



# OKLAHOMA PUBLIC POWER

A publication of the Municipal Electric Systems of Oklahoma

May 2013

## Public Power Conference a Huge Success

How does one measure success when talking about a conference?

I suppose, from a purely business focus, you focus on the numbers. For the 2013 Public Power Conference, held April 21-23 at the Reed Conference Center in Midwest City, the numbers were definitely high points.

- 103 municipal staff and officials
- 44 exhibitors with 80 personnel manning their booths
- 18 sessions over a day and a half

But, from a personal perspective, numbers don't do justice to the value a conference such as this brings to those who attend. This conference, as it does each year, focuses on issues that have a direct impact on the daily operations of municipal electric systems and customer service issues.

This year, for the first time, participants had the opportunity to learn about the work that the American Public Power Association does on behalf of all municipal electric systems in Washington, D.C. APPA is our

voice in Washington. Mark Crisson, president and CEO of APPA opened the conference describing how APPA works.

On a daily basis, staff spends their time working to educate lawmakers on the value of municipal power. When not interacting with Congress and their staff members, APPA staff works with federal agencies such as the Federal Energy Regulatory Commission, Department of Energy, and the Environmental Protection Agency.

(see POWER, page 8)

## Change in Tax Exempt Status of Municipal Bonds

### Would Increase Price of Electricity, APPA and Others Tell Ways and Means

By Jeannine Anderson

As Congress debates tax reform, "it should consider carefully the effect on state and local governmental entities', including public power utilities', ability to finance the critical infrastructure investments needed to provide for economic growth and our citizens' well-being," said APPA, the Large Public Power Council and the Transmission Access Policy Study Group in an April 2 statement filed with the House Ways and Means Committee.

Any changes to the current treatment of tax-exempt bonds would "increase the price that public power customers pay for electricity, especially affecting

small businesses and low- and fixed-income households, and reduce the ability to fund necessary public power infrastructure improvements," APPA and the others said. The nine-page statement, which covers tax reform and federal tax provisions affecting state and local governments, was submitted for the record of a hearing on tax policy that was held by the Ways and Means Committee on March 19.

"The policy of 'reciprocal immunity' — that the federal government does not tax interest on state and local borrowing and state and local governments do not tax federal borrowing — and the longevity of this exemption have given municipal bond inves-

tors and issuers great confidence in its permanency and allowed the market to function efficiently," said APPA, the LPPC and TAPS. "While subsequent changes to the tax code have placed additional requirements and restrictions on

see CHANGE, page 13)

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## Kaizen – The Art of Continuous Improvement

You have to lose 40 pounds. By tomorrow.

You want to write The Great American Novel. But first you have to start writing.

Enter Kaizen, the Japanese word (and really concept) of 'improvement', is the idea of taking small, continuous steps toward a larger goal.

Kaizen won't help you lose 40 pounds by tomorrow, but with small, cumulative changes you could actually lose 40 pounds in six months.

You can't really write the Great American Novel unless you put at least one word on paper. Over-

coming those blocks are what Kaizen is all about.

Robert Mauer, author of One Small Step Can Change Your Life, writes that our amygdala, or middle brain, is responsible for quick responses that can save our life. If we see a car careening out of control, our amygdala shuts down every other thought and system with the exception of: Get out of the way! Mauer writes that every single big change from routine, in fact, triggers some fearful reaction from the amygdala and it gets in our way.

Kaizen disarms the brain's fear response by setting tiny goals to

achieve big ones. Can't seem to start exercising? Instead of starting with an hour on the treadmill, STAND on it for a minute.

The key to Kaizen is 'continual improvement' (as the word is sometimes translated). Each new small step must become part of your routine, something you do over and over, building up to your goal.

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## OMPA Board Announces General Manager Holman's Retirement and Names Assistant General Manager Osburn to Succeed Her

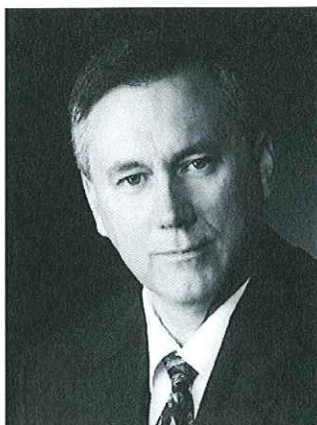
The Oklahoma Municipal Power Authority's (OMPA) General Manager, Cindy L. Holman, has announced her retirement. Ms. Holman will retire effective July 31st after a 28-year career with OMPA. Ms. Holman is OMPA's second General Manager, succeeding Roland H. Dawson on February 1, 2007. Mr. Dawson retired after serving 24 years as OMPA's first General Manager.

Prior to being promoted to General Manager, she had served as the Director of Operations and Chief Financial Officer. She assumed the position of Director of Operations and Chief Financial Officer in the summer of 2005, after having served as



the Director of the Financial Services Department.

The Board also announced that David W. Osburn, Assistant General Manager, will assume the responsibilities of General Manager effective August 1, 2013.



Osburn came to OMPA in January 2007 from Richmond, Indiana, where he served as General Manager of Richmond Power and Light. Mr. Osburn began his employment at OMPA as Director of Operations and was named Assistant General Manager in 2009. Mr. Osburn has

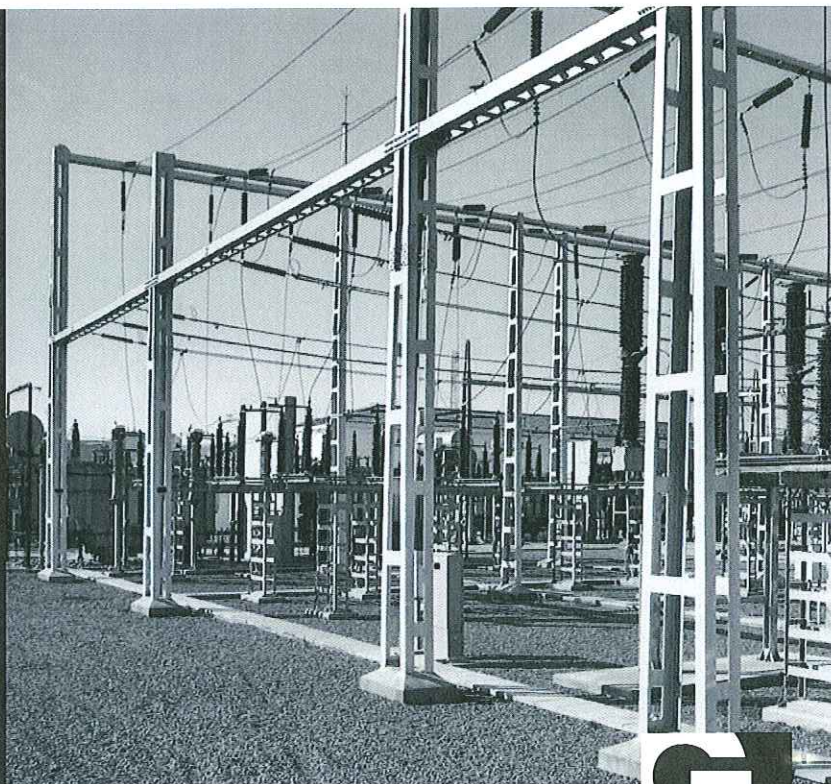
worked in public power for almost 30 years and previously served on the American Public Power Association Board.

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## GRDA's Coal-fired Plant Prepares for Summer Load

For over 30 years, the Grand River Dam Authority has been generating the bulk of its electricity for customers with its Coal Fired Complex (Chouteau, Oklahoma). The two-unit facility began commercial operations when Unit 1 went online in 1981. Four years later, in 1985, Unit 2 began operations.



Together, the units have a combined generation capacity of 1,010 megawatts and each is fueled by coal delivered to the 1,245 acre complex via trains from the Powder River Basin in Wyoming. The facility represents the southern boundary of Oklahoma's MidAmerica Industrial Park, which is the very center of GRDA's industrial customer load.

Throughout its history, the Coal Fired Complex (CFC) has been defined by its high-efficiency and reliable operations. The facility is equipped with extensive pollution control equipment, including an electrostatic precipitator to collect ash as well as the state's only flue gas desulfurization (Scrubber) component on Unit 2 to help clean emissions even further. The acreage around the plant site serves as an informal wildlife sanctuary. The facility's cooling ponds provide food and rest for thousands of waterfowl while deer and other wildlife are common sites at the facility.

However, producing low-cost, reliable electricity is still the number one priority at the CFC. To ensure that always happens, GRDA schedules at least two maintenance outages each year – one in spring, one in fall – to "fine tune" plant operations.

In mid April, the spring outage on Unit 1 got underway. All over the facility – from the coal yard to the cooling towers – all parts of Unit 1 are being prepared for the long hot days of June, July and August which are sure to come in Oklahoma.

This outage does include some special projects. During this scheduled downtime, new burner barrels are being installed on the unit to help reduce Nitrogen Oxide (NOx) emissions (GRDA did the same thing on Unit 2 during an earlier outage). Inspections are also being completed on turbine valves, boiler feed pumps and coal pulverizers. There are also inspections of the ash handling systems, as well as plenty of routine maintenance that



**GRDA Coal Fired Complex:**

A summertime view of the GRDA Coal Fired Complex, located on a 1,245-acre site, adjacent to the MidAmerica Industrial Park near Chouteau, Oklahoma.



**GRDA's Bryan Shaffer and Kevin Couch:**

GRDA's Bryan Shaffer (left) and Kevin Couch at work during a recent outage at the Coal Fired Complex.

can only be done during a scheduled outage.

"So far, everything is going well and progress is good," said GRD CFC Plant Superintendent Dan Hudnall. "Everyone is working hard to complete the tasks necessary for the many projects involved with this outage."

Completion of all that work – by a dedicated GRDA team of approximately 200 employees - will allow one of Oklahoma's most powerful assets to soon return to service, prepared to meet the electricity needs of thousands of Oklahomans during summer 2013.



## Cybersecurity Panel Calls for Industry and Government Collaboration, Quicker Information Sharing

By Fallon Forbush

It is estimated that 70 to 80 public power utilities need to comply with version three of the North American Electric Reliability Corp.'s (NERC) Critical Infrastructure Protection (CIP) standards, said APPA Director of Electric Reliability Standards and Compliance Nathan Mitchell. But more will have to comply in the future, he said.

"I want everyone to understand, CIP standards are a small universe of public power," he said, but "that number will grow." He spoke at a seminar, "Cyber Security: Legislation, Regulation and Executive Orders, Oh My!" last month during APPA's 2013 Legislative Rally in Washington, D.C.

NERC in 2006 released CIP standards to which all NERC-registered entities must comply upon meeting certain requirements. The third version of the standards are in effect now; however, version four will be enforced beginning April 1, 2014 and version five has been filed with FERC with an estimated effective date in 2016, said Mitchell.

"We've asked for quick implementation, but it's all in FERC's hands," said Mitchell.

The fifth version calls for brightline criteria with high- medium- and low-impact categories. The requirements are similar to the version three requirements, Mitchell said.

"All cyber systems controlling a brightline designated asset must have some cyber protections," said Mitchell. In version four, brightline assets are generally defined as:

- generation above 1,500 MW;
- a blackstart resource and cranking paths; and
- transmission systems above 200 KV.

The NERC standards create a culture of internal checks that can adapt to change and recognize

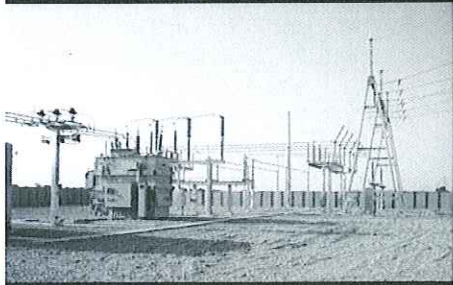
vulnerabilities, Mitchell said. "The standards are a base," he said. "You can't chase adversaries with standards," he added. "But these are good practices ... You have to have good hygiene."

Other panelists across the industry participated at the March session, including staff from the Edison Electric Institute (EEI) and the National Rural Electric Cooperative Association (NRECA). The panel called for good "cyber hygiene" and a culture of security and reliability, rather than a culture of compliance.

"We already have a regulator and enforceable standards," said Laura Schepis, senior principal of government relations for NRECA. "We do a good job, but we [government and industry] need to share information." Legislation that would enable quicker

(see CYBERSECURITY, page 12)

### public power




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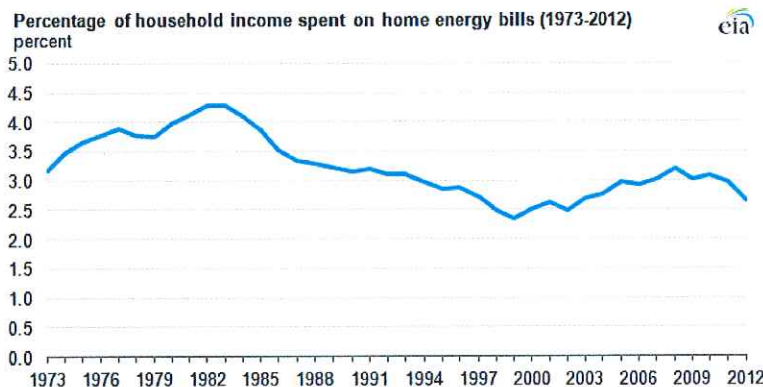
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## Lower Residential Energy Use Reduces Home Energy Expenditures as Share of Household Income



Source: U.S. Census Bureau and U.S. Energy Information Administration (SEDS) through 2010; Short-Term Energy Outlook 2011-2012.

Note: Data exclude household transportation expenditures.

Consumers spent 2.7% of their household income on home energy bills last year, the lowest percentage in 10 years, according to an April 18, 2013 report from the U.S. Energy Information Administration (EIA). Aggregate home energy expenditures by U.S. households fell \$12 billion in 2012 from the 2011 level. In 2012, prices for residential natural gas decreased 3% from the previous year, while household electricity prices stayed about the same. Warmer weather contributed to lower energy consumption in 2012, and because household energy expenditures reflect both prices and consumption, these changes resulted in lower household energy expenditures.

On average, households spent \$1,945 on heating, cooling, appliances, electronics, and lighting in 2012. This total includes home use of electricity, natural gas, fuel oil, propane, kerosene, wood, and coal but excludes fuels used for transportation. It also excludes other household utilities such as water and telephone services. Using EIA projections for 2012 based on household data from the U.S. Census Bureau through 2010, the \$1,945 is 2.7% of household income for 2012, which is the lowest level since 2002. As shown in the graph above, the percentage of household income spent on home energy bills peaked at 4.3% in 1982 and steadily declined until it reached its lowest level since 1973 of 2.4% in 1999.

Additional data from the Bureau of Labor Statistics for 2012 show that spending on household energy is the eighth largest category of expenditures (see chart below). Shelter, transportation, and food represent nearly half of all consumer expenditures. However, the percentage of expenditures for home energy varies across income levels. Households in the lowest 20% of income (before taxes) spend nearly 6% of their income on home energy bills, while households in the highest 20% of income (before taxes) spend less than 3% of their income on home energy bills.

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## Dedication Ceremony Held for OMPA's Landfill Gas-to-Energy Project

On April 17th, OMPA General Manager Cindy L. Holman, Board Chair Charles Lamb, Director of Member Services Drake N. Rice, and Board Member John Ramey joined representatives from Tulsa LFG, LLC and Montauk Energy in the dedication of OMPA's landfill-gas-to-energy project in Sand Springs, Oklahoma. The project is the first landfill-gas-to-energy project to begin commercial operations in Oklahoma. The project was completed and became operational on February 27, 2013.

"The LFG project provides our 39 member cities with another renewable resource of energy. This project brings OMPA's renewable energy resources (methane gas, wind and hydro) for 2013 to an estimated level of nearly 30 percent based on a normal water year," said Charles Lamb, Board Chair.

The \$4 million municipal solid waste landfill project is small, but has the potential to grow. Initially, the project will produce three-megawatts, but may grow

to seven-plus megawatts in the future.

Traditionally, landfill gas escapes into the atmosphere and is considered a potent greenhouse gas. Landfill gas is comprised of approximately 50 percent methane. The gas is generated through the slow decomposition of waste and contributes greatly to greenhouse gas emissions and local smog. Usually, landfills flare,

or burn off the methane gas, as a means of controlling its release.

These renewable energy projects safely divert landfill gas through extraction wells and pipe it to a landfill-gas-to-energy plant, where it is cleaned before specialized engines convert it to electricity. Landfill-gas-to-energy projects generate electricity more than 90 percent of the time, 24 hours a day, and seven days a week.



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## Power *(continued from page 1)*

Often, one agency doesn't talk with another and the industry ends up with conflicting regulation. It is the responsibility of APPA, and organizations like it, to try to work through the conflict with the agencies involved.

Breakout sessions were lead by municipal professionals who live and breathe the issues that were discussed. In sharing success and, sometimes, horror stories, the goal of each session is to bring improvement to how all systems serve their customers. The customer service track ran the gamut of what could occur

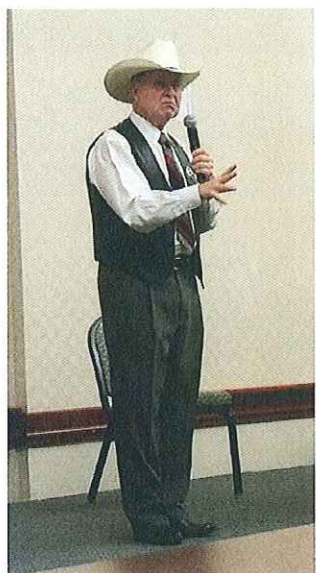
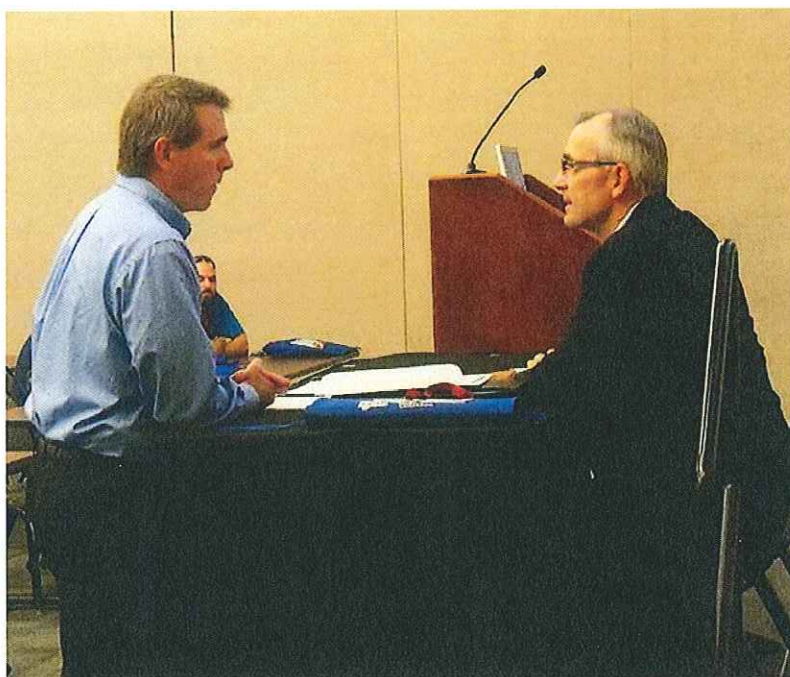
that requires a response from the utility office personnel. Sessions included, the benefits of in-house collections; crisis communications; recognizing counterfeit money; understanding pre-paid metering. This track ended with the most popular session, customer service roundtable, where problems were presented and the group as a whole developed possible solutions.

For lineworkers and superintendents, the sessions included, wire sagging; basic applications of overhead and underground fault circuit indicators; mutual

aid assistance; overview of the single phase overhead recloser; and, discussion on the upcoming MESO Lineworkers Rodeo and the national APPA Lineworkers Rodeo which Edmond is hosting in 2014.

Everyday issues, everyday solutions. This is what brings people together at the public power conference. Plans are already underway for the 2014 Public Power Conference. The 2014 Conference will be held April 27, 28, 29 at the Embassy Suites Hotel in Norman. We hope to see every public power system represented.







## Utilities Warn Customers Against Payment Scams

By Fallon Forbush, APPA

The Long Island Power Authority (LIPA) is warning customers of a new, nationwide utility bill scam. Numerous customers have received telephone calls from individuals attempting to skim financial information, the utility said.

The fraudsters are claiming to work for LIPA, demanding payment through a pre-paid card on past-due balances. The callers threaten customers that their service will be shut off immediately if they do not make payment through these pre-paid cards, the utility said.

In some cases, the caller also tells customers that they may have a faulty meter that is dangerous and in need of replacing for a substantial fee, the utility said. However, electric meters are the property of LIPA and are not customer-owned equipment.

"LIPA does contact customers with past-due balances by phone to offer payment options, but never demands direct payment over the telephone," the utility said. "LIPA currently does not accept credit or debit card payments."

Public Power Daily reported similar scams in Los Angeles, Calif., earlier this year. Imposters were

posing as utility personnel and were contacting residential customers of the Los Angeles Department of Water and Power by telephone and threatening immediate termination of service.

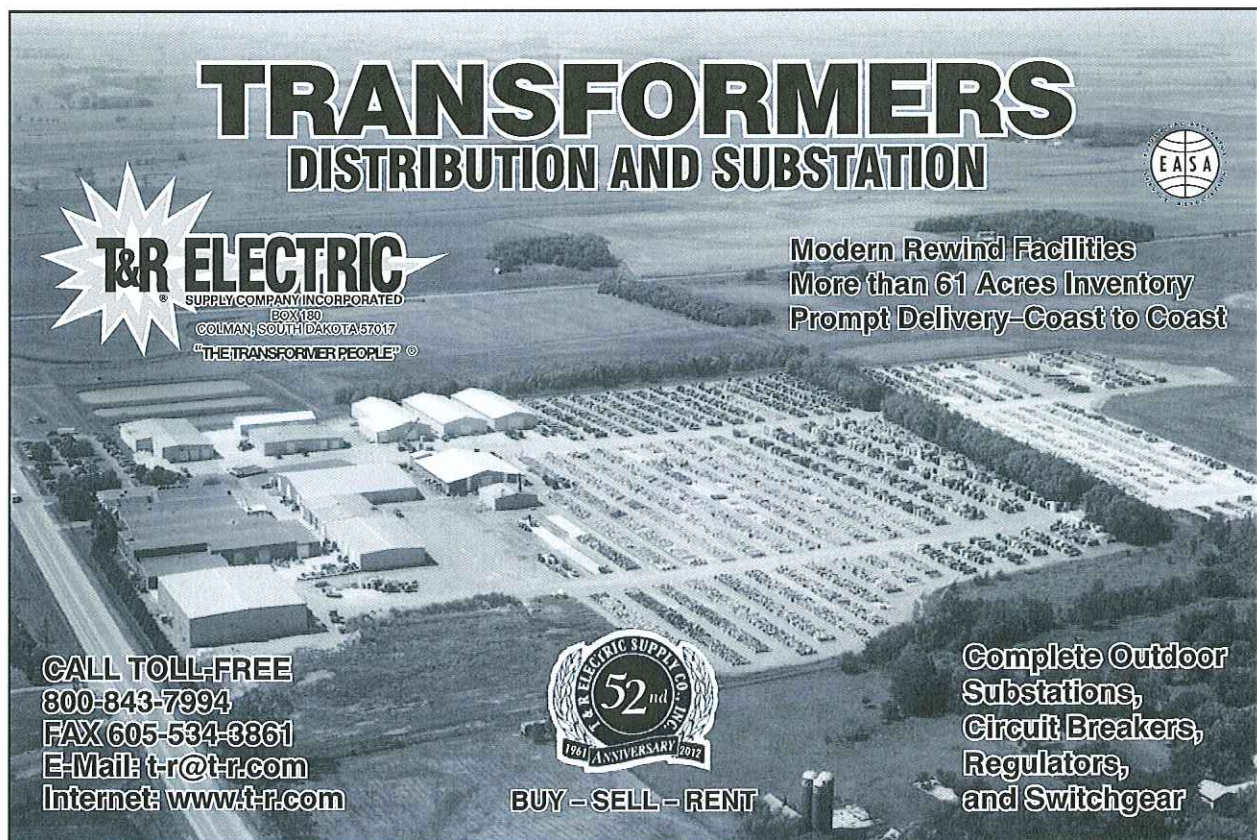
The Braintree Electric Light Department (BELD) in Massachusetts also posted a warning on its Facebook fan page, alerting its customers to similar scams.

"The latest scam looks to mimic a message sent from BELD requesting your username and password regarding maintenance to your webmail account," the utility said. "The message goes on to say that your account will be deleted after seven days. You can simply delete this message as BELD does not solicit your username and password through email."

Glasgow Electric Plant Board in Kentucky also reported fraudulent activity.

"We had a report from a customer that another phone scam is going around asking for access to your computer," the utility posted on its Facebook page. "Remember, if you get a call from anybody claiming that they need remote access to your computer in order to fix a virus or anything, do not do it!"

(see UTILITIES, page 13)



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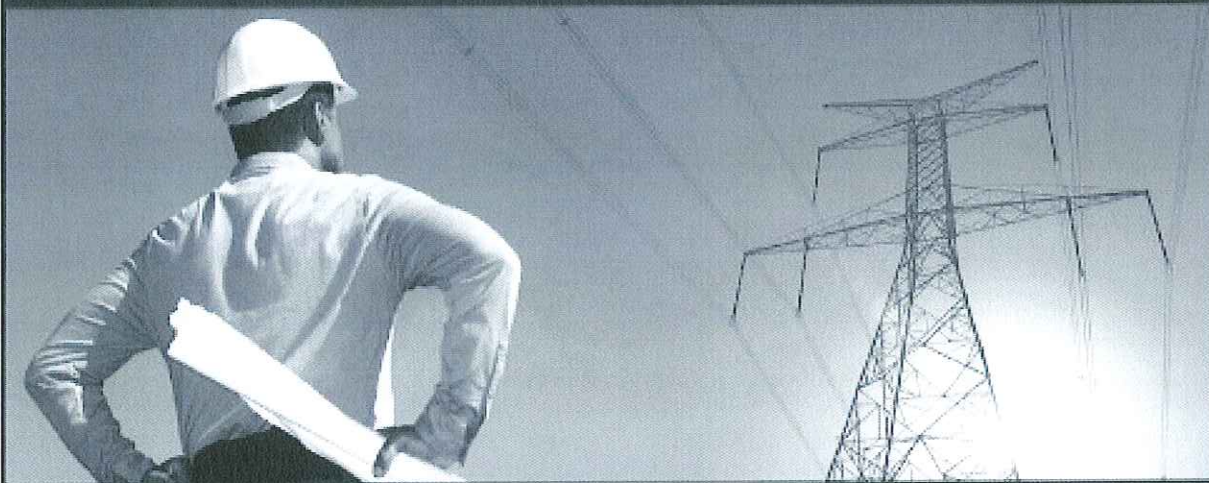
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## Lightbulb Catches Fire

On April 17, Walters Police Chief, Mike Carter received a call from his wife Robbie telling him to get home quick, stating she had a fire in the kitchen. The fire was in a light fixture, specifically a CFL bulb. The attached pictures show the bulb that burned. According to Chief Carter, it continued to burn even

after the power was shut off. In sharing this with MESO staff, Palma Lough, OMPA, noted that this is the first report of a fire from a CFL bulb.

*(Information provided by John Sheppard, City Manager, City of Walters.)*



## Cybersecurity

*(continued from page 5)*

information-sharing would "help us do a better job," she said.

"We're going to have to be continuously reacting to new information," said Schepis.

The cybersecurity panel likened good cyber hygiene to immunizations; a utility can take them, but the shots won't guarantee that it will not become sick.

"There is not a 100 percent solution," said Scott Aaronson, director of governmental affairs for EEI.

The White House released an executive order on Feb. 13, calling for increased information-sharing between the government and private sector about cyber threats. The order also called for the National Institute of Standards and Technology (NIST) to lead the development of a framework of cybersecurity practices.

"Government and industry each has a role to play," Aaronson said. "Government is responsible for security [of critical infrastructure]; we're good at running our systems and identifying risks. We need to work together."

The panel called for better communication among utilities.

With most utilities, responsibilities for cybersecurity lie with the information technology departments, said Puesh Kumar, APPA's director of engineering and operations. But those roles are changing, he said.

Engineers are encountering and detecting cybersecurity concerns as well, Kumar said. "Utilities are evolving from IT-based to industrial control centers that need to communicate with each other," he said.

Utilities are increasingly sharing services to run their enterprise and control operations, he said. IT systems that run accounting, human resources and website technologies often share telecom, customer service and location information with utility operations, such as SCADA (supervisory control and data acquisition), distribution automation, AMI (automated metering infrastructure) and MDM (meter data management) systems. Cyber threats can enter a utility from both the enterprise and operations ends, he said.

"The attack surface for utilities is increasing," Kumar said. "We can't be 100 percent secure, but we can build layers of protection into our systems." He said a cybersecurity plan should outline:

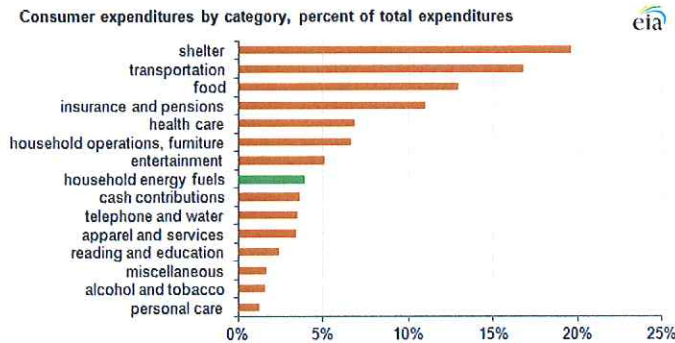
- Roles and responsibilities;
- Vulnerability assessments;
- Awareness and training;
- Policies and procedures; and
- Technical security controls.

Top management should also be involved in the plan, Kumar said.

The APPA Product Store is offering a new publication for utilities, "Cyber Security Essentials: A Public Power Primer," that provides case studies and recommendations for developing cybersecurity policies and procedures. The author of the primer, Doug Westlund, has advised utilities to run their computer systems on separate networks—one for enterprise (billing, engineering, desktop users) and one for operations (substation, SCADA, metering, distribution, generation and transmission).



## Energy (continued from page 6)



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2012.

Note: Transportation includes vehicle purchases; gasoline and motor oil; other vehicle expenses such as finance charges, maintenance, and repairs; vehicle insurance, rentals, leases, and licenses; and public transportation.

## Change (continued from page 1)

the issuance of municipal bonds, interest on government-purpose bonds has always been exempt from federal tax."

This stability "has allowed the market to accommodate a vast number of issuers," said APPA and the others. "Over 47,000 state and local governments issue debt in this market. By comparison, roughly 5,000 corporations issue debt in the taxable market."

The statement by the three public power organizations:

- provides an overview of the current law treatment of financing available to public power utilities, including tax-exempt municipal bonds, direct payment bonds, tax credit bonds, taxable

## Utilities (continued from page 3)

The Better Business Bureau advises the following in order to avoid falling victim to email and phone scams:

- Never provide your social security number, credit card number or banking information to anyone requesting it over the phone or at your home unless you initiated the contact and feel confident with whom you are speaking.
- If you receive a call claiming to be your utility company and feel pressured for immediate payment

## LOW COST DRUG / ALCOHOL TESTING

A full-service program offered by  
Municipal Electric Systems of Oklahoma  
and the  
Municipal Gas Systems of Oklahoma.

**This program will enable your city or co-op to meet the U.S. Department of Transportation Rules that require alcohol and drug testing of safety-sensitive employees.**

*This program provides local collection of urine samples for testing, local breath testing on special evidential breath testing machines for alcohol, and medical review of all positive samples and administration ... **all for one low cost!***

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for quotes and information on joining  
the Local Government Testing Consortium!**

bonds, and private activity bonds;

- reviews the various alternatives to current-law currently being considered, such as a cap on the exclusion for municipal bond interest, a repeal of the exclusion, and a replacement of municipal bonds with direct payment or tax credit bonds; and
- suggests an approach to tax reform that would include modernizing private activity bonds to lift restrictions currently hindering their use for power-related projects and the re-instatement of taxable direct-payment Build America Bonds modified, to provide issuers certainty that payments would not be cut.

or personal information, hang up the phone and call the customer service number on your utility bill.

- Never allow anyone into your home to check electrical wiring, natural gas pipes or appliances unless you have scheduled an appointment or have reported a utility problem. Also, ask utility employees for proper identification.
- Always think safety first. Do not give in to high-pressure tactics over the phone for information or in person to get into your home.



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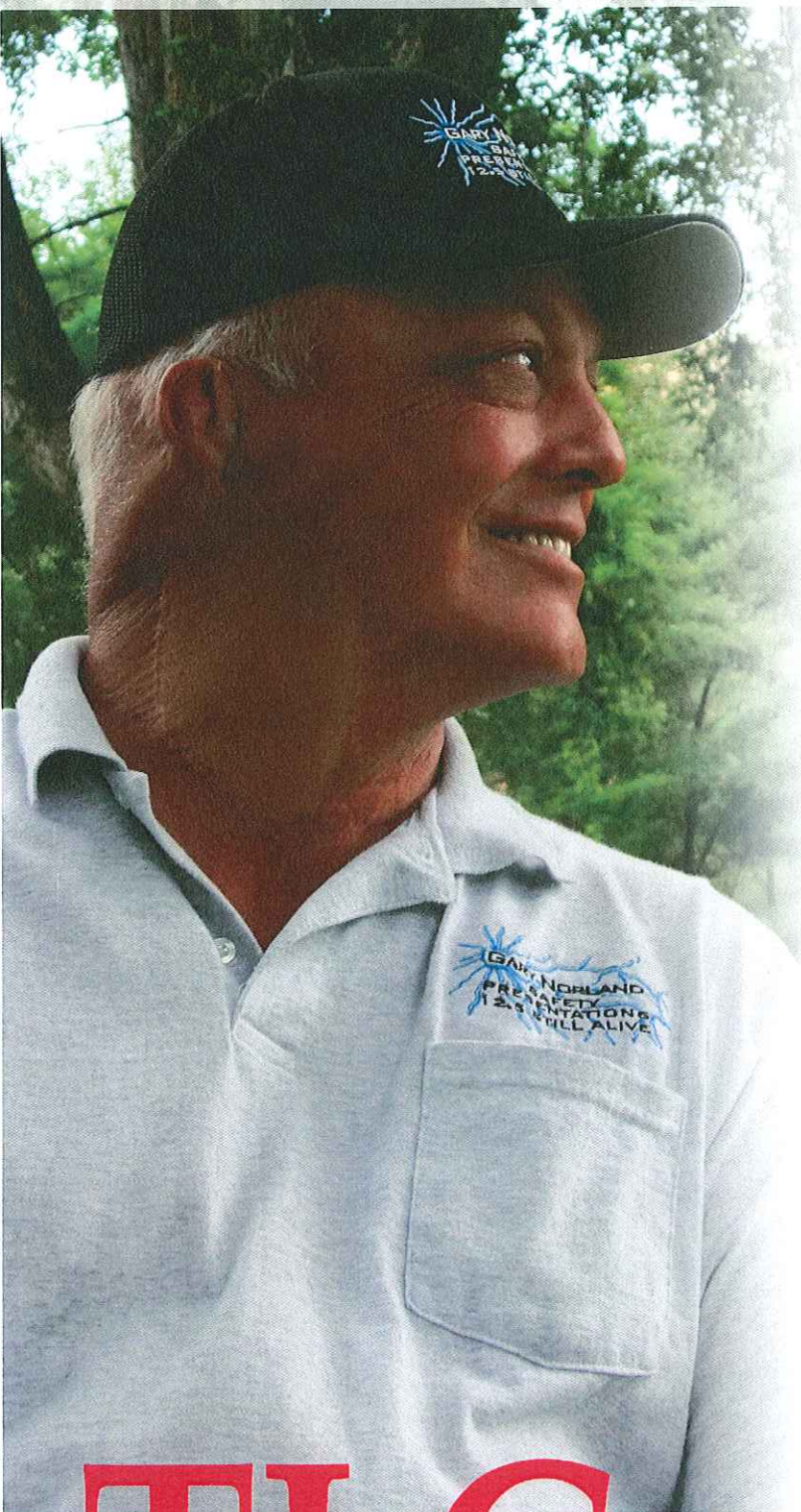
   

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# Make the decision to be **safe now**

*BEFORE an electrical accident changes your life...and the lives of those you love.*



Family has always been a very important part of Gary Norland's life. One Friday afternoon, he thought he may never see them again. Gary and his co-workers were discussing their plans for the weekend. He recalls, "My daughter had her first high school dance that night, it was homecoming."

Unfortunately, they were more focused on weekend plans than the job at hand—and they were working outside near overhead power lines. When Gary leaned back, he came into contact with 12,500 volts of electricity, and his life, and the lives of those he loved, instantly changed forever.

Gary suffered severe burns, a four-month stay in the hospital, and more than 50 surgeries. Still, the worst part was seeing his family suffer. Gary is sharing his story with Safe Electricity's "Teach Learn Care TLC" program in the hopes of preventing other accidents and other families from having to go through what his did. He urges everyone to be aware of overhead power lines and to stay focused when working near them.

**"Take the time and do it right the first time. Make sure you do everything safe. Be patient."**

**- Gary Norland, electrical accident survivor**

Give those you love TLC. Make sure they look up and around for overhead power lines before working or playing outside. Be especially careful when working near power lines attached to your house and when working with long tools, like ladders and pruning poles. Keep equipment and yourself at least 10 feet from power lines in all directions, at all times.

Visit [SafeElectricity.org](http://SafeElectricity.org) to see Gary's story.

# TLC

**T**EACH what you know.  
**L**EARN what you need to.  
**C**ARE enough to share it.

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