



July 2, 2018

Oklahoma Corporation Commission
2101 North Lincoln Blvd.
Oklahoma City, OK 73105

Dear Commissioner Anthony, Chairwoman Murphy and Vice-Chairman Hiatt,

Americans for Prosperity (AFP) exists to recruit, educate, and mobilize citizens in support of the policies and goals of a free society, helping every American live their dream – especially the least fortunate. At AFP we recognize that abundant and affordable energy is crucial to American prosperity, therefore government should not place undue burdens on energy production and consumption including mandates or preferences for particular sources of energy.

Today I write to you on behalf more than 600 Americans for Prosperity (AFP) activists in Oklahoma, to elevate their concerns regarding the Wind Catcher Energy Connection Project. This high risk \$4.5 billion project appears not to be necessary¹, and the incentives driving it—mainly the federal Wind Production Tax Credit (PTC)—are nothing more than a corporate welfare program that will favor a private entity at the expenses of taxpayers across the nation.

The stark reality is that, left to itself, the market would not provide the necessary capital to fund this project. That is a powerful indication that this is potentially a bad deal for consumers in Oklahoma and taxpayers across America.

Additionally, we worry about the hurried nature of the process and the fact that there are several flaws in the project model and assumptions that support their benefits estimates. Among them is the preposterous inclusion of a carbon tax beginning in 2024. It is simply irresponsible to base a major public policy decision on the assumption of the implementation of a controversial provision like a carbon tax. The carbon tax failed to gain traction in Congress over the past decade when either party had full control of the federal government, and we believe it is highly unlikely to be implemented by 2024 – skewing the accuracy of the modeling.²

But aside from its questionable necessity and severely flawed assumptions in the models presented to the Commission, there are inherent risks associated with an infrastructure project of this size and scope. It would be prudent for the Commission to ask the following questions:

¹ Report and Recommendation from the Administrative Law Judge. February 12, 2018.

<http://www.oag.ok.gov/Websites/oag/images/17.267%20ALJ%20Report.pdf>

² OKLAHOMA INDUSTRIAL ENERGY CONSUMERS' PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW. Cause No. PUD 201700267 http://imaging.occweb.com/AP/Case_Files/occ30031292.pdf



- What if the project sees delays in construction, or hits legal roadblocks and fails to qualify for the PTC?
- Why does the Commission not include the massive cost of the PTC to taxpayers in conducting its cost-benefit analysis?
- What if the capacity factor never reaches projected estimates on an annual basis or declines more rapidly than anticipated as the project ages?
- Because there are little to no increases in power demand, what other generation resources will be forced to retire because this heavily subsidized project will be built? Will those retirements result in losses of local tax dollars to the communities in which those assets are located?
- What would the estimated benefits of the project be, absent the overly aggressive assumptions built into model? Could it be a net loss for Oklahoma ratepayers?
- Is it fair to expose ratepayers to this high-level risk on a project that has failed to provide a compelling argument?

These are all fair and legitimate questions for ratepayers to ask. On their behalf, we ask the Commission to thoroughly exercise its oversight authority by carefully considering the numerous risks in the light of the uncertain benefits this scheme proposes. Preventing gambling and imprudent decision-making with the funds of ratepayers and taxpayers is at the core of the mission of the Commission, and we ask you to take that mission seriously.

On behalf of Americas for Prosperity-Oklahoma, we respectfully ask you to listen to the concerns of thousands of citizens of our state and not rush to a decision without fully examining all aspects of the project. In its current form, the Wind Catcher Energy Connection Project simply does not seem like a good deal for Oklahomans.

We appreciate your consideration and look forward to working with you to ensure Oklahomans' access to reliable, affordable, and abundant energy.

Sincerely,

John Tidwell
State Director
Americans for Prosperity-Oklahoma