

WFEC Company Overview

Ron Cunningham

Vice President, Power Delivery



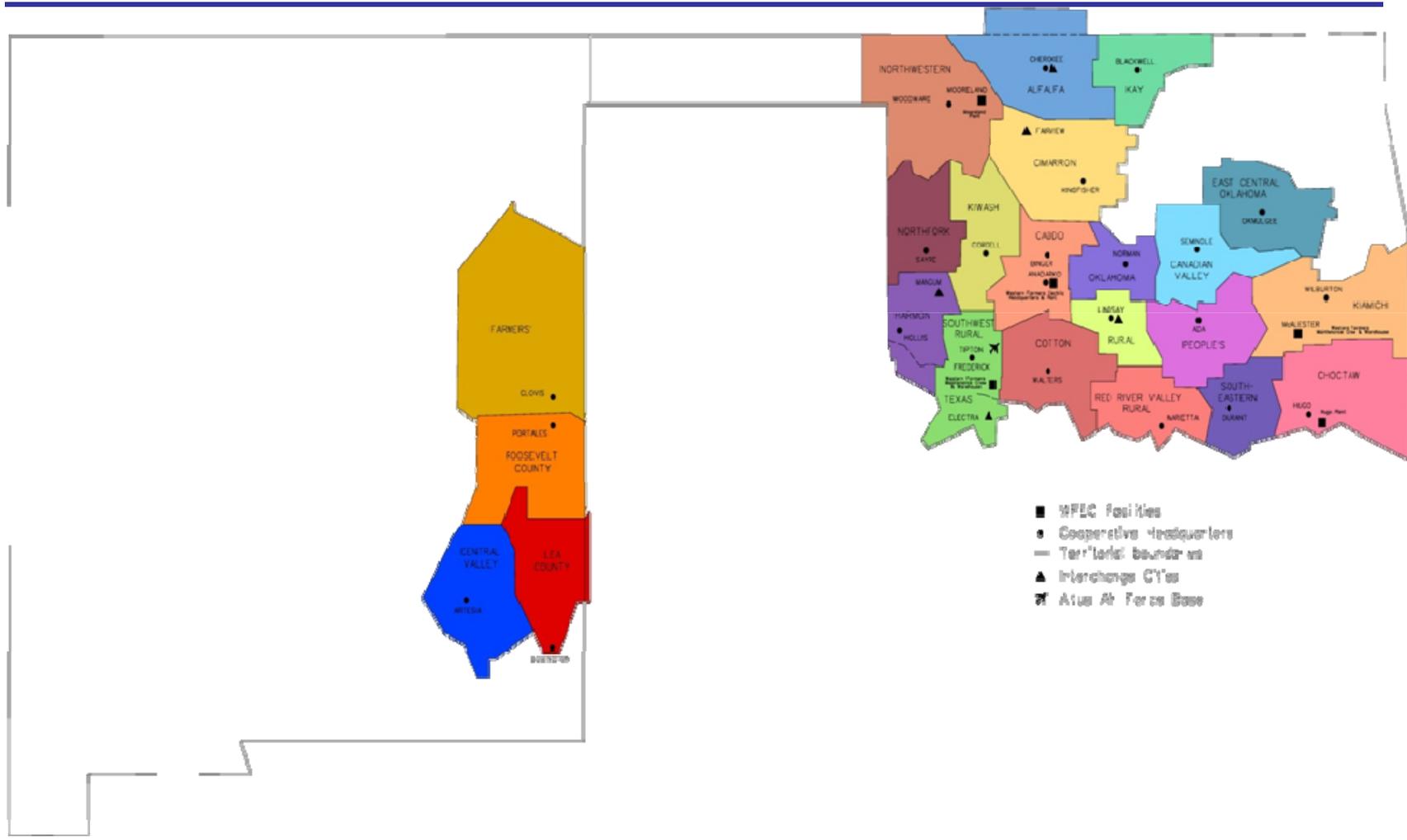
A Touchstone Energy[®] Cooperative 

WFEC Information *(as of October 15, 2010)*

- WFEC – 24 Member Board of Trustees
 - 23 Distribution Cooperatives
 - 19 Oklahoma Members
 - Four New Mexico Members
 - » One Member, One Vote
 - One United States Air Force Base (non-voting)

 - Distribution Member Contracts
 - 21 Members through 2050
 - Two Members through mid-2025
 - 210 MW of capacity
-

Service Area Map



Regulatory Environment

- WFEC Regulation
 - Not directly Federal Energy Regulatory Commission (FERC) jurisdictional
 - Not Oklahoma Corporation Commission (OCC) jurisdictional
 - Some oversight by New Mexico Public Regulation Commission (NMPRC)
 - Member of SPP Electric Reliability Organization (ERO) and SPP Regional Transmission Organization (RTO)
 - All WFEC transmission included in SPP FERC approved tariff
 - SPP Energy Imbalance Service (EIS) market participant

Distribution Cooperative Members

- Oklahoma
 - One under OCC Regulation
 - 12 of 19 are RUS Borrowers
 - Two serve in Texas, one in Kansas
- New Mexico
 - All four are NMPRC Regulated
 - All four are RUS Borrowers
 - Two serve in Texas

WFEC Overview

- **Generating Plants**
 - Anadarko (natural gas – 300 CC, 65 steam, 145 CT)
 - Mooreland (natural gas – 322 MW)
 - Hugo (coal – 450 MW)
 - **Long-Term Power Purchases**
 - Southwestern Power Administration (SWPA) hydro allocation (260 MW)
 - Distributive Generation – (30 MW, multiple locations)
 - GRDA – (currently 60 MW, 150 MW by 2012, through 2025)
 - **Wind Energy – State Renewable Goal – 15% by 2015**
 - Blue Canyon 74 MW - ≈280,000 MWH annually
 - Buffalo Bear 18.9 MW - ≈65,000 MWH annually
 - Red Hill 123 MW – ≈430,000 MWH annually
 - Rocky Ridge 150 MW, under contract, commercial early 2012, 525,000 MWH annually
 - **GenCo (50 MW) + (41 MW under contract through 2017)**
 - **3,600+ miles of 69, 138, 161, and 345kV transmission line**
 - **378 authorized employees for 2011**
 - **Equity member of ACES Power Marketing (APM)**
-

WFEC Overview

Oklahoma

- **2010 demand – 1,490 MW**
 - Energy sales – 7,350 GWh
- **2017 projection for demand – 1,600 MW**
 - Energy sales – 7,850 GWh

New Mexico

- **2010 demand – 400 MW**
 - Energy sales – 2,500 GWh
- **2017 projection for demand – 450 MW**
 - Energy sales – 2,800 GWh

Total

- **2010 demand – 1,890 MW**
 - Energy sales – 9,850 GWh
- **2017 projection for demand – 2,050 MW**
 - Energy sales – 10,650 GWh

2011 – 2017 Strategic Initiatives

- WFEC renewable energy and efficiency
 - Support Southwest Power Pool market evolution
 - Financial flexibility
 - Resource expansion
 - Capacity construction and/or long-term PPA
 - WFEC Environmental initiatives
 - Maintain competitive wholesale power costs
-

WFEC Renewable Energy and Efficiency Goals

- Renewable wind energy, 16% by 2012
 - Located outside prairie chicken habitat areas
 - Total of all PPA's average 4.2 cents per kWh or less
- Hydro energy – 8% in 2012
- WFEC (\$800k) and Members (\$400k) rebates for ground source heat pump program
 - 30 MW load reduction in 10 years, 2% renewable energy

SPP Market Evolution

- Regional transmission development
 - WFEC commitments for below 345kv additions
 - All regional EHV costs in SPP socialized base rate
- Region wide unit commitment and single control area operation by 2015
- Increases market access to conventional and renewable generation
- WFEC benefits positively (1.5 times)

Financial Flexibility

- Indenture
 - Continues RUS relationship, but expands borrowing flexibility
- Wholesale rate changes
 - Board ability to adjust rates significantly, if necessary, within 30 days
 - Improves load management capabilities
 - Recovers environmental, market, and other adjustments in month they occur
 - Increase fuel bank balance up to \$15 million
- Financial strength
 - New Mexico equity contributions \$200 million by 2026
 - o 2017 – \$50 million
 - o 2026 – \$150 million
 - Equity, DSC, Tier, MFI and other targets
 - Increasing liquidity

Resource Additions

- Completed

- Orme CT project – 145 MW peaking natural gas
- Distributive generation – 30 MW diesel/natural gas at various behind the meter sites
- Long-term Grand River Dam Authority (GRDA) contract
 - o 150 MW through 2025
 - o GRDA member cost rate
- Wind contracts

- Planned

- 300 MW combined cycle natural gas plant at Mooreland site (2017)
 - o 50/50 New Mexico/WFEC load
- Continue development of PPA's

New Mexico Resource Plans

SPS contracts continue through 2026 with incremental reductions

- 2012 – 90 MW
- 2017 – 100 MW
- 2022 – 100 MW
- 2026 – 100 MW

2012

- 45 MW at Lovington
- 45 MW WFEC PPA (3 coops)
- 100 MW WFEC incremental transmission service in 2012

2017

- 145 MW participation in Mooreland 4
- 45 MW transmission submitted for SPP approval process

Environmental Initiatives

- WFEC pioneered carbon offset program in Oklahoma
 - Oklahoma Carbon Initiative, Oklahoma State University, and Soil Conservation Districts of Oklahoma
 - Currently reducing about 10,000 tons of carbon a year with a goal of 75,000 tons through
 - No-till farming, tree and grass restoration, and similar programs
 - Research and Development
 - CRN program participant to study emission reductions in power plants through chemical injection
 - Through a combination of renewable energy, newer more efficient generation (lower emission), carbon offset, and efficiency programs, WFEC expects to reduce carbon emissions by 15 – 17% from 2005 levels by 2020.
-

Maintain Competitive Wholesale Power Costs

- Aggressive renewable energy additions have added long-term assets at very low costs with only slight escalations, while minimizing any Renewable Portfolio Legislation mandates and reducing volatility in fuel.
 - Actively managing emission reductions will be a positive impact toward federal action until at least 2020, however that progresses.
 - High efficiency natural gas generation addition, at least for the next 10 years should maintain competitive generation costs.
 - SPP market development continues to indicate very positive returns for WFEC, especially with socialized regional transmission development.
 - WFEC's service area is well situated for solar, wind, and natural gas development.
 - **Members can expect prices to increase, but increases should be manageable through 2017.**
-

Questions?

wfec
western farmers
electric cooperative

A Touchstone Energy[®] Cooperative 