

U.S. Municipal Bond Market

Higher than Typical Gas Costs for Oklahoma Municipal Power Authority

- The Oklahoma Municipal Power Authority released disclosure announcing they may borrow an amount not to exceed \$60 million to finance unexpected costs related to last week's extreme weather event.

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Calculating the True Fiscal Outcome

Just today we wrote that, "The true fiscal outcome on local governments, electric, and water utility credit quality in the region is likely to be impactful on select entities, and the final financial toll could be enormous in some cases," in The Financial Impact from the Big Freeze is Just Heating Up.

Oklahoma Municipal Power Authority

This afternoon, the Oklahoma Municipal Power Authority (OMPA) released disclosure via the MSRB's EMMA website that indicates OMPA is seeking approval for an amount not to exceed \$60 million as part of a plan that would help pay for the increased costs incurred during last week's Big Freeze events. Oklahoma Power is a wholesale power provider that is owned by 42 member municipal electric utilities. OMPA's power comes from different sources, including wind, hydro, natural gas, coal, and others.

We are still seeking additional details about what is developing not only for Oklahoma Power but for other public finance entities in the region that have been impacted by the extreme weather events of last week. The OMPA disclosure reported that they are still waiting to find out what the net costs are likely to be, and we don't think OMPA is the only entity waiting on additional information.

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If more examples like this continue to surface, it is possible that we then grossly underestimated the total cost of what last week's weather events are likely to cost. We wrote last week that total costs for the Big Freeze could be \$25-50 billion when we were comparing this to other significant U.S. disasters. Going forward, we expect the situation in the impacted southern regions by last week's uncommon weather to continue to be ongoing, meaning that in the coming days and weeks it is possible that we will be uncovering additional information that could drive overall costs higher than anticipated.

Recent HilltopSecurities Municipal Commentary

- [The Financial Impact from The Big Freeze is Just Heating Up](#), February 22, 2021
- [Texas Freeze](#), February 18, 2021
- [Some Preliminary Details Released of Proposed \\$1.9 Trillion American Rescue Plan](#), February 10, 2021
- [Deep Cuts Remain; State and Local Govt. Jobs Down Over 1.3 Million](#), February 8, 2021
- [State Outlook Remains Negative; Direct Fiscal Relief Still Needed](#), February 5, 2021
- [U.S. COVID-19 "Spikes Like We Have Not Yet Seen" Could Be Coming; Sixth Phase Relief Status](#), February 1, 2021
- [Yellen Hearing: Supports Defeat of Pandemic, Loss of Govt. Jobs "Economic Malpractice"](#), January 19, 2021

Readers may view all of the HilltopSecurities Municipal Commentary [here](#).

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