



# OKLAHOMA PUBLIC POWER

A publication of the Municipal Electric Systems of Oklahoma

December 2012

## MESO Recognizes Michael Tinney for Outstanding Service

From time to time MESO provides a special recognition for members who have shown outstanding contributions of service to their communities. This past month General Manager Emeritis Shane Woolbright traveled to the far southwest corner of Oklahoma to do just that. In the community of Eldorado there are according to the latest census some 446 people. The community receives most of its power from the Southwestern Power Administration. But energy that cannot be provided by SWPA is provided by the Oklahoma Municipal Power Authority which also arranges for the scheduling and transmission of the energy to Eldorado.

With no property taxes and very limited sales tax revenue, the Town of Eldorado depends upon utility collections to help fund the limited amount of government expenditures in Eldorado. But 446 people hardly provide much of a base for revenues for a public works department. That's where Michael Tinney comes in. Michael is from Eldorado, grew up here, and began work for the town assisting the previous public works director in 1996. In time he became certified by DEQ as a water and wastewater operator. Later he became public works director. He also learned the operations of the electric system and oversaw the upgrades to the electric system that earned Eldorado the Clarence Fulkerson Electric System Achievement Award in 2006. In

the MESO directory, Michael is listed as electric superintendent, but he is much more.

As one of two people normally working for the city, Michael also volunteered to assist the police operations and became certified by CLEET as an officer and was named as police chief and head of emergency management in 2005. Eldorado staff and council members note how well Michael has come to know most of the people in town and especially how he has come to know many of the youth in the city and gained wide respect for his community policing initiatives.

Since Michael is always on call, he joined the volunteer fire department in 1997 and now serves as assistant chief of that department.

Somehow, Michael finds time to rear his two children, Vivian and Calvin, and step daughter Victoria, spending time in outdoor pursuits, gardening, and carpentry.

While we all enjoy the benefits of local government – lights that come on with the flick of a switch, treated water delivery, sewage disposal, trash pickup, police patrols, a fire department on call – there are few places where one person has a hand in insuring that all of these services are being delivered and who steadfastly works for the efficient delivery of these services each day year after year.

Outgoing MESO General Manager Shane Woolbright presented a plaque of appreciation to Mi-



chael on November 15th with 30 local residents, the city council and city staff in attendance. Woolbright noted that this was his last official act on behalf of MESO and that he could think of no one who better exemplified the values of local control than Michael Tinney.

### *In This Issue...*

- |   |        |
|---|--------|
| • Tom Dougherty to Become MESO JTS Director | Page 2 |
| • A View from Mexico                        | Page 3 |
| • Going Digital with the News               | Page 5 |
| • Public Power and Renewables               | Page 8 |

## Tom Dougherty to Become MESO JTS Director

Incoming MESO General Manager Tom Rider has appointed Tom Dougherty to become the next Director of Training and Safety at MESO. Tom will be responsible for the on-site safety program and for oversight of the MESO Electric Line Worker Apprenticeship Program and will be responsible for development of required field certification programs in climbing, tree trimming, bucket and digger truck operations, grounding, rigging, and confined space.

Tom comes to MESO from Duncan Power where he has been lead lineman for 15 years. Prior to working for Duncan, he was Lead Crew Chief for Edmond Electric.

Other positions for Edmond included underground technician and service crew technician.

Incoming MESO General Manager Tom Rider said of the appointment of Dougherty, "We were looking for someone not only with a wide background in electric distribution construction but also someone with municipal experience. Tom gives us a person who has worked in public power, been part of a mutual aid response, and has had crew supervision duties. He has what we need to help our cities develop good journey line workers."

Tom is scheduled to begin work January 3rd.

**LOW COST  
DRUG / ALCOHOL  
TESTING  
Call MESO,  
1-800-636-MESO,  
for quotes & information  
on joining the  
Local Government  
Testing Consortium.**

### MESO BOARD OF DIRECTORS & STAFF

#### President

Dan Blankenship, Stillwater

#### President Elect

Dean Sherrick, Edmond

#### Vice President

David Sleazick, Kingfisher

#### Secretary / Treasurer

Tim Schook, Stroud

#### Directors

Mike Doublehead, Tahlequah  
Daryl Golbek, Claremore  
Phil Johnston, Ponca City  
Paul McAlexander, Pawhuska  
Pam Polk, Collinsville  
Gary Pruett, Pryor  
David Yeager, Duncan

#### General Manager

Tom Rider

#### Director of Administration

Deborah Miner

#### Director of

#### Professional Development

Vacant Position

#### Director, Training & Safety

Vacant Position

#### Administrative Assistant

Tammie Murdoch

#### Training and Safety Instructors

Terry Knox  
Ron Nemecek

#### LGTC Testing Professional

Michelle Danner

#### MESO OFFICE

308 N.E. 27th Street  
Oklahoma City, OK 73105-2717  
(405) 528-7564 or (800) 636-MESO  
(405) 524-5095 FAX  
[www.meso.org](http://www.meso.org)

### MESO MEMBER UTILITIES

Altus*	GRDA*	Pond Creek*
Anadarko	Hominy*	Poplar Bluff, Mo
Benton, Ark*	Hope, Ark*	Prague*
Bentonville, Ark*	Kaw City	Prescott, Ark*
Blackwell*	Kingfisher*	Purcell*
Braman	Laverne	Pryor*
Broken Bow	Lexington*	Ryan
Burlington	Lindsay*	Sallisaw*
Byng	Mangum*	Siloam Springs, Ark*
Clarksville, Ark*	Manitou	Skiatook*
Claremore*	Mannford*	South Coffeyville
Coffeyville, Kansas	Marlow*	Spiro*
Collinsville*	Miami*	Stillwater*
Comanche*	Monett, Mo*	Stilwell*
Copan	Mooreland*	Stroud*
Cordell*	Newkirk*	Tahlequah*
Cushing*	Okeene*	Tecumseh*
Duncan*	Olustee	Tonkawa*
Edmond*	OMPA*	Wagoner*
Eldorado	Orlando	Walters*
Elk City	Paragould, Ark	Watonga*
Fairview*	Paris, Ark	Waurika*
Fort Supply	Pawhuska*	Waynoka*
Frederick*	Pawnee*	Wetumka
Geary*	Perry*	Wynnewood
Goltry*	Ponca City*	Yale*
Granite*		

*\*Job Training & Safety Participants*



## A View from New Mexico

by Shane Woolbright

Like most Midwestern and Southwestern states, New Mexico is reviewing what their utilities should do with older coal-fired plants. New Mexico Public Service owns four coal-fired units whose construction began 37 years ago in the Four Corners area.

According to EPA, the plants cause substantial haze in the region due to the fact that they have limited ash collection and emit substantial volumes of NOx and SO2 along with many tons of fine particulate matter. The utility, like those in Oklahoma, must determine whether to upgrade the plants to remove particulates, SO2 and NOx as well as remove mercury from the emissions. Like many other states, New Mexico regulators are considering replacing the units with gas-fired units or replacing two of the units and upgrading two.

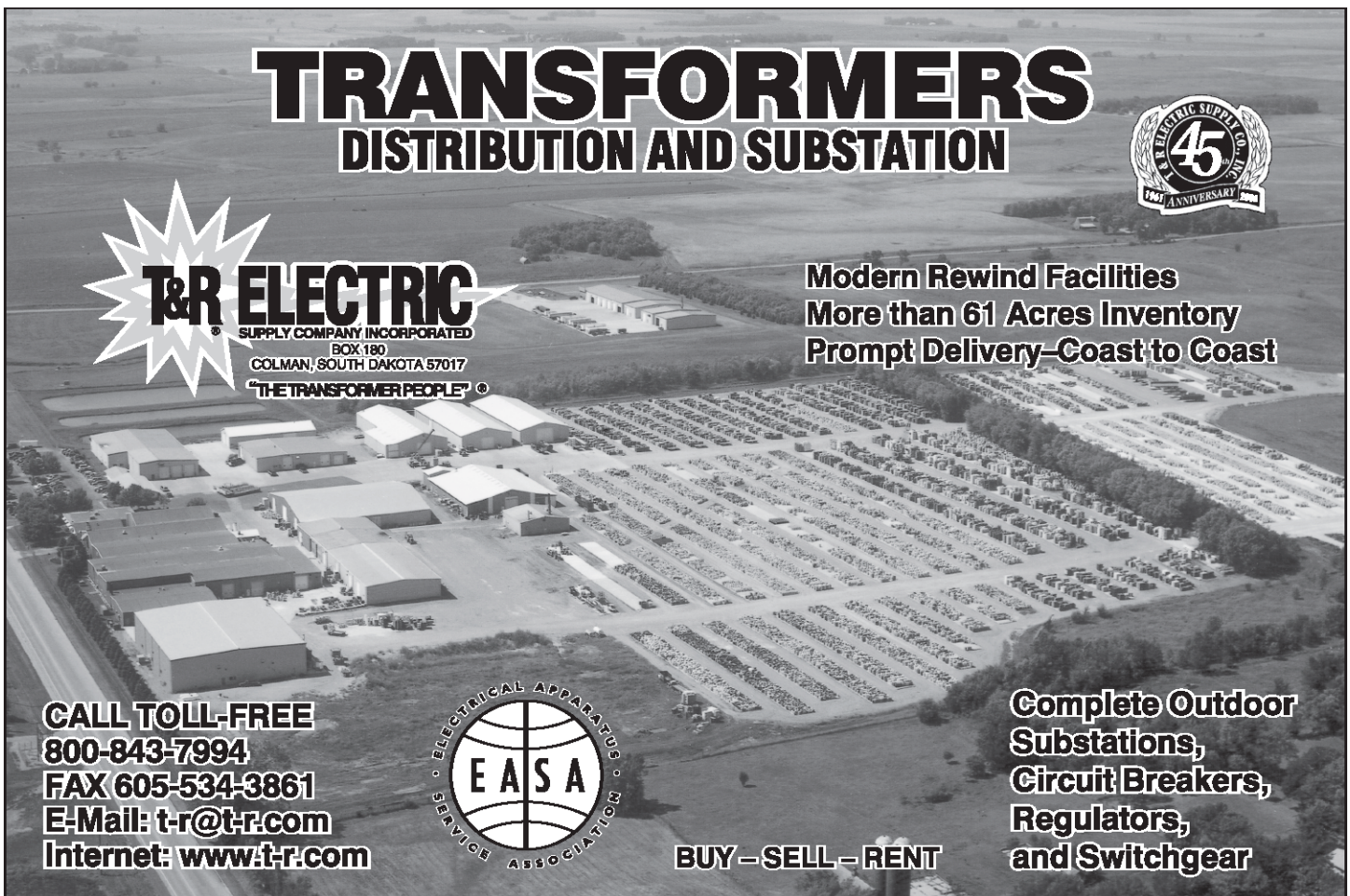
And although New Mexico's Republican governor does not believe in global warming, many at the state's capital of Sante Fe do. Sante Fe has had about 8 inches of rain in two years. They have had some snow to augment that rainfall, but for most of the Southwestern mountain region, the monsoonal rains of August have stopped occurring. Snowpack in

the New Mexico mountains has been half of normal for two years which has caused 20% of the water wells in Northern and Northwestern New Mexico to go dry.

While this may be a momentary lapse, many researchers point to climate change in the region as real and ongoing. Those who want to limit carbon dioxide emissions note that changing coal plants to natural gas gets rid of mercury, NOx, SO2, particulate matter, AND carbon dioxide. And while air quality may be an arguable point, the entire state depends upon snowpack for drinking water. Any action that might help improve snow gets significant attention.


The coal units will need substantial upgrades due to their age. Upgrading costs much less than building new gas-fired units. Coal proponents note that the plants were built near coal mines providing 400 jobs. Of course, more gas production will add jobs as well.

How this will play out remains to be seen, but current weather will play a major role in the outcome. The governor's standing in the polls has taken a beating since she began strong defense of keeping the coal units. Popular opinion still plays a great role in public policy. I would not be surprised to see coal disappear as a fuel source in this state.




# TRANSFORMERS


## DISTRIBUTION AND SUBSTATION



**T&R ELECTRIC**  
SUPPLY COMPANY INCORPORATED  
BOX 180  
COLMAN, SOUTH DAKOTA 57017  
"THE TRANSFORMER PEOPLE"®



**Modern Rewind Facilities**  
**More than 61 Acres Inventory**  
**Prompt Delivery—Coast to Coast**



**CALL TOLL-FREE**  
**800-843-7994**  
**FAX 605-534-3861**  
**E-Mail: [t-r@t-r.com](mailto:t-r@t-r.com)**  
**Internet: [www.t-r.com](http://www.t-r.com)**

**Complete Outdoor Substations, Circuit Breakers, Regulators, and Switchgear**

**BUY - SELL - RENT**

## **HOMETOWN CONNECTIONS**

### **Cyber Security Actions Provide Financial Benefits for Public Power Utilities**

By Doug Westlund  
and Bruce Gordon

The media is replete with warnings from the federal government and others of economic catastrophe should the U.S. power grid be attacked. The multi-state devastation of Hurricane Sandy makes real the impact of vast electric system outages. However, for a municipal electric utility, the pressure to launch a comprehensive cyber security program competes with the daily demands of maintaining the distribution system, navigating the wholesale energy market, managing billing/customer service and all of the other operational challenges. There is a risk of a “we’ll get to that soon” mentality, should time and the budget allow. A far more productive approach is to focus on cyber security as a central component to a utility’s reliability program, with quantifiable financial benefits to the public power utility and the community.

Cyber security has been front and center in the news, in dramatic fashion. At the time of this writing, the National Academy of Sciences issued a report stating that terrorists could black out large segments of the United States for weeks or months by damaging substations, transmission lines, and other hard-to-replace components of the power grid. In a speech to business executives, Secretary of Defense Leon Panetta said the United States must beef up its cyber defenses or suffer as it did on September 11, 2001, for failing to see the warning signs of a terrorist attack. He described a virus known as Shamoon which infected more than 30,000 computers of major

energy firms in Saudi Arabia and Qatar in the summer of 2012. Clearly, the time is now for a proactive approach to protecting information and communications systems from cyber-based attacks.

All utilities are an amalgam of backup and redundant systems, with cyber security among them. The adoption of a solid cyber security program adds a vital layer of protection to the critical opera-

tional infrastructure. Cyber security keeps costs low by avoiding the huge expenditures associated with attack recovery. After a cyber attack, utilities must:

- Employ a team of cyber security experts to diagnose, isolate and repair damaged systems
- Perform an extensive forensic study and report about the attack

(see CYBER, page 9)

## **APPA Academy Webinar Series**



An internet connection and a computer are all you need to educate your entire staff for just \$89. Register today at [www.APPAAcademy.org](http://www.APPAAcademy.org). Non-APPA members enter coupon code **webinar** to receive the member rate.

### **2013 Electric Utility 101 Webinar Series**

- Generation **Jan. 15**
- Substations **Feb. 12**
- Transmission **March 18**
- Distribution **April 16**

### **2013 Utility Governance Webinar Series**

- Assessing the Future of Public Power’s Business Model **Jan. 22**

- How Public Power Is Governed: The Structures and Authorities of Utility Boards **Feb. 19**
- Duties, Responsibilities and Legal Obligations of Public Power Governing Boards **March 28**
- Federal Legislative and Regulatory Issues for Boards **April 15**

**APPA Academy**  
Where Power and Knowledge Meet



## Going Digital with the News

MESO's Board of Directors has determined that using 5% of the budget to mail newsletters no longer makes sense in a wired world. MESO will begin to send news by e-mail to all members. The staff has been busy collecting e-mail addresses for member staff and boards for some time. We will still mail notices to those who request mailing due to lack of e-mail availability.

Rather than monthly news, MESO staff will eventually be sending mail on a weekly basis during the legislative session and bi-weekly in other months.

## Excavation Law Reviewed

One of the most time-consuming aspects of operating a public works department is the marking of underground lines for others who will be excavating in the right of way. Communications, telephone, cable, gas, electric, water, sewer, and drainage lines are in the rights of way, and it seems someone is digging somewhere every day. Larger cities now necessary to have staff doing nothing but locates.

But with all this effort, we still have accidents. The federal government deems some of these accidents dealing with natural gas lines to be of the utmost concern. The federal government has noted that states will have improved programs for hazard prevention or the federal government will create one for them.

So MESO staff has been reviewing proposed legislation on excavations this month and providing background information for the authors of the bill and for the Oklahoma Corporation Commission which is charged with responsibility for oversight. Although directed primarily at gas utility operations, all utilities will come under the requirements for notifications.

The bill will be the first on this year's watch list.

## Obama Administration's Fiscal Cliff Proposal Would Limit Tax Value of Municipal Bonds

The tax value of municipal bonds would be limited under the Obama administration's initial proposal to avert the "fiscal cliff." The plan offered to congressional leaders Nov. 29 by Treasury Secretary Timothy Geithner would cap at 28 percent the tax value of itemized deductions and certain exclusions, including the exclusion on municipal bond interest. The cap would raise an estimated \$600 billion. Republicans rejected the proposal, with Senate Minority Leader Mitch McConnell, R-Ky., saying Geithner should be embarrassed to be presenting "laughable suggestions." However, GOP leaders did not discuss specifics.

Other parts of the administration proposal include an immediate increase in both top marginal income tax rates, as well as higher taxes on capital gains and dividends; a patch of the alternative minimum tax and the extension of targeted business tax breaks; an extension of the payroll tax cut or equivalent policy; a \$50 billion stimulus package in fiscal 2013; and deferral of sequester of funds. A second stage of the proposal calls for tax reform consistent with a \$1.6 trillion tax increase and \$400 billion in entitlement program cuts.

### MESO Associate Members

Allgeier, Martin & Associates, Inc.  
Altec Industries  
American Public  
Power Administration  
Atkins Benham, Inc.  
APOGEE Interactive, Inc  
C.H. Guernsey & Company  
Call Okie  
EDG International, Inc.  
Equipment Technology, Inc.  
ESC Engineering  
Fleharty Engineering  
Fred Oberlender & Associates  
Garver, LLC  
Global Power Products  
Grand River Dam Authority  
Green Equipment Company  
Hometown Connections  
Horizon Fleet Services, Inc.  
Jaco Construction, Inc.  
Local Government  
Testing Consortium  
Marathon Electric Co.  
Municipal Finance Services, Inc.  
NESCO Sales & Rentals  
Northwest Transformers Co., Inc.  
Oklahoma Municipal  
Power Authority  
Protective Equipment Testing  
Laboratory  
Siemens Industry, Inc.  
Solomon Corporation  
Sooner Meter Sales & Service  
Southwestern Power Administration  
Southwestern Power  
Resource Association  
Utility Equipment Leasing Corp.

## Earth Is Headed for Temperature Rise of 7.2 Degrees Fahrenheit by End of This Century, Says World Bank Report

Unless strong steps worldwide are taken to curb carbon emissions, the Earth is on a path to warm by 7.2 degrees Fahrenheit (4 degrees Celsius) by the end of this century, compared to pre-industrial times, the World Bank said in a report on global warming.

If this happens, the results will be devastating, the report said. Expected consequences include the inundation of coastal cities around the world, unprecedented heat waves in many regions, droughts, water scarcity and more extreme weather events, the report said. Climate change could drive "a transition of the Earth's ecosystems into a state unknown in human experience," the report warned.

The full nature and scale of the impacts is unknown, and "there is also no certainty that adaptation to a 4 degree Celsius world is possible," said the report, which was written for the World Bank by a team from the Potsdam Institute

for Climate Impact Research and Climate Analytics in Germany.

"It is my hope that this report shocks us into action," World Bank President Jim Yong Kim said in the foreword to the document. "A 4 degree Celsius can, and must, be avoided."

World climate talks have had the goal of keeping global warming to less than 2 degrees Celsius, compared to pre-industrial times. However, emissions of greenhouse gases have continued to rise, and the world is on track for a global mean increase of well over 3 degrees Celsius by the end of the 21st century, the report said. Warming of about 0.8 degrees Celsius already has occurred, and if the promises nations have made to reduce emissions are not met, a warming of 4

degrees could happen as early as the 2060s, the researchers said.

A difference of 4 degrees Celsius in global average temperature may not appear large. However, the report noted that the Earth was only about 4.5 to 7 degrees (Celsius) cooler, on average, during the last Ice Age, when parts of what is now the northern United States and central Europe "were covered with kilometers of ice."

The amount of carbon dioxide in the Earth's atmosphere today "is higher than paleoclimatic and geologic evidence indicates has occurred at any time in the last 15 million years," the report said.

The report, Turn Down the Heat: Why a 4 Degree C Warmer World Must Be Avoided, is posted on the World Bank's website.

**This space  
for lease.**

**For advertising  
information, contact  
deborah@meso.org.**

 **CBSA Credit Bureau Services Association**  
Collections • Reporting • Consulting • Outsourcing  
www.cbsasolutions.com

**Teresa Axton**  
(405) 707-3442  
(800) 324-0781 ext. 3442  
teresa@collectpro.com

123 W. 7th, Suite 300 P.O. Box 1448  
Fax: (888) 707-3440 Stillwater, OK 74076

### ALLGEIER, MARTIN and ASSOCIATES, INC.

Consulting Engineers • Hydrologists • Surveyors

Rate Studies  
Long Range Plans  
Design and Construction Management  
Substations, Transmission and Distribution  
SCADA and Communication Systems  
CAD Mapping  
GIS/FM-Relaying and Control

#### Corporate Office

2820 S. Range Line Road  
Joplin, MO 64804  
417.624.5703

www.amce.com

Contact Dave Garrison  
at 918.638.7857

#### Hydro Division

112 West 8th Street  
Rolla, MO 65401  
573.341.9487



Since 1954

AN OLD PRO with a new vision.

A PROVEN PROVIDER of innovative electrical solutions.

AN INDUSTRY LEADER leading a changing industry.



A PARTNER WHO'LL BE THERE FOR YOU,  
just as we have been since 1926.



Electrical Distributor

Stuart C. Irby Co. ■ 800-844-1811 ■ [www.irby.com](http://www.irby.com)

OVER 1.3 MILLION ITEMS AVAILABLE

COMPREHENSIVE LOGISTICS MANAGEMENT

TECHNICAL SUPPORT AND TRAINING

Landis  
Gyr+



GREENLEE.

SYLVANIA



## Public Power and Renewables

by Shane Woolbright

In most parts of the nation, states and localities have been moving to energy policies that feature efforts to reduce energy consumption through conservation and load management or are moving to "sustainable" energy programs featuring renewable energy. Oklahoma has a goal of 15% of all energy coming from renewables.

Public power systems in Oklahoma have done a remarkable job in this area. The Grand River Dam Authority got a jump start in this area by building the Pensacola and Markham Ferry Projects which provide some 240 mw of hydropower generation. Over the past dozen years GRDA has been upgrading the turbine generators at these dams. The upgrades will give decades of added life to the generators and create some 16,000 kw of added generation. The units at Pensacola were completed some years ago. Two of the four turbine units at Kerr Dam have been completed with the third being completed this year and the fourth next year. GRDA will bring its first wind power turbines on line in January with 50,000 kw of generation.

OMPA has been a leader in the region in renewable energy and conservation. Its efficiency programs have probably reduced kw consumption by 4,000 kw since 2000 which reduces the need for new generation by over \$4 million. OMPA will also add 50,000 kw of wind generation this winter bringing its total wind production to about 100,000 kw. Add this to the 28,000 kw at the Kaw hydro project and the 3,200 kw at the new methane derived fuel project in Sand Springs and you have an impressive portfolio.

OMPA's members have about 80,000 kw of hydro generation from the Southwestern Power Administration. In a period of good rainfall and good wind, there is the chance that there would be off-peak periods when most OMPA generation could come from renewable resources.

Currently, new gas-fired generation costs about \$1,100 per kw of output to build. That means there is a huge incentive for MESO cities to redouble efforts to improve energy efficiency. For every kw of load that can be reduced, there will be \$1,100 that your city won't have to spend in the future for that kw.

And, make no mistake, MESO cities are likely to continue to add load. Since I came to MESO the populations in most member cities have been stable, but the loads served by our power agencies have doubled. When I worked in Okeene back in the 80's, the city's population was over 1,400. It is now 1,200, but its electric load has increased by 50%. Ponca City's population is also down from those oil boom days, but its energy consumption is up 25%.

There has not been a time when investment in energy efficiency made more sense and brought such a good return on investment. And while it may seem that there are few opportunities for savings, they are all around us.

MESO has operated a zero interest loan program for some time. We have made over \$5 million in loans to member cities. Most of those have gone for street lighting upgrades or upgrades to system voltage. Those loans have a cumulative savings of nearly \$200,000 per year in energy cost reductions for member cities. The most recent loan to the City of

Geary will have a payback of less than three years.

The point of this, my last editorial piece, is to encourage your city to look at your energy management programs and give them new vigor. In this four-year recession, it's been difficult to direct funds to energy programs when so many other city programs were being cut or reduced. But it seems the economy is improving and with it, your city should seek methods to work with your customers to find more ways to reduce peak energy use. You should have a line item in your budget for these programs. And that line item will come back to your customers in reduced power costs for years to come.

Public power succeeds by having the many different cities working for a common goal. I've seen much success when cities work together for a common goal. I hope you'll redouble your conservation efforts in this next budget year.



*Powerful Transformer Solutions*

**Heath Funston**  
Territory Manager

**1-800-234-2867**

Ext. 193

Cell: 785-280-0996

103 W. Main • P.O. Box 245

Solomon, Kansas 67480

FAX 785-655-2502

[hfunston@solomoncorp.com](mailto:hfunston@solomoncorp.com)

[www.solomoncorp.com](http://www.solomoncorp.com)



## Cyber *(continued from page 4)*

- Turn off operational systems and fly blind for awhile
- Replace hardware and software as needed
- Put a cyber security program in place, to avoid a repeated attack
- Address the regulatory scrutiny and public pressures which accompany outages
- 

It is estimated the cost to repair the damage of an attack is 5 to 10 times greater than the costs of building a reasonable cyber security program. In addition to the recovery costs and the potential loss of service and revenue associated with a cyber attack, there can be insurance coverage implications if an appropriate level of advanced "duty of care" cannot be proven.


Along with avoiding the negative financial impact of an attack, a cyber security program reaps positive financial benefits as well. For example, the existence of a cyber program may have a positive effect on a utility's credit ratings. In assessing a utility's operations, credit rating agencies consider the reliability of the system. A utility's cyber program will improve reliability through protection of smart control systems and automated metering systems. Credit rating agencies also look at the strength of the utility's management, and an important factor in this assessment is the presence of a comprehensive strategic plan that includes risk management procedures and analysis. A utility's cyber program helps demonstrate that the utility recognizes the risk of a cyber attack and has taken steps to mitigate the risk.

Similarly, insurance costs can come into play. Today, insurance companies are examining reliability statistics when determining utility coverage and premiums. As awareness of cyber vulnerabilities increases, insurance companies will be looking more closely at the details of a utility's cyber security program.

In order to maintain a successful cyber security

program, each utility must ensure everyone in the organization understands and buys-in to the value of the effort, thinking every day about the security of critical infrastructure and assets. At a minimum, a cyber program must cover the operational and enterprise network, with systems in place to record and report any abnormalities and attempted attacks. It is vital to make cyber security part of the culture of the utility, always striving to monitor and improve.

Doug Westlund is Chief Executive Officer and Bruce Gordon is Vice President, Sales & Marketing, of N-Dimension Solutions Inc., a leading provider of cyber security solutions in affiliation with Hometown Connections. N-Dimension is a member of NISTs Cyber Security Working Group, a founding member of the National Electric Sector Cyber Security Organization, and the recipient of the 2012 Frost & Sullivan Award for Best Practices in Industrial Cyber Security.



**PUBLIC POWER**

focus  
diversity  
collaboration

financial & rate analysis • power/fuel supply • restructuring  
strategic planning • market analysis • load forecasting  
power contract negotiation • gas & electric acquisition  
substation • transmission • distribution • architecture  
power engineering • environmental services • security

Partnering with municipalities since 1928, providing  
quality engineering, architectural and consulting  
services throughout the United States.

**C. H. Guernsey & Company**  
Engineers • Architects • Consultants

405.416.8100 [www.chguernsey.com](http://www.chguernsey.com)

ALBUQUERQUE • AMARILLO • ATLANTA • DALLAS • HONOLULU • OKLAHOMA CITY • ROCK ISLAND • TALLAHASSEE • WASHINGTON D.C.

AMR RETROFITS  
WATTHOUR METER CALIBRATION REPAIRS

**Sooner Meter**

(580) 255-6567  
CELL (580) 467-1270

TERRY RIGGLE 401 INDUSTRIAL DRIVE  
KAREN RIGGLE DUNCAN, OK 73533

## Perspective

# Keeping Small Utilities Out of The Bulk Electric System Tent

by Mark Crisson  
President & CEO  
American Public Power Association

Many medium and small public power utilities are bracing themselves for what they regard as an inevitable "invitation" to the BES Club. These utilities today are not included on the North American Electric Reliability Corp.'s registry of entities that operate part of the continent's bulk electric system (BES). But they fear that as NERC and its regional affiliates conduct reliability audits on utilities whose facilities have been deemed part of the bulk electric system, membership in that group may expand to include smaller utilities.

We are working to prevent that.

Today, 329 public power utilities are listed in NERC's registry of entities that constitute the bulk electric system. Of those, 299

are registered with NERC as distribution providers because they exceed certain size and interconnection voltage criteria. While a number of reliability

standards affect distribution providers, a much greater regulatory burden can fall on the 114 public power utilities that are registered as BES transmission owners and the 95 that own and operate BES generation.

We filed comments last month with the Federal Energy Regulatory Commission supporting NERC's revised definition of the bulk electric system. Importantly, we endorsed the reliability organization's "bright line" definition that excludes from the BES all transmission facilities that operate at less than 100-kV. For unusual cases, where the NERC bright line raises (but does not address) all the issues, utilities and regional reliability entities have the opportunity to determine whether they have the potential to impact reliability on the interstate grid. The evaluation would entail load flow and stability studies that take into account the specific operating characteristics of the surrounding network. Some facilities that fall below that threshold may be vital to the reliability of the nation's transmission grid, but those components can

(see UTILITIES, next page)

aerial lift  
track vehicles  
digger derricks  
cable placers  
mini-diggers  
aerial lifts  
RENT  
LEASE  
SALES  
SERVICE  
digger derrick  
track vehicles

Call Jerry Whitehead  
**817-988-4611**

 **utility equipment®  
leasing corporation**

www.uelc.com  rent@uelc.com

## Fiber and Economic Development

On December 4 CNN ran a long piece in its nightly news program on one city in the Midwest that had bucked the economic downturn and was generating many new businesses. That city was Kansas City, Kansas, where Google is doing a fiber optic demonstration project. CNN noted that many small businesses were locating or starting there due to the ability to have very high speed data connections in neighborhoods that normally had slow speed service.

We note here that many public power systems across the country have had great success in providing fiber optic or communications services. Ponca City has city wide wireless internet service which has been a great savings for many citizens there. We recently noted that several member cities do not

have the ability for wide area wi-fi due to lack of fiber access. Ponca City's gives all the community the access they need without the problems many mobile devices have with too little connectivity.

Similarly, the City of Sallisaw has seen improved business activity since they established their fiber system. DiamondNet provides ultra-high speed fiber to the home or business while also providing telephone and cable television services. Since beginning the system in 2005 Sallisaw has succeeded in having 1,950 homes and businesses take their package of services. And not only do residents have superb service with local ownership, they are paying \$50-\$75 per month less than comparable ATT services.

## Utilities *(continued from preceding page)*

and should be identified through an exception review conducted by regional reliability authorities.

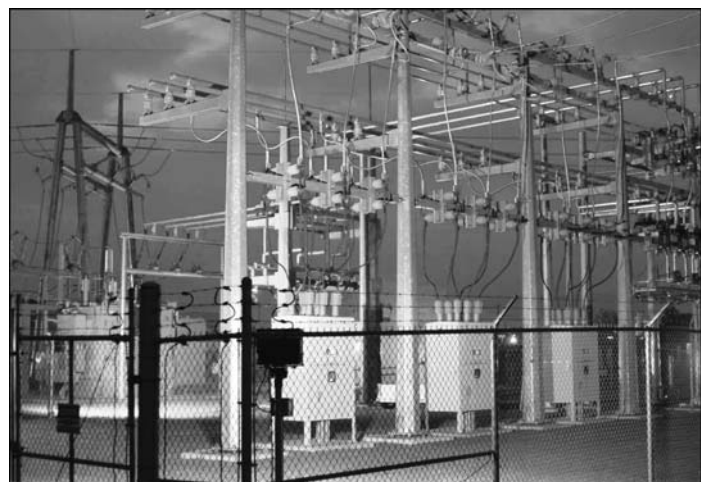
A growing number of public power utilities today surround their local distribution systems with a transmission loop designed to enhance local reliability. If a substation goes down on one side of town, these systems are wisely designed and constructed to re-route power through a second substation, thus keeping power flowing to all customers in the community. NERC has appropriately exempted local transmission loops from inclusion in the bulk electric system. Had it done otherwise, small utilities might in the future avoid building a local transmission network, with the perverse effect of harming reliable delivery of electricity to distribution customers.

Our comments also seek to protect smaller public power utilities from a costly and burdensome set of regulatory requirements. Smaller utilities do not have staff resources sufficient to keep pace with the reporting and recordkeeping requirements of a NERC reliability audit. FERC estimated that the additional cost of complying with the BES definition would be less than \$40,000 a year and entail 700 hours of staff time. We believe that cost would be much higher. Moreover, FERC fails to consider the time pressures imposed on the small staff of a public power utility. Once they are subject to reporting and auditing, utilities may incur steep fees for consulting engineers, recordkeeping assistance and legal expenses. The risk of non-compliance is even higher, with potential penalties of \$1 million a day threatening the very existence of a small or medium-sized public power utility.

We also asked the commission to direct NERC to expedite its process for deregistering small entities

that were pulled into the reliability compliance regime under an overly literal interpretation of the organization's original definition of the bulk electric system. These small utilities are not operating in a way that threatens the reliable operation of the nation's bulk power grid. Yet, they are incurring enormous costs to avoid penalties.

We are pleased with the steps NERC is taking to refine the definition of bulk electric system facilities and with FERC's proposed approval of NERC's definition. The locally focused operations of community-owned electric distribution systems are not going to bring down the grid. Likewise, efforts to keep the grid operating reliably should not impose a burden on the operations of small local utilities.



### Bring Power to Your Team!

Garver provides complete project design and support for electrical power and energy systems. Handling transmission, substation, and distribution projects and beyond, Garver brings power to your team with the expertise and capabilities you need to build and maintain your electrical infrastructure.

Contact Alan Miner for more information: [AEMiner@GarverUSA.com](mailto:AEMiner@GarverUSA.com)

**Norman**  
405-329-2555

**Tulsa**  
918-250-5922

**Fayetteville**  
479-527-9100



GarverUSA.com



Municipal Electric Systems of Oklahoma  
308 N.E. 27th Street  
Oklahoma City, OK 73105-2717

PRESRT STD  
U.S. POSTAGE  
PAID  
OKLAHOMA CITY OK  
PERMIT NO. 628

ENGINEERING & OPERATIONS



CUSTOMER CONNECTIONS



BUSINESS & FINANCE



SYSTEM IMPROVEMENT



## Hometown Connections®

DELIVERING VALUE TO PUBLIC POWER

### *Integrated Solutions for Public Power*



#### BUSINESS & FINANCE

*For premier cost of service studies/rate design, CIS/billing/financials, workforce solutions, and energy risk management, turn to Hometown Connections for Business & Finance solutions from public power's leading consultants and software providers.*

partners



970.682.4217 + [www.hometownconnections.com](http://www.hometownconnections.com)