



White River Electric Association, Inc.

P. O. BOX 958
Meeker, Colorado 81641

The Honorable Scott Tipton

Chairmen - Subcommittee on Agriculture, Energy and Trade

Congress of the United States

U.S. House of Representatives

Committee on Small Business

Are Excessive Energy Regulations and Policies Limiting Energy Independence, Killing Jobs and Increasing Prices for Consumers?

September 19, 2011

Good morning. Thank you for allowing me this opportunity to testify before the House Committee on Small Business Subcommittee on Agriculture, Energy, and Trade here in Grand Junction, Colorado. As General Manager of White River Electric Association, Inc., (“White River Electric”) I believe it is crucial for the US House of Representatives and other interested parties to fully appreciate how government regulations affect the day to day lives of all Americans, and specifically, White River Electric member consumers. With that said, the answer to your question is **yes**, excessive energy regulation and policies limit energy independence, kill jobs and increase prices for consumers.

White River Electric Association Inc. History and Mission:

White River Electric Association is a rural electric cooperative located in Northwest Colorado. The White River Electric headquarters are located in Meeker, Colorado with its service territory encompassing most of eastern Rio Blanco County, a very small portion of northern Garfield and southern Moffat counties. The White River Electric service territory is about the size of the state of Delaware with 935 miles of line, serving approximately 2500 members and 3248 electric meters. These numbers result in an average of 3.46 consumers per mile. Northwest Colorado is an area rich in natural resources. The natural resource diversity in this region includes: open spaces, abundant fish and wildlife populations, lush forestry, various mineral deposits accompanied by agricultural, coal, and natural gas production. White River Electric’s electric load profile reflects this type of diversity with electric service to generational cattle and sheep ranches, wheat farms, coalmines, oil



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and gas producers and Meeker's historical residential base. White River Electric was formed in 1945 in response to a national directive to electrify the rural west. The federal government and the founding cooperative members believed that reasonable and affordable access to safe and reliable electricity was necessary for economic and social sustainability and prosperity. White River Electric honors this history through its continued efforts to provide its Member-Consumers with safe, reliable and responsible electric energy and other services at the most reasonable costs possible while remaining committed to customer and community service. In striving to achieve these goals the White River Electric Board of Directors annually reviews and confirms these core values that drive the overall operations of the company.

White River Electric is member owned, operated and controlled by its seven member elected Board of Directors. Directors are elected at large representing both the Town of Meeker and Rural area. The White River Electric annual meeting is held the second Wednesday of September and includes Board elections, review of the Association's finances and other general business. The regularly scheduled Board meetings are on the third Wednesday of every month. The current Board is made up of area ranchers, farmers and business people. The Board's commitment to its community extends beyond reliable electric service to include quality customer service, philanthropic donations, sponsorships and scholarship programs.

White River Electric fulfills its cooperative obligations in part by listening to its membership. A survey conducted in June of 2011 confirmed the White River Electric mission with a 92% favorable member satisfaction rating. The National Rural Electric Cooperative Association reports that only 2% of the total US cooperatives report a member customer satisfaction rate of 90% or higher. I am here today to give a voice to our membership and our mission; in hopes that Congress hears our plea for balanced, reasonable regulation that improves and incentivizes the overall electric utility industry. Regulation that kills jobs, the economy and jeopardizes the societal and economic prosperity that is at the historical heart of this industry is unacceptable.

In the past ten years White River Electric has navigated enormous growth and change. Its annual electric sales have grown from 138,243 Megawatt hours to 977,862 Megawatt hours. Response to increases in electric demands associated with natural resource extraction and processing in the Piceance Creek Basin resulted in the construction of miles of new transmission lines and seven substations for enhanced service and reliability. Rising to these challenges and opportunities shows how a small company of thirty-three employees can surpass expectations through hard work and a "can do" attitude.



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White River Electric supports responsible and reasonable regulation that provides appropriate standards for the entire utility industry including safety and environmental issues. White River Electric is proud of its safety record as was recognized in 2009 with the Colorado Rural Electric Safety Award and No Lost Time Accident Award. In addition, White River Electric is the only cooperative in the State of Colorado to earn the Environmental Bronze Award from the Colorado Department of Public Health and Environment. This type of positive recognition has its place but no award, regulation or mandate is more persuasive than the pledge this company gives to its neighbors, employees and consumers to provide them with safe, reliable and responsible electric power; all at a reasonable rate.

WREA - Tri-State - Regulation & Rates:

Per a long-term wholesale power contract, White River Electric receives one hundred percent of its power supply from Tri-State Generation & Transmission Association, Inc. During my ten years as General Manager White River Electric has passed on seven wholesale power rate increases to its membership. Wholesale rate increases since 1998 represent a 60% increase in the cost of a residential kilowatt-hour. These increases impact every family's monthly bottom line. The upward pressure on wholesale rates is a complex combination of increases in fuel, generation and regulatory costs. Many of those external forces cannot be controlled but you as legislators have the ability to responsibly address how overreaching and unnecessary government regulation directly impacts every family's monthly budget. Electric cooperatives around the country are wrestling with how to address the increasing costs associated with mounting and often unnecessary regulation. One general manager reports that as much as 20% of their retail rate is allocated to regulatory compliance. At White River Electric it is estimated that as much as 15% of its retail residential rate is allocated to the cost of regulatory compliance.

White River Electric is fortunate that it has balanced the rise of its internal costs with its increasing industrial load resulting in only one internal rate increase since 2001. Regulatory attacks on these large industrial customers could result in the loss of large industrial loads that historically have provided White River Electric with financial and internal rate stability. Future challenges come as Tri-State and White River Electric face an uncertain regulatory future. Uncertainty creates a chaos that directly drives up rates. White River Electric understands the check and balance role that reasonable governmental regulation plays in our collective society; but at what cost? Public and employee safety is an excellent example of how a reasonable regulatory role has lost its compass. Current proposed OSHA standards for climbing electric poles may become so cumbersome that the requirements in and of themselves create a safety hazard for the linemen. Universal safety standards are crucial for public and employee safety but overreaching regulation goes too far when it encourages rational people to avoid safety procedures simply to get the job done.



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Members Care About the Environment BUT Not at the Cost of Job Killing Regulation & Increased Electric Rates:

Through recent surveys the White River Electric members have implicitly stated that while they care about the environment, wish to see innovation in clean coal technology and renewable energy sources they simply **cannot** afford to see their electric rates increase. **The mandate to our leaders should not be, “how to regulate an industry so that it kills the industry and punishes the consumers - it should be how do our leaders create long term energy policy and market stability so that resources can be applied to energy innovation and job creation?”** If regulation proposed by the Environmental Protection Agency is approved, it is estimated that it will result in the closure of coal-fired power plants across the country with an estimated capacity of 30 to 70 gigawatts. That is 10 to 22 percent of the total capacity now available. The closure of coal mines and coal plants within the White River Electric service territory alone would result in near economic devastation. Moffat and Rio Blanco Counties, school districts, and other public entities depend on the tax revenues collected from these plants and mines. Our communities also count on these stable and well paying jobs to support our families. Over ninety-five percent of White River Electric’s load is made up of industrial consumers; specifically related to coal, natural gas and oil production and processing. Overreaching regulation that abandons scientific and common sense will be a direct threat to the economic stability and sustainability in Northwest Colorado.

In Summary – Think Before You Vote

Even though my granddaughters are still very young we have already had to share with them the old “think before you act and think before you speak” speech. Today, I hope to leave with you the common sense philosophy of “**think before you vote.**” While the lofty goals for regulation may be public interest, public safety and the environment; every legislator should be challenged to ensure that each vote for further regulation is necessary, based on common sense, allows for industry innovation and excellence without punishing the end consumer and the economy. This balancing act is not easy; but our forefathers believed that electricity was essential for economic and societal stability and prosperity - **we have an obligation to carry that light bulb into the future.**