



NEVADA RURAL ELECTRIC  
ASSOCIATION

**Testimony of Mr. Mendis Cooper**

**General Manager of the Overton Power District 5**

**to the Subcommittee on Investigations, Oversight and  
Regulations of the Committee on Small Business**

**United States House of Representatives**

**November 6, 2015**



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Thank you for the invitation to provide testimony at this hearing today. My name is Mendis Cooper, and I am the General Manager of Overton Power District #5 (Overton Power). Overton Power is a Public Power District created by the State of Nevada in 1935 to deliver hydropower from Hoover Dam to the rural areas of northeast Clark County, Nevada. Today the Overton service territory covers approximately 1,932 square miles and serves 15,000 meters.

Overton Power is a member of the Nevada Rural Electric Association (NREA) and I am here today representing the Nevada Rural Electric Association. NREA is a group of nine relatively small public electric utilities that represent the collective interests of member-owned public power utilities and their members across the state and neighboring areas. Collectively, NREA serves about 60,000 consumers across about 50,000 square miles of Nevada, and small portions of California, Idaho, Oregon, and Utah.

Electric cooperatives and public power districts are not-for-profit utilities that are owned and managed by their member-consumers. These non-profit utilities were created to provide electric service in areas of the country where it was less profitable for investor-owned utilities to operate. In fact, nationwide electric cooperatives serve an average of just 7 consumers per mile of distribution line, compared to about 35 meters per line for investor-owned utilities. The non-profit nature of public power entities in Nevada means that governing decisions are made with the primary goals of providing safe, reliable, affordable power to members, and each consumer/member-owner has an equal voice in making those decisions. Nationwide, electric cooperatives and public power districts together serve about 42 million customers and have a presence in 47 states. Although non-profits do not pay income taxes, they do pay property and other taxes.

Rural electrification was sparked by the establishment of the federal Rural Electrification Administration. However, the REA did not directly mandate or force the creation of any single electric cooperative. Rather, this New Deal initiative simply provided those residing in rural America a pathway for creating cooperative organizations for themselves, to pursue their own vision, and to serve their own interests. The federal government provided an opportunity to participate in a low-cost loan mechanism that was made available to privately-held, independent, locally controlled power providers. The federal government then allowed the local organizations to apply the solutions that made the most sense for their particular circumstances. In essence, the federal government created the opportunity and then got out of the way to allow innovation to flourish. That service and innovation continues today.

Today, however we are concerned about the federal regulatory overreach we are seeing from several different agencies, and how these hurdles placed by the federal government threaten our ability to provide affordable and reliable electric power to our consumers.



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ASSOCIATION

The service territory for much of NREA utility members is surrounded by federal lands, much of it administered by the Bureau of Land Management (BLM). Therefore, obtaining rights-of-way (ROW) from the BLM is a necessary part of providing electricity to rural Nevadans. Over the past 10 years, the time and cost to acquire ROW permits has increased exponentially. Ten years ago ROW could be obtained for approximately \$500/mile. The cost of ROW permits today is over \$25,000/mile and is, in some cases, making electric distribution service cost-prohibitive. In addition, the average time it takes to obtain a permit has increased from about twelve months to as much as eight years.

BLM land-use decisions also present challenges to NREA members. Permanent or seasonal road closures in NREA utility members' service areas have serious implications for these members. NREA utility members strongly oppose the closure of any road currently used to access its infrastructure. Without the ability to use these roads, we are unable to quickly and efficiently access distribution and transmission infrastructure as an essential service for maintenance and emergency repairs.

Other restrictions of activities on federal lands also affect NREA utilities' ability to provide reliable and affordable power to NREA consumers. Compliance with the Endangered Species Act prohibits transmission line construction, maintenance, and even access to some areas at certain times of year, depending on various species-specific nesting habits and other requirements. For example, even though the Greater Sage Grouse was not listed as a threatened or endangered species, there are still a number of restrictions and requirements placed upon NREA member organizations despite the fact that these organizations have owned and operated electrical lines in these areas for many years.

Proposed wilderness or monument designations would further restrict existing operations. In a state that is sparsely populated and where the majority of the land is government owned, there is often little room for infrastructure and development when you consider existing federal designations and proposed wilderness or monument designations. In the past, it has literally taken an Act of Congress to obtain right-of way in some instances. Therefore additional designations greatly restrict, and in some cases prevent the ability of NREA members to provide infrastructure.

We also have seen a regulatory overreach recently in the form of the "Clean Power Plan" proposed by the Environmental Protection Administration (EPA), published in the Federal Register on October 23, 2015. This 111(d) regulation threatens to make electric generation from coal more costly by imposing stringent limits on the emission of carbon dioxide. The CPP is one of the most aggressive and controversial regulations in the history of federal environmental regulation.

The CPP is costly and risky. It will cost electric utilities, including NREA's public power entities billions of dollars due to plant closures and the need to build additional infrastructure to replace lost generation. It will force electricity price hikes on our nation's most vulnerable citizens



NEVADA RURAL ELECTRIC  
ASSOCIATION

– those who can least afford to pay more each month. And it will jeopardize the reliable power supply on which the American economy depends.

In the CPP, the EPA reads the Clean Air Act to give the agency much broader authority over the energy sector than it ever has had in the past. Past EPA regulations under the Clean Air Act have required emission reductions that could be achieved by the power plant. That's not the case with the CPP. The CPP emissions rates chosen by EPA cannot be achieved solely by the coal-fired power plants that are the subject of the regulation. To comply with the CPP, regulated power plants would have to invest in new natural gas, renewable and/or nuclear generation and in new end-use energy efficiency programs. All of which would be subject to EPA review and indirect regulation.

Currently, NREA member organizations own very little of their own generation. The CPP will raise prices for market purchases of electricity and more importantly may prevent NREA members from installing their own generation in a time when renewable generation is becoming more cost effective and could be partnered with natural gas generation as an effective and reliable mix of resources.

In summary, over reaching and excessive government regulation have cost impacts on the NREA member organizations. These cost impacts are borne primarily by our consumer/members and small businesses. These small businesses are not national organizations. These businesses are locally owned by our friends and neighbors. We personally see the impact.

Thank you again for allowing me to share my views and concerns about the regulatory overreach of the federal government. I look forward to questions from the Chairman.

Respectfully Submitted,

Mendis Cooper  
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Board Member, Nevada Rural Electric Association