

# Keeping Pace



July 2011

Oregon Rural Electric Cooperative Association

Volume 3, Issue 5

## Important ORECA Dates

July 13

ORECA Midyear Board Meeting—Salishan Resort, Gleneden Beach

July 14

ORECA ACRE Golf Tournament—Salishan Resort, Gleneden Beach

August 2-3

PNGC Board Meeting

August 3

NRU Board Meeting

August 4

PPC Executive Committee—Sheraton Inn, Portland Airport

August 20

West Oregon Electric Annual Meeting—Vernonia, OR

September 1

PPC Executive Committee—Sheraton Inn, Portland Airport

September 5

Labor Day—ORECA office closed

September 6-7

PNGC Board Meeting



## The 2011 Legislature: A Split Decision on Many Key Issues; No Knockout on Energy Legislation

The Oregon Legislature adjourned on June 30, ending a grand experiment in split leadership and passing reform legislation for both tax policy and education. On the energy front, the Legislature shied away from sweeping changes that had characterized the last two sessions with the renewable portfolio standard and cap and trade. Instead, the Legislature focused on proposals such as raising the energy supplier assessment and addressing the future of the Oregon Department of Energy. In the first days of the Legislature, ORECA testified on a major proposal (HB 2900) to abolish the Department of Energy. ORECA opposed moving co-op functions to the Public Utility Commission.

In addition, ORECA dealt with attempts by the counties to charge utilities for permits and a proposal to assess utility bills to promote wave energy. “The proposals were all over the map,” said ORECA Executive Director **Ted Case**. Much of the action was in the Oregon House and centered on ways to use the energy supplier assessment for various projects. An exception was a controversial Senate bill to mandate consumer-owned utilities on landlord/tenant policy when a landlord is delinquent on their bill. ORECA testified against the bill



The Oregon Legislature concluded its session on June 30.

**“The proposals were all over the map.”**

—Ted Case

(SB 490), arguing that electric co-ops know how to address situations in their service area. The bill ultimately died in committee. **Gov. Kitzhaber’s** “Cool Schools” proposal to weatherize Oregon schools

also passed, and electric cooperatives continue to work with auditors on potential conservation projects in local schools. ORECA also assisted Umatilla Electric Co-op in its efforts to address an inequity in the renewable portfolio standard as a result of a new single load in UEC’s territory. “It makes no sense that UEC have the same RPS burden as the state’s largest utilities,” Case said.

## Tax Bill Protects Surprise Valley’s Geothermal Project

Legislation to overhaul the Business Energy Tax Credit included a key ORECA-supported provision to extend the amount of time existing projects have to certify under the BETC. Surprise Valley Electric Cooperative is investing in a 2- to 4- megawatt geothermal project in Paisley, Oregon, and is pre-certified for the tax credit. However, the project will not be completed before the old BETC program officially expires next summer. The legislation (HB 3672) included a provision granting additional time for projects already under construction.

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## Tax Bill Protects Surprise Valley's Geothermal Project

*Continued from cover*

"This is an exciting project and the Legislature made the right decision to extend the sunset," said Ted Case. Case credited Rep. **Vicki Berger** and Rep. **Jules Bailey** as two legislators who helped craft the legislation. "They were given an almost impossible job," Case said. "And they pulled it off." He also lauded the efforts of Rep. **Mike McLane** and Senator **Doug Whitsett**, whose legislative districts include Paisley, for their support of the project. Drilling at the Paisley site will continue through the summer.

## Rep. Walden Visits Harney Electric

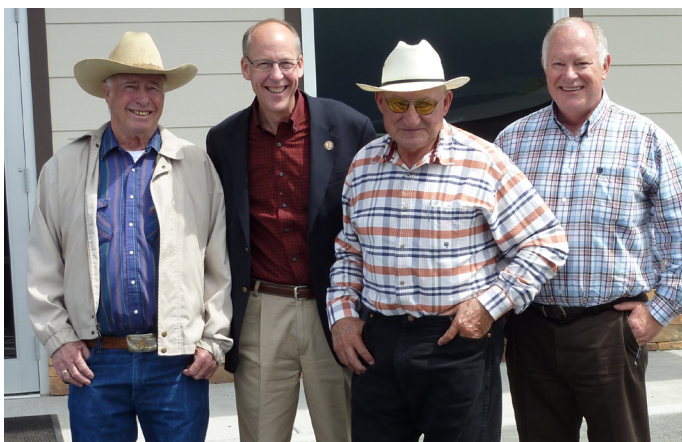
Three or four times a year, Congressman **Greg Walden** swings by one of the most remote spots in Oregon—Harney County in southeast Oregon. These are

not fundraising or issue-driven visits, but swings through the area to stay in touch, as happened during a recent visit and town hall meeting.

"Greg Walden is the only legislator that I know who comes here on a regular basis to meet face-to-face with constituents," said **Randy Whitaker**, general manager at Harney Electric Co-op.

It gave Whitaker the opportunity to raise two issues: environmental redispach and sage grouse. "Rep. Walden understands and is sympathetic to our position on both of these issues," said Whitaker. Whitaker's message to Walden on environmental redispach: "Don't pay federal subsidies to wind generators, which put the burden on a few." Whitaker tackled the issue recently in an article "If Wind is Green, Why Does it Kill Fish?"

Whitaker's concern about sage grouse is that it not be listed as an endangered species. "The decline in sage grouse is not due to a loss of sage brush, but is more likely due to the population explosion of raptors, falcons and eagles, whose record high numbers are decimating sage grouse," Whitaker said.



From left to right, board member Clayton King, Congressman Walden, board member Gary Defenbaugh and Harney general manager Randy Whitaker.



**Werner Buehler, General Manager, Oregon Trail Electric Cooperative**

## Buehler Appointed to Cooperative Research Council

**Werner Buehler**, OTEC's general manager, has been appointed to NRECA's Cooperative Research Council—a 25-member body, that evaluates technologies to help co-ops control costs, increase productivity and enhance member services.

"The CRC is focused on research and services that are of value to the electric cooperative industry," said Buehler. "I look forward to helping steer our co-ops through these new challenges as a board member of the council."

Buehler's responsibilities include reviewing initiatives and new projects for future improvements. He has been appointed to serve a three-year term and may be reappointed for one additional three-year term.

"Werner has a great sense of where the electric utility industry has been, and where it is going," said Ted Case. "He will bring vast experience to the council."

## After Further Review...

A 47-member Resolutions Review Committee met in June in Dallas, Texas, to look at all areas of the NRECA resolutions process. The committee is chaired by former NRECA President **Wally Wolski** of Wyoming and is intended to revitalize a nearly year long

process of debating resolutions. Each state has one representative on the committee. Case was named Oregon's delegate by Oregon NRECA National Director **Bryan Wolfe** of Umatilla Electric Cooperative. Case is the team leader of a working group formed to look at NRECA's resolution booklet. The group will meet again in November before making final recommendations to the NRECA Board of Directors.

## ORECA Midyear at Salishan

### Bold Predictions, BPA, a View of the Beltway



**Steve Wright**



**Glenn English**

### and Birdies...



**July 13-14, 2011**

# ORECA Executive Director Moderates Bush-Bradley Panel

In June, Ted Case moderated a panel comprised of former Florida Gov. **Jeb Bush** and former New Jersey Sen. **Bill Bradley**. The panel took place at the CFC Forum in San Francisco. Case led a wide-ranging discussion on the economy, energy issues and the 2012 presidential election. In his prepared remarks, Bradley condemned extreme partisanship and the “red-blue” divide.

Gov. Bush spoke of the “unbelievable pessimism” about the economy and said the government needs to take a “chill pill” when it comes to regulation—a comment that drew applause from the more than 1,000 attendees. Asked about Bush’s remarks, Bradley deadpanned, “I don’t know what a chill pill is.” Bush predicted a former governor will emerge as the GOP’s presidential nominee.

The session fittingly concluded with a discussion of the Dallas Maverick’s defeat of Miami in the NBA finals. Bradley, an NBA Hall of Famer and Dallas supporter, ribbed the former Florida governor and current Miami resident. “I was ABM,” Bradley said. “Anyone But Miami.”

Several Oregon CEOs and directors attended the three-day conference. In addition to Bush

and Bradley, the attendees heard from management and business author **Jim Collins**, former U.S. Rep. **Dick Gephardt**, former White House Chief of Staff **Erksine Bowles** and CFC CEO **Sheldon Peterson**.

**Ted Case, right, introduces some ground rules before former Florida Gov. Jeb Bush, center, and former New Jersey Sen. Bill Bradley, left, begin.**



## In the Arena

*Highlighting your cooperative legislators*

By Ted Case

One of the hallmarks of the 30-30 split in the Oregon House during the 2011 session was the ability to stop legislation. Not for **Rep. Greg Smith**. It was his



Rep. Greg Smith

ticket to pass a stack of key legislation for his constituents, some of which seemed doomed to fail. “We had a different environment this year,” Smith said. “It forces people to come to the middle—those who work with all members.”

A prime example of this work was his efforts to pass a bill to ensure compensation to those who have suffered losses or injuries due to wolf depredation. To accomplish this, he had to get the Oregon Cattleman and the Defenders of Wildlife to shake hands—no easy feat for groups who usually give each other a wide berth.

Smith also passed key legislation for

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—Manager Steve Eldrige,  
Umatilla Electric

agricultural cooperatives and to benefit Oregon-bound companies—a key priority for the Port of Morrow. He also worked tirelessly to help Umatilla Electric Co-op address a thorny issue with the renewable portfolio mandate as a result of a new large load.

“Rep. Smith immediately recognized the economic and rate impact of allowing UEC to remain a small utility under

the state Renewable Portfolio Standard,” Umatilla Electric CEO **Steve Eldrige** said. “He worked every angle to keep the issue on the table. In the end, he was able to get a budget note that requires further discussion and a report to the Legislature in 2012 by the Department of Energy of the impact and financial fairness of the RPS.”

Columbia Basin Manager **Jerry Healy** has worked closely with Rep. Smith for years and is an admirer of his accomplishments. “Greg Smith serves a wide community in eastern Oregon,” Healy said. “He and his family volunteer for community projects across eastern Oregon. He has demonstrated by his hard work in Salem that he is a friend of the electric coops in eastern Oregon and across the state.” For his part, Smith believes that the economy of his district depends on local cooperatives.

“Our electric co-ops are economic engines that drive the Oregon economy,” Smith said.

# Staying the Line: Federated and Oregon's Co-ops

## Profiling ORECA's Supporters



Working as a lineman for a co-op in Wyoming gave **Monty Reher** of Federated Insurance his start in the utility business. As Federated grew, Monty grew with them. Initially, Federated offered worker's compensation and liability coverage in Wisconsin before expanding into the Midwest and later nationally. With approximately

800 members, Federated enjoys an almost unheard of 85 percent market share.

"Not much has changed in the last 20 years," Reher said. "The losses that occurred 20 years ago are still basically the same. Even though there is better training

and equipment, and more use of bucket trucks than climbing, the nature of claims is the same. It's not an increase in incidents, but an increase in the severity of incidents."

What keeps Reher up at night is cyber security. He worries about third party information and smart grids/meters. "The more computerized a system is the more likely it is to be taken out," he said. "Last year, a computer virus in Iran took out computer systems associated with the enrichment and manufacturing of uranium."

Reher is a believer in the co-op business model. "The term 'co-op family' gets tossed around a lot, but co-ops are the most pleasant, comfortable, friendly people to work with," Reher said. "This makes my job enjoyable and rewarding."—**Lisa Logie**



## For the Good of the Order

### Perspective from the ORECA president

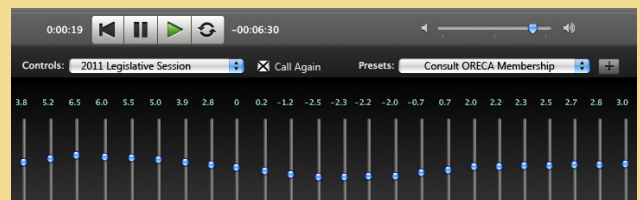
Mark Twain once said that "no man's life, liberty or property are safe while the legislature is in session." He may have added electric bills to that list if he had been around to observe the recent actions in Congress and the Oregon Legislature. Let me give you a couple of examples. In the final hours of the Oregon Legislative Assembly, a \$500,000 increase in the Energy Supplier Assessment was added behind closed doors for energy-related activities. These costs will be borne by Oregon's power suppliers, including electric cooperatives. In Washington, D.C., a small group of budget negotiators attempt to cut \$2 trillion

in spending behind closed doors. Reportedly, one of the potential "revenue generators" on the table was to charge BPA customers market rates for their power. This is one of the misguided proposals I testified against in the May hearing in the House. More than ever, we need our legislator friends working to keep us safe from punitive rate increases for our members. And that is why it is never too late to join ACRE. There is not a lot we can do when deals are cut behind closed doors, but we can do one thing: make sure our friends are behind those closed doors, looking out for their local electric cooperative. —**Roman Gillen**

## Case in Point

The 2011 legislative session is over. While the dust is still settling, it appears that electric cooperatives emerged without any major mandates foisted upon their members. No legislative session can be successful without the support of the experts at Oregon co-ops. Not a week went by that I was not calling the ORECA membership for counsel on various legislative proposals. I usually ended my inquiry with the statement, "and I need your feedback in about an hour."

Contrary to most perceptions, the Legislature moves at the speed of sound. Unfailingly, the managers, co-op staff and board



members gave me rapid responses that helped make our case. Every time I testified this session, my arguments were based on the real-world experience of how a proposal would impact an Oregon co-op.

To my membership: thanks for all your help. Be warned. I will be calling again.

And I'll need your feedback in an hour.