

THE OKLAHOMAN

Oklahoma City civic group seeks answers about \$4.5 billion in storm-related fuel costs

By Jack Money – April 16, 2021

Oklahoma City religious and community leaders are raising questions about how power providers plan to recover an estimated \$4.5 billion spent on fuel during February's severe winter storm.

Power providers spent so much in the wake of the storm, a customer who might normally see a \$100 February bill could have seen a nearly \$2,000 bill instead, with months of similar bills to follow.



Some legislators recently submitted plans to mitigate these costs over time, but leaders of the civic organization **VOICE OKC** want assurance the process won't pass unreasonable fuel costs on to consumers.

“If we as consumers are going to be asked to pay \$4.5 billion, we deserve transparency,” said Eric Jergensen, a VOICE member representing the Oscar Romero Catholic Worker House.

VOICE OKC, formed in 2014, is a coalition of 25 church congregations, nonprofits, and schools that works to develop the leadership skills of its members to work more effectively within the democratic process with civic leaders and public officials on issues of concern to families.

This week, what mattered to the organization are those potentially high utility bills.

Questions raised by VOICE OKC

VOICE is seeking answers to several questions related to the storm, including:

- Who made a profit from the storm, and will the Oklahoma Attorney General conduct a grand jury investigation into that issue?
- What policies were in place that allowed this to happen, and who, if anyone, will be held accountable?
- How did utility companies fail to have hedging contracts in place that could have capped at least some of their fuel costs during the storm?
- Why won't shareholders of publicly traded utilities have to carry some of the financial responsibility for decisions made by those companies' leaders?



“Oklahomans experienced 46 ‘extreme weather events’ between 2010 and 2020,” said Pam Bracken, a VOICE member representing Mosaic United Methodist Church. “What’s going to happen to utility costs after the next storm, and the one after that? Our policy can’t be, ‘Oh, shucks, fooled again, we’ll pay it this time, but just wait until next time.’”

Father Tim Luschen, a VOICE member representing the Saint Charles Borromeo Catholic Church, said Wednesday he was alarmed by how much an average customer's utility bill could increase under proposed legislation, even after extra-ordinary expenses were carried by bonds.

Families simply won't be able to afford even a 150% increase on their bills, Luschen observed.

“We have more families in need of utility assistance than we can help under normal circumstances,” Luschen said. “How will families be able to pay so much more on their monthly bills?”

Oklahoma's proposed legislation on storm expenses

Two bills running through the state legislature's Joint Committee on Budget Appropriations, co-authored by Sen. James



Leewright, R-Bristow, and Rep. Garry Mize, R-Guthrie, would set up bonding mechanisms using the Oklahoma Development Finance Authority.

If the bills become law, approved extraordinary storm cost expenses could be packaged into bonds sold to investors and paid over 10, 20, or perhaps 30 years.

Numbers are still being crunched, but as VOICE stated, preliminary estimates put those costs at about \$4.5 billion.

Lawmakers and other government officials expect those bonds and loans would carry lower interest rates than power providers could get if they took out loans individually, potentially making month-to-month impacts on consumers' bills more affordable.

Answers offered by Okl power providers

Brandy Wreath, the Oklahoma Corporation Commission's legislative liaison, said Wednesday he understands VOICE's concerns, noting regulators are asking some of the same questions.

Oklahoma's attorney general is already looking at how wholesale power markets inside Oklahoma operated during the period of time when an emergency order issued by Gov. Kevin Stitt was in effect (Feb. 12 through March 12) to see if price-gouging prohibitions for fuel were violated, Wreath said.

"The investigation process underway is complex and time consuming," agreed Alex Gerszewski, Attorney General Mike Hunter's communications director. "Our office is fully engaged with the intervening parties, with those that made transactions, and continue to gather evidence and information. Our office will hold companies accountable if they violated Oklahoma law."



Additionally, every request from power providers seeking relief bonds will be evaluated by the attorney general's office and the commission's Public Utility Division to examine whether costs are valid before being granted.

Wreath said the example he offered on Monday about how a consumer's bill might jump was just an example, arguing it shouldn't be interpreted as how customers' bills ultimately will be impacted under the program.

The exact bill changes for each customer would depend upon allowed expenses claimed by the power provider and the length of time the bond exists before it is retired.

"It will be different from company to company, based upon provisions allowed for under those laws," Wreath said. "Everybody will look at terms and impacts and select solutions that are best for ratepayers."

Utilities pass through fuel costs directly to consumers because state law bars them from making any profits on fuel-related transactions, Wreath said.

"Those costs (for regulated utilities) are subject to a prudence review, and that happens at least once every year" through fuel cost adjustment cases participated in by his staff, the attorney general's office and any other interested party that chooses to participate, he continued.

"We will be using that same open process to evaluate these storm-related costs, including giving the public opportunities to comment on those requests through email, our website and through our Facebook page," Wreath said. "We want to make it as easy as possible (for the public to take part)."

The commission is also interested in learning more about why regulated utilities don't enter into hedging contracts that could protect them in a February type of event, Wreath said.

One issue the commission intends to lobby Oklahoma's Congressional delegation on heavily is a the lack of federal price caps that could be used to control energy costs on trading markets during emergency events, according to Wreath.

Wholesale markets for electricity and natural gas gradually were deregulated by Congress over the past several decades.

"There is no federal stop-gap on these energy trading markets the way there is on the stock market," where massive value shifts are capped to prevent a wholesale economic crisis, Wreath said. "People tend to forget that."