43-year contract to participate in the power supply program. The other terminated their existing power service contract. In some cases, OMPA agreed to enter into contracts with a city's existing power supply company until OMPA could build its own facilities.

## City of Ryan Leads the Way

The first community to sign was Ryan, located 30 miles south of Duncan near the Texas border. A tiny town, the population at the time was an estimated 1,080.

For years, Ryan had enjoyed adequate, low-cost access to hydro power. However, in recent years, PSO and OGE had begun limiting the city's power delivery to off-peak hours.

Rice told Ryan officials that, if they would sign with OMPA, the authority would "bank" the hydro power for them and provide it during the hours they needed it.

Sometimes, Rice and Dawson were lucky, and a city's officials had already heard about OMPA's mission and were eager to sign up.

For example, one night, Rice received a call from Mary Cox, then the town clerk for the small town of Spiro, near Fort Smith, Ark., population 2,100. She asked the duo to present their plan at the next council meeting. The clerk had just enough time to post the public meeting in accordance with the Open Meeting Act.

After Dawson and Rice made their hour-and-a-half presentation, the city voted to accept their proposal, with no "nay" votes cast.

Other cities, such as Newkirk and Tecumseh, took a wait-and-see approach, joining after OMPA's first year of operations.

A few cities, including Pryor and Cushing, had been considering the OMPA plan, as they were expecting significant rate increases from their current power supplier, the Grand River Dam Authority.

The GRDA had invested large sums of money in new coal plant purchases. However, excellent coal contracts resulted in an actual reduction in average power costs, said Woolbright, so these cities remained with their current power supplier.

And, certain OGE cities decided to stay with OGE.

"Purcell wanted contract changes that OMPA was not willing to provide (since the board had agreed all contracts should be the same), while Geary, Watonga and Perry had good relationships with their OGE reps," Woolbright said.

"Within two years, these cities would be given 'sweetheart' deals" (by OGE) — new contracts with lower costs than had been agreed in a rate case on OGE's 1984 rate filing."

OGE was in a large coal-plant building program. They were filing for a rate increase to put the new generation plants in their rates, starting in the mid-'70s with the Sooner plant, then down to the three new plants at Muskogee.

The last increase hit as OMPA was trying to sign cities, which really helped cities decide to go with OMPA.

Also, other cities with hydro power contracts were able to "bank" with OMPA the supplemental energy hydro power provided in the middle of the night when loads were low and use that power when the cities needed it. OGE and PSO had not been willing to do this.

The OMPA hydro cities saw a 30-plus percent reduction in power cost due to this provision in the OMPA contract.

After OMPA was organized, the big utilities began the same process of offering hydro-power cities the ability to bank supplemental energy.

On the other hand, OGE and its member cities were helped by the landmark 1986 tax act, the largest simplification of the U.S. tax code in history. It cut corporate income taxes from 46 percent to 34 percent, among other changes. This allowed OGE to drop its wholesale rate by about 9 percent, said Woolbright.

Yet other cities, including Purcell, used the OMPA offer to gain rate concessions from OGE.

### May 3, 1995

General Electric's LM6000 gas turbine starts at the Ponca City Power Plant

### July 1, 1995

Manitou begins receiving power from OMPA

### Oct. 1, 1995

Open house held at Ponca City Repowering Plant, following its completion

### October, 1995

Installation completed on a "slip-stream nozzle" at the Kaw Dam, enabling better management of water quality

### Oct. 12, 1995

Board accepts Demand-Side Management Committee's recommendation to review the Direct Load Control Program again in the spring of 1996



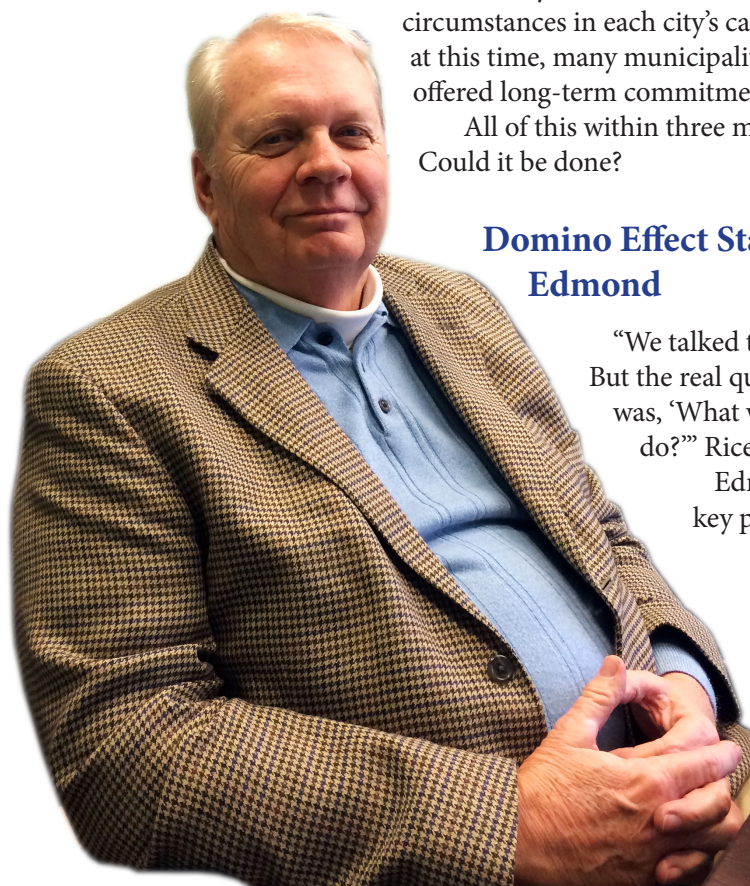
Rice and Dawson had to do their homework to build a credible argument in OMPA's favor, especially in light of rate concessions by private power suppliers.

They had to learn each community's unique power supply needs, which depended on a myriad of factors, including size and proximity, or having an existing hydro-power contract. Some large cities already had a vigorous infrastructure.

They had to research the town's economic situation. Was it modest or relatively robust with large coffers which would allow them to build their own power supply or purchase power from a power supplier?

Also, they had to know the extenuating circumstances in each city's case. For example, at this time, many municipalities were being offered long-term commitments by OGE.

All of this within three months' time? Could it be done?



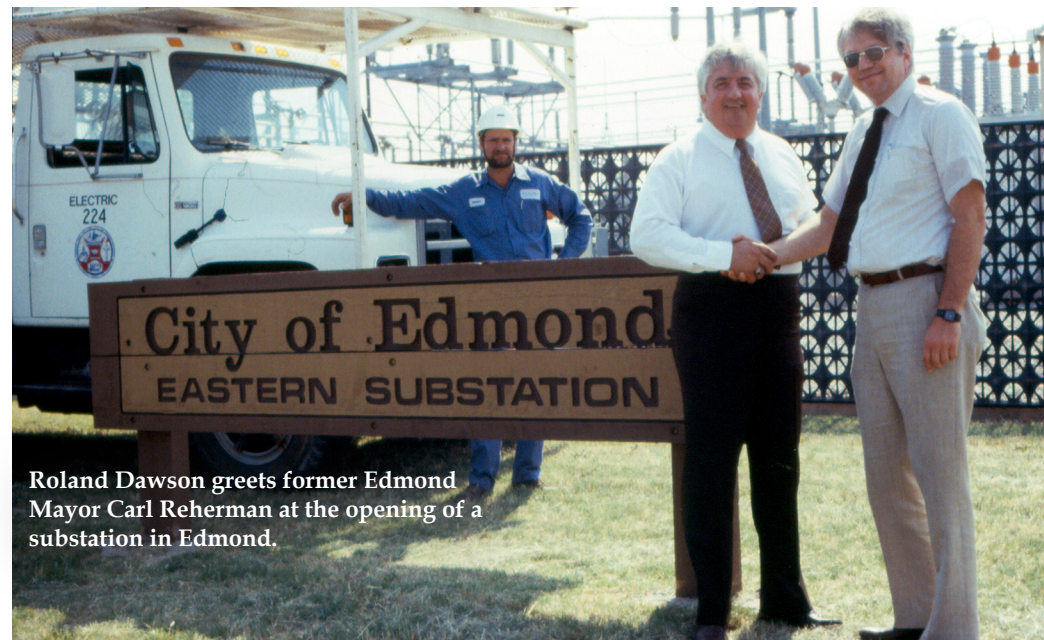
### Domino Effect Starts with Edmond

"We talked to a lot of cities. But the real question all along was, 'What will Edmond do?'" Rice said.

Edmond was a key player because,

### Max Speegle

The long-time General Counsel at OMPA, Max Speegle also served in the same capacity for MESO and the City of Edmond, as well as City Manager for Edmond.



Roland Dawson greets former Edmond Mayor Carl Reheman at the opening of a substation in Edmond.

up until then, all of the OMPA signatories were small- to medium-size communities, while Edmond was much larger, with exponentially greater energy requirements.

Max Speegle was then city attorney with the City of Edmond and later OMPA general counsel.

Edmond began to grow in the mid-to-late-'60s and, by the 1980s, it had a pressing need for more power and the associated infrastructure.

The city's leadership did not want to invest huge sums of money to build its own power plant, and consequently, charge higher utility rates, said Speegle. Many in Edmond were angry with the high wholesale rates charged by OGE, and they wanted local control over the city's energy supply.

Harry Dawson talked to the Edmond mayor about getting the OMPA contract consideration moved up sooner than later. It was placed on the agenda, and passed.

With one of the largest municipal cities in the state signed, "we now had the domino we needed to get other cities to commit," said Woolbright.

The Edmond deal required the city to sign and pay for the entire 43-year

#### Dec. 4, 1995

Winfield, Kan., signs 5-year, 8-month supplemental power sales contract

#### March 27-28, 1996

Energy Services holds Commercial Energy Audit Training for the first time at OMPA office in Edmond

#### April, 1996

Edmond becomes first OMPA member to be certified in the CUP program

#### May, 1996

First transaction takes place in the OMPA/Brownsville, Texas Public Power Pool

#### July 1, 1996

Ponca City power plant employees transfer to OMPA, increasing the authority's full-time staff to 37

package. OMPA had no transmission lines, no power source, as collateral — nothing other than a plan, said Dawson.

“I told Mayor Carl Rehman the other big cities would not commit until Edmond did. ... The Edmond City Council talked with another consulting engineer — and they were not very positive — but Carl argued on our behalf before the Council, and the councilors voted 4-1 to contract with us.

“Carl believed in joint action, and he was a builder. He felt this was a worthwhile effort,” Dawson said.

The single “no” vote came from councilor and attorney Randel Shadid, who later would become Edmond mayor and would serve on the City Council from 1979-95, the last four as mayor. Years later, Shadid told Rice his decision was one of the worst votes he had ever cast because the authority later proved to be so successful and beneficial for the city.

The Edmond/OMPA relationship was excellent from the very beginning, said Speegle, particularly during the transition stage when OGE continued to supply power to the city, until 1985, when OMPA first began to supply the power.

“Harry (Dawson) met the city’s technical needs; he was also very honest. He instilled a lot of confidence. We knew we were in good hands,” Speegle said.

At the same time, the City of Altus took the OMPA resolutions to a vote of the people, and they passed by a good margin — about 70 percent.

With Altus, OMPA had — on the 90th day — signed 26 cities.

“Many of these cities were taking a risk, because of how unknown OMPA was,” Rice said. “In the end, the deal we offered them made too much sense to pass up.”

OMPA Accomplishes the Near-Impossible

On July 1, 1985, OMPA became an actual operating utility.

In so doing, its cadre of dedicated organizers had accomplished the near impossible. Through more than two-and-a half years of determined, skilled negotiations and considerable sweat equity, the authority had:

- Completed agreements covering three transmission control areas (WFEC, PSO and OGE) and five companies — on schedule.
- Begun delivering power immediately to its 26 founding participating members — again, on schedule and at rates lower than originally projected.

- As the power supplier to its participants, the authority had already purchased resources in three states, established an equity position in three operating plants and sought alternative supplies.

- In the ensuing six months, the OMPA board and staff pursued contract negotiations on these and other issues to complete the first phase of the power supply program.

- The authority sold bonds and certificates totaling \$161 million during its first six months of actual operations to complete capital construction projects and retire its development loans, according to the 1985 OMPA annual report.

- Six additional cities applied for participant status in OMPA’s first year of operation.

However, before adding them, the authority sought assurance that its delivery capacity was sufficient to meet the demands of that growth. Already, the forward-thinking staff and board were looking toward its short- and long-term challenges, including concerns about alternative sources of supply.

“It is not sufficient for OMPA merely to deliver electric power. To be effective, OMPA must operate efficiently, and this means attention to peak load requirements, growth requirements and operating costs of the Authority,” according to Chairman of the Board Michael D. Brown and General Manager Harry Dawson in the 1985 Annual Report.

Negotiations for transmission contracts were underway.

Such contracts were needed from each utility to move the purchased power from a plant in various cities. The primary utilities were OGE, Public Service Company and Western Farmers Electric Cooperative.

Also, the board was investigating purchasing contracts with industries producing power as a byproduct of their business function.

OMPA was working to develop an effective load-management program to reduce the need for future generating capacity and lower overall costs. This aligned with one of the key principles upon which the authority was founded: Supplying power dependably and reasonably.

*“It is not sufficient for OMPA to merely deliver electric power. To be effective, OMPA must operate efficiently, and this means attention to peak load requirements and operating costs of the Authority.”*

- 1985 Annual Report

Dec. 13, 1996

Board accepts recommendation of Demand-Side Management Committee to discontinue the Direct Load Control Project

Jan. 1, 1997

New stratified rate design goes into effect and results in an overall reduction in published rates of 1.29 percent

Feb. 13, 1997

Board ratifies settlement agreement with Wynnewood City Utilities Authority

July 10, 1997

Perry agrees to three-year power sales contract extension

Oct. 6, 1998

Services 2000 Committee recommends a surge protection program for member cities



## No Ma'am, We Are Not Bank Examiners

In August 1983, Oklahoma was in the sixth month of a major recession. Hundreds of banks closed before order was restored after negligent and even criminal operations by banks and savings and loan associations.

OMPA General Manager Harry Dawson and MESO Executive Director Shane Woolbright were visiting cities in southwest Oklahoma. They had a 6 p.m. meeting at Eldorado's city hall. They were a little early, and the city hall was still closed, so they stepped across the street to a small diner.

Both were wearing suits, with the idea "that our members might feel better about these new people who wanted them to spend millions of dollars on power plants somewhere in the future," Woolbright said.

Sitting down in the very small diner, a waitress hesitantly approached the men and asked, "You're not the bank examiners, are you?"

As Woolbright noted later: "We could have caused a bank run the next day with a few poorly selected comments. Suits and August don't go together in Oklahoma, so I toned down the wardrobe in the future."



### July, 1999

Execution of 15-year agreement with Tulsa-based ONEOK Inc. to purchase approximately 25 percent of ONEOK's total generating capacity from its Spring Creek Power Plant

### 2000

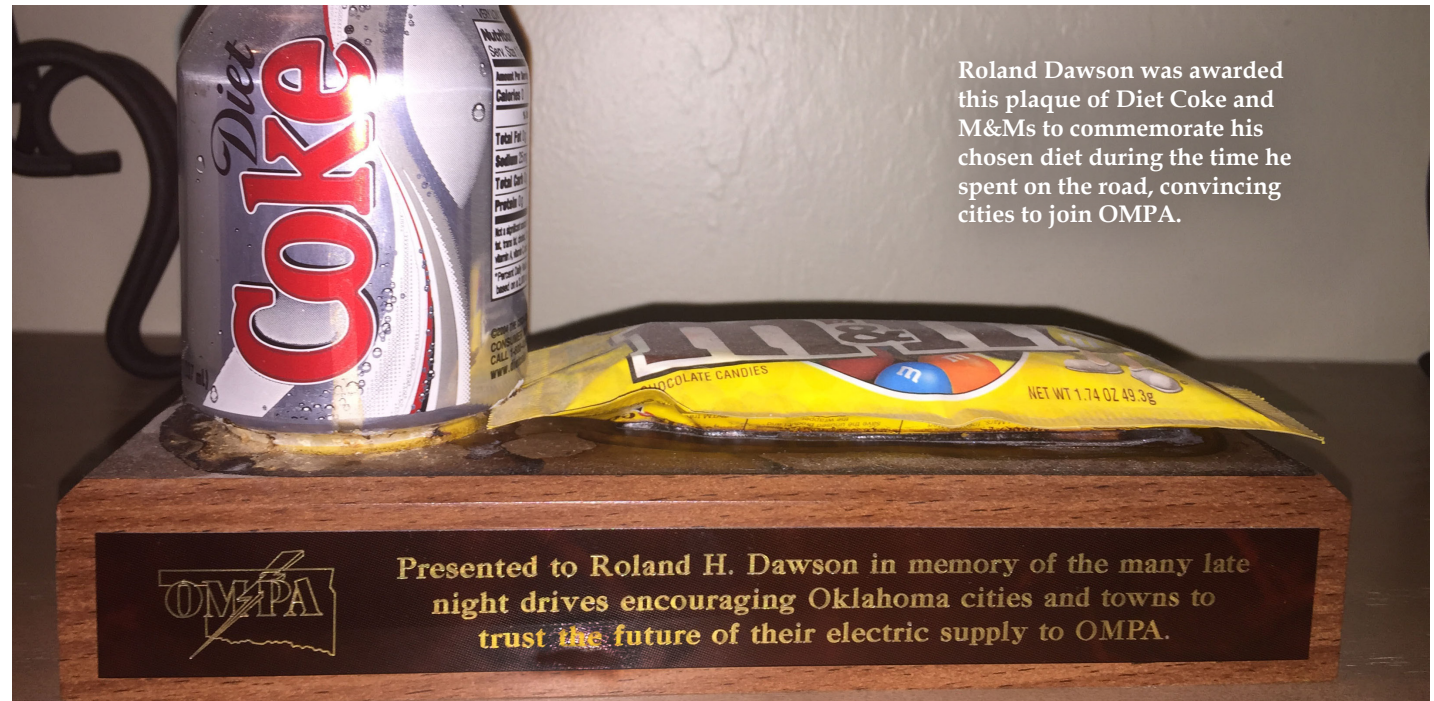
OMPA has a staff of 37 employees

### May 11, 2000

Board appoints members to the Strategic Planning Committee, which will study challenges in the industry

### December, 2000

Tenaska Power Services Company chosen to perform marketing services, including the marketing of excess electric generating capacity and the purchasing of supplemental supplies



Roland Dawson was awarded this plaque of Diet Coke and M&Ms to commemorate his chosen diet during the time he spent on the road, convincing cities to join OMPA.

## On the Road Again

Two of OMPA's earliest employees, Harry Dawson and Drake Rice, spent countless hours together in a company car they drove across the scenic byways of Oklahoma, from the Panhandle to Little Dixie.

They were attempting to get cities to contract with the authority, and had only three months to do it. In the end, they signed 26 cities.

Along the way, they talked shop and swapped stories, and made stops at many a barbecue and chicken-fried-steak joint.

When their schedules were too tight to stop for refreshment, the two men just nibbled on their favorite snack — peanut M&Ms — washed down

with their favorite soft drinks: Diet Coke for Dawson, RC Cola for Rice.

In the ensuing decades, these long, companionable sojourns to prospective new members became the stuff of legend, or at least a core part of the organization's work culture.

Dawson served as OMPA's general manager from 1983-2007. Rice also was Prague's city manager from 1976-80 and Blackwell's city manager from 1980-84. Rice went on to serve on the OMPA board of directors from 1981-84 and has served as the Director of Member Services for OMPA since its founding.



## Thanks to the Midwesterner... the Wife

If not for his wife, Harry Dawson would never have even heard of, much less joined and contributed to, the success of OMPA.

In 1982, Dawson was serving as general manager of the Grand Haven, Mich., Board of Light and Power and was vice chair of the Michigan Public Power Agency.

“My wife, Cathy, let it be known to investment bankers that she wanted to go back to the Midwest, where she had grown up and still had family,” said Dawson of his Medicine Lodge, Kan., roots.

“An investment banker (Ozzie Carlson) who had heard this contacted me and told me that Oklahoma was trying to set up a Joint Action Agency, a group formed as a legal mechanism to obtain control of power supplies.

“At that point, not feeling too serious about it, I came down for a job interview. MESO executive director Chuck Smith had at that time left for a position with an investment bank and full-service investment firm and Walters City Manager Buddy Veltema was functioning as interim general manager.

“I left the interview and, unknown to OMPA, instead of flying home, I went to visit family in Wichita. The OMPA board liked me and, assuming I was heading back to Michigan, went to look for me at the airport. At my parents’ house, I get a phone call from OMPA’s board chairman Mike Brown asking me to return to talk seriously about the job.”

Apparently, sometime between Dawson’s half-hearted interview for the OMPA job in 1983 and his retirement from OMPA in 2007, he had a change of heart, becoming one of the authority’s most passionate advocates.



Roland "Harry" Dawson is pictured throughout the years going over plans for the future, crunching numbers at his desk and being honored by the American Public Power Association.





## In it Together, Through Thick and Thin

Charles Martin was Tecumseh's city manager, OMPA advocate and board member. Martin decided it was in the best interests of the city and his hometown to sign the OMPA resolutions to join.

"Our distribution lines had become rundown, and were not in good shape," Martin said.

In one of his first presentations as city manager to the City Council, Martin told them, "If you give (OMPA) three years, we will upgrade the distribution system and we will be able to maintain control of it."

Though the mayor, a friend of Martin's, had supported selling to OGE, he respected Martin enough not to oppose him. With his backing, the council agreed to the three years.

"This was a pivotal time for Tecumseh," Martin said.

"In those three years, the situation did turn around, but it was difficult," he added, noting the residents suffered through some sweltering summers. "We had transformers overload, along with other issues, so the city hired a civil engineering firm to help upgrade the system, level out the voltage and perform other repairs."

However, one evening a transformer blew, and no one was available to fix it immediately. With no one to turn to, Martin said, "I just went out, and did it myself. I had watched it done enough to know how to do it, but I had never climbed a pole before."

With typical modesty, he concluded: "The community knew we were working hard and making improvements – and so they stuck with me."



Long-time OMPA Chairman Charles Martin is pictured with General Manager Cindy Holman at upper right. Above and in the middle is the photograph of the plaque installed at the Ponca City Repowering Project, which was dedicated to Martin for his years of service.





## ‘Moving’ Stories...

During or shortly after the remodeling of OMPA’s third office location, on Second Street in Edmond, former MESO Executive Director Chuck Smith recalled with fondness an incident that reveals the camaraderie and humor shared by the members of the authority during its formative years.

During a visit to the newly refurbished men’s room at OMPA, he discovered that some of his colleagues had installed a plaque dedicated to Chairman Charles Martin.

It was prominently located directly above an extra-tall urinal — a nod to Martin’s above-average height.

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Even before he was hired as OMPA’s third employee, Drake Rice volunteered his services to help move the Authority’s offices. Pitching in were OMPA General Manager Harry Dawson, MESO Executive Director Shane Woolbright and Chuck Smith, formerly with MESO but by then working for an investment company.

The four men moved OMPA’s offices from Oklahoma City to 2500 S. Broadway in Edmond in Rice’s 1968 pickup truck.

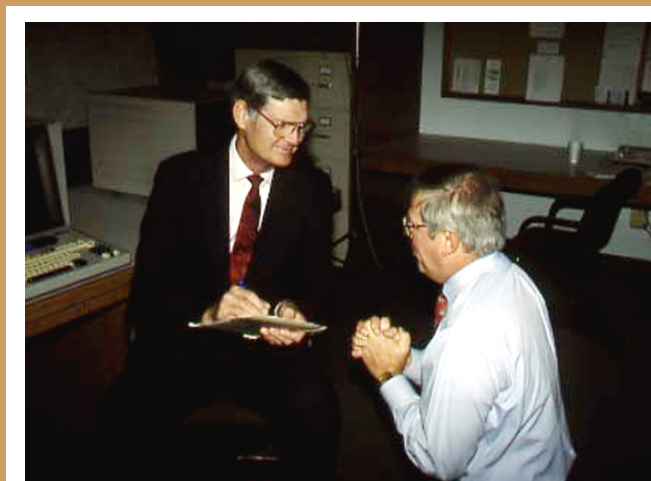
It was not a Herculean feat, given that the former OMPA offices had consisted only of three offices, a receptionist area, work room, small media room and bathrooms. However, somehow in the process, Rice accidentally ran over Woolbright’s foot.

Though certainly not funny at the time, the story has been told and retold over the years, perhaps because it is a microcosm of the larger story – a David and Goliath story of how a small group of determined men, working as a team, overcame obstacles and Big Business to triumph.

DEDICATED TO  
*CHAIRMAN WM. CHARLES MARTIN*  
MARCH 14, 1991

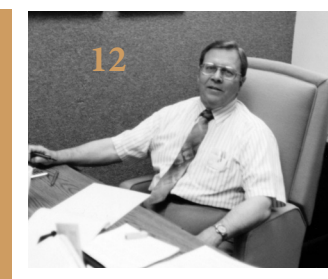
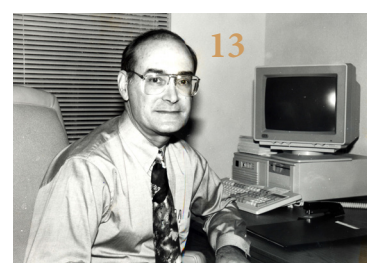
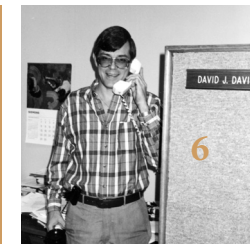


Above, the plaque dedicated to Charles Martin that was placed above a urinal. At left, OMPA employees dress for the cold conditions at the office, thanks to General Manager Harry Dawson’s affinity for cost cutting. Below and left, Dawson gets on his knees to beg Board Chairman Charles Martin for a raise. Below, Drake Rice is arrested at OMPA offices as a stunt to raise money for charity.



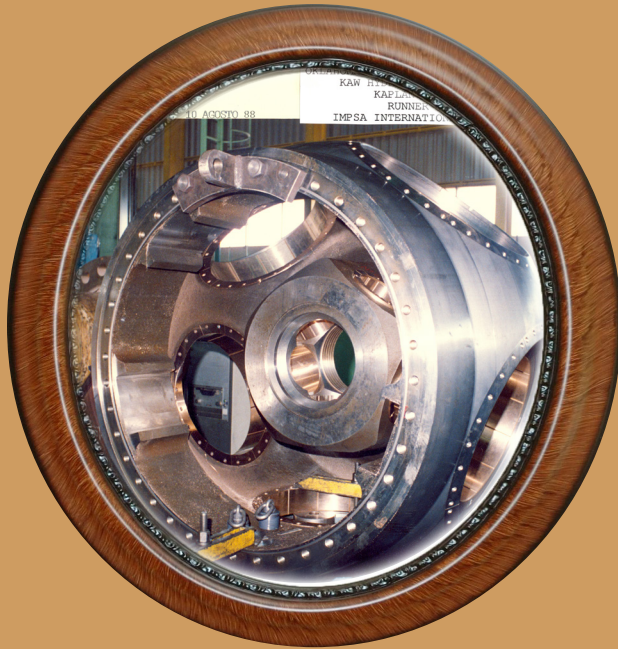


# Around the office



- 1 - John Langthorn, Harry Dawson, Cindy Holman, Steve Lewis, Max Speegle, Drake Rice
- 2 - Mary Le Beau, Lesa Leverett
- 3 - Phil Fisher, Mary Bouse, Terri Smith, Gene Anderson, Brian Jackson, Charles Martin
- 4 - Steve Smith
- 5 - Cindy Holman, Aliene Keithley
- 6 - David Davis
- 7 - Eydie Vap
- 8 - Mary Bouse
- 9 - OMPA employees, 1992
- 10 - Jake Langthorn, John Lewis
- 11 - Stan Rzad, Cindy Holman
- 12 - Phil Fisher
- 13 - Gene Anderson
- 14 - OMPA employees, 1988





At right, construction on the Kaw Hydroplant is underway in 1987. Pictured at left is the Kaplan turbine used at the plant. Below, water is released from the Kaw dam.







At left, ground is broken on the Kaw Hydroplant during a special ceremony in 1987. Above, work on the project ramps up, including the transportation of "El Grande", the butterfly valve outlet to the plant turbine, which was trucked through the City of Pawhuska.

## For Richer, For Poorer

In 1983, during OMPA's early days of operation, the authority's operating staff was offered a stake in a feasibility study for the Kaw Dam/Kaw Hydroelectric Project, located east of Ponca City in north-central Oklahoma.

In a bold play, former MESO executive director Chuck Smith – on behalf of the authority – offered to become 50 percent partners, which called for a \$380,000 commitment on OMPA's behalf.

Smith didn't let a minor detail such as a lack of funds deter him. With a loan option in hand, he approached Larry Gish, then-city manager of Stillwater, and Leon Nelson, then-city manager of Ponca City.

"On a dime's notice, we had these two cities' guarantee for the money," Smith said. This move "established us as a player."

Construction on the project began in 1987 and was completed two years later. As a result, the authority was able to purchase the substructure from the Army Corps of Engineers for \$3.8 million — this time using its own funds.



## Filling Those Shoes, errr High Heels

OMPA's eighth employee, Cindy Holman, didn't even know what a joint action agency was, much less what one did, when she was hired by the Oklahoma Municipal Power Authority as an investment analyst in 1985.

The former investment analyst for American Airlines recalls OMPA General Manager Harry Dawson entering her office the first week of her employment, handing her a book on joint action agencies, and suggesting she study the information.

Needless to say, she did — promptly.

Joint Action Agencies are formed by municipal utilities to provide reliable and competitively priced energy and/or energy-related services, typically through asset ownership.

After reading the book, Holman's primary efforts were to issue the authority's first public bond issue — for \$161 million — the next month. This would be the first of many to be issued by the authority over the years. This bond would replace the original, privately placed bonds issued for start-up costs and the purchase of power plants.

"A lot of documents had to be developed," she said, noting there were no guidelines to go by at the time. Shrugging, she added, "I just figured it out, though there was quite a learning curve."

Holman described the bond issuing process as "a unique business plan that works well with good leadership."

Interest-rate borrowers pay bond investors often less than the interest rate they would be required to pay to obtain a bank loan. The ability to borrow large sums of money at low interest rates gives businesses the ability to invest in growth, infrastructure and other projects.

Issuing bonds gives companies greater freedom to operate as they see fit, free from the restrictions that often are attached to bank loans.

But this form of revenue generation requires a solid understanding of the industry, as well as how the bond market works — both of which Dawson had, in spades, said Holman.

As an employee of a then-still small organization, Holman had the opportunity to focus on more than just bonds, including visiting towns and cities with Dawson to recruit new members or share news.

Though she was working in a male-dominated field, Holman didn't remember her gender ever being an issue, but she did recall one conversation that exemplifies the time period.

Early in her career, Holman's previous experience with American Airlines was



*"When you become general manager, the buck stops with you. There's no doubt this promotion posed a challenge. I had such huge shoes to fill; Harry was a dynamic leader."*

**- Cindy Holman**

broached during an introduction. The individual to whom she was being introduced, assuming she had been a stewardess, inquired, "What route did you fly?"

In 2007, shortly before Dawson's retirement, the OMPA board conducted a national search for a new general manager. Dawson encouraged Holman to throw her hat in the ring. She did, and several months later, assumed that title in addition to her old one.

Having handled investments, accounting, finance and operations for the organization, she had had broad exposure to virtually all facets of the business, and was ready to forge ahead.

But not without some trepidation.

"When you become general manager, the buck stops with you," she said. "There's no doubt this promotion posed a challenge. I had such huge shoes to fill; Harry was a dynamic leader."

Holman swiftly rose to the challenge, however. Drawing on her previous experiences, she set about bringing in-house the daily energy trading. Previously, the authority had outsourced this activity.

Moving this aspect of the business internally was important for several reasons. For example, if a power plant loses power unexpectedly, the authority must be able to acquire added capacity or energy quickly, she said.

Holman called the transition "fairly seamless" with the help of Dave Osburn, whom she hired to serve as director of operations. Also, she had the help of consultants from a company that provided energy trading services to other public power organizations.

Osburn was later selected by the board to assume Holman's position as general manager upon her retirement.

In moving that piece of the operation in-house, she helped the authority save a tidy sum — about \$2 million a year.

Also, Holman was responsible for hiring the first information technology staff member.

Holman lays a good deal of the credit for her success with OMPA at the feet of her former boss, whose mantra was "what's good for the city is good for OMPA."

She retired in 2013 after 28 years with OMPA.

"I feel very blessed to have worked for this organization," she said. "It suited me. I know people who worked in larger organizations — they don't embrace the culture like you do here."



Cindy Holman, the second general manager of OMPA, is pictured at right with long-time Board Chairman Charles Lamb. Below, Holman is pictured throughout her years with the authority.

