

OKLAHOMA **PUBLIC POWER**

A publication of the Municipal Electric Systems of Oklahoma

May 2014

Good Utilities Learn from Other Utilities

In his remarks to open the 2014 Public Power Conference, Tim Blodgett told the audience, "good utilities learn from other utilities."

Blodgett is the President and **CEO** of Hometown Connections and a widely recognized expert on the electric utility industry particularly public power.

He outlined the seven major issues facing public power today - the same issue that nearly all of the more than 60 municipal systems in Oklahoma are facing, will face or have faced.

The issues are increasing regulations, changing power

supply, aging infrastructure, new technologies, higher customer expectations, more workforce turnover, and increasing financial pressures.

"Tim laid out what many of our members are telling us they are concerned about," Tom Rider, MESO General Manager. "We built the 2014 Public Power Conference, in part, to address some of these issues, and we are continuously looking at the others on behalf of our members."

Attendees for the annual meeting were able to choose from

(see UTILITIES, page 7)



Tim Blodgett, President & CEO **Hometown Connections**

Pruett Awarded Ray Duffy Personal Service Award



MESO President Dean Sherrick (right) presents the Ray Duffy award to Gary Pruett.

Gary Pruett, General Manager for Pryor Municipal Utility Board, was honored by MESO with the Ray Duffy Personal Service Awards.

"Gary exemplifies the very best of that rare breed of individuals who are committed to public service and their communities," said Tom Rider, MESO's General Manager.

He began his more than 40 years of service when he joined the Pryor Municipal Utility Board in 1974 as a mechanic in the gas and water department. He transferred to the electric department in 1975 as a ground man. He earned his Journeyman status in 1980.

Pruett then served as Lead Lineman, Line Foreman and, in 1990, he became the Director of Operations. He was first named Acting General Manager for MUB in 1996, and appointed to the position permanently later that year. He continues to serve the citizens of Pryor in this position.

(see PRUETT, page 6)

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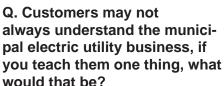
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Paul McAlexander Just Went into the Family Business

Editor's Note: As part of MESO's monthly newsletter, we introduce you to our board members in a Q&A format. In this issue, we meet Paul McAlexander. In addition to serving on the MESO Board, he is Pawhuska's City Manager.



A. We all live in the same community, pay the same rates, and together face the same issues. In addition to running an electric utility and city, we are bill-paying customers and tax-paying citizens.



Q. What keeps you awake at night? A. My wife says nothing can keep me awake.

Q. What is the biggest mistake you ever made and what did you learn from it?

A. Not wearing a helmet when riding a motorcycle. I learned the hard way that it hurts when

you don't have a helmet on.

Q. Is there one thing that you tell every member of your team?

A. The future is yours. Every position in this city can be filled by our current employees if you make the effort to continue with your training and education.

Pond Creek*

Q. What do you see as the biggest issues facing public power today?

A. Like most public power cities, we are concerned with rising cost of infrastructure repair and being able to keep our costs reasonable.

(see McALEXANDER, page 7)

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Yale*

*Job Training & Safety Participants

Ponca City*

Tahlequah Public Works Authority Prepares for Prepaid Metering Option

The Tahlequah Public Works Authority (TPWA) has entered into an agreement with GE which will make it the first public power community in Oklahoma to offer customers prepaid metering for their

electric service.

"While some neighboring co-ops offer some prepaid metering programs, I am not aware of any public power cities in Oklahoma that are offering this option to customers," said Mike Doublehead, TPWA's General Manager.

Doublehead reported the utility began looking into prepaid options after customers inquired about it. "For the customer, we think they will benefit by not having a monthly bill and being able to pay as they go," he said. "As a utility, we have many customers who are students who move in and out of residences, we will be able to better manage their accounts from our offices."

The Tahlequah system has approximately 8,000 meters according to Doublehead. Customers with a prepaid meter will pay same the base rates and fuel charges as all other customers. They will be subject to a small monthly charge for the prepaid option.

> "We will begin Phase 1 this fall which includes installing 300 meters, and customer demand will drive how we expand the program," Doublehead said.

> "We expect to have a smooth transition for our customers who move from traditional billing," Doublehead added. "I anticipate our customer service team will be able to offer a nearly seamless

integration.

"We will continue to strive for excellent customer service, and this will be accomplished, as we become better in helping them manage and monitor their electric usage."

GE was selected from six responses to the Authority's Request for Quote. "GE has an excellent product and support team in place to secure our success," Doublehead said.



Tucker Awarded Marvin Hicks-Al Middleton Meritorious Service Award

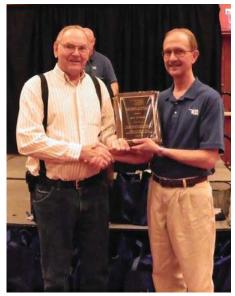
Kingfisher City Clerk, Bill Tucker, was presented with MESO's Marvin Hicks-Al Middleton Meritorious Service Award for outstanding contributions to local government. The award is given annually to an individual who has provided outstanding leadership to his community and to the state for more than 25 years.

Tucker has been employed with the City of Kingfisher for more than 28 years, and has shared his knowledge and experience with multiple associations and groups for the benefit of Kingfisher.

"Because of his diverse knowledge base, background and experience, he is often referred to as Kingfisher's "Bill-of-all-trades," Rider said. "Although he claims to know a little bit about everything, but not a lot about anything specific, Bill is always available to help and lend a hand where ever it is needed.

"Bill is quiet and humble, and never seeks self-recognition, but when he is out of the office, the impact is definitely noticed," Rider added. "His hard work, dedication, and commitment are recognized by everyone whom he interacts with, yet he seeks no self-recognition for his efforts."

Tucker has served as both City Treasurer and City Clerk, and has been past presidents of both the Oklahoma chapter of the Association of Public Treasurers, United States and Canada, and the Government Finance Officers Association of Oklahoma. He has been both a strong supporter of public power as well as being a vital link with the local electric co-op.



Bill Tucker (left), Kingfisher City Clerk, receives the Marvin Hicks-AL Middleton Meritorious Service Award from MESO preisdent Dean Sherrick.

Claremore Electric Recognized for Responding to Customer Needs

Claremore Electric earned the Clarence Fulkerson Electric System Achievement Award which recognizes a MESO member that has distinguished itself during the year for exemplary system enhancement, improvement, reliability or other innovative efforts to improve municipal power in Oklahoma.

In 2013, Claremore Electric definitely lived up to the ideals – particularly for responsiveness to serving customers – of this award through their continuous system improvements to better serve their customers.

Under the guidance of the city's Electric Director, Larry Hughes, the electric department constructed the Baker Hughes Substation in four months. Growth at the oil field services company who makes a significant economic impact for Claremore made the new substation necessary.

The company continues to expand in Claremore. A new building increased their electric load by 10 MVA (Mega volt ampere) which the then-existing system could not handle. The new substation can generate up to 25 MVA.

When the new substation came online, in addition to meeting current and future needs of Baker Hughes, it also freed up 8 MVA usage from substation # 3, thus ensuring sufficient power distribution for other Claremore customers.



MESO President Dean Sherrick (right) presents the Clarence Fulkerson Award to Claremore electric director, Larry Hughes.

Granite and Olustee Earn MESO Electric Safety Awards

For any electric utility, safety must be the first priority, and MESO members, Granite and Olustee, are demonstrating excellence in this area. Both were recently award MESO Electric Safety awards.

"Electric utility work and other work performed by city workers can be very dangerous and poses the possibility of significant impact to the employee and the city," said Tom Rider, MESO General Manager. "It doesn't matter if you have one field worker or a team, safety is important and Granite and Olustee are proving every day that a safe workplace is attainable."

Granite's employees had a perfect safety record for 2013, and Olustee's utility personnel achieved a perfect safety record for 2013. Neither group any had reportable lost time work incidents, "days away from work," "restricted light duty," or "medical treatment" cases – the measures MESO examines for the annual safety award.

"As important as electric system reliability is to citizens, knowing that each and every day, the work is being performed correctly and safely should be a source of pride for customers in Granite and Olustee," Rider said. "The current operational and employee training standards in these two organizations are very good."

To insure fast response to emergencies, Granite and Olustee are a signatory to Mutual Aid Agreements for their respective regions. These agreements are recognized by FEMA for use in the event of emergency or natural disaster. Utilities in Kansas, Missouri, Arkansas and Oklahoma agree through the program on the conditions under which assistance may be received in an emergency ahead of the event so there are no delays in responding to the needs of another utility.

2014 MESO Lineworkers Rodeo

Hosted by Stillwater Electric

Competition events scheduled for Thursday, October 2, 2014.

Details to follow as they become available.



EPA Publishes 19th Annual U.S. Greenhouse Gas Inventory

The U.S. Environmental Protection Agency (EPA) released its 19th annual report of overall U.S. greenhouse gas (GHG) emissions today, showing a 3.4 percent decrease in 2012 from 2011. The Inventory of U.S. Greenhouse Gas Emissions and Sinks, which is submitted annually to the Secretariat of the United Nations Framework Convention on Climate Change, presents a national-level overview of annual greenhouse gas emissions since 1990.

The major contributors to the decrease in emissions from 2011-2012 were the decrease in energy consumption across all sectors in the U.S. economy, and the decrease in carbon intensity for electricity generation due to fuel switching from coal to natural gas. Other factors included a decrease in transportation sector emissions attributed to an increase in fuel efficiency across different transportation modes and limited new demand for passenger transportation.

Greenhouse gases are the primary driver of climate change, leading to increased heat-related illnesses and deaths; worsening the air pollution that can cause asthma attacks and other respiratory problems; and expanding the ranges of disease-spreading insects. Climate change is also affecting the frequency and intensity of heat waves, droughts, and other extreme weather events.

Under President Obama's Climate Action Plan, EPA is taking steps to address carbon pollution from the power and transportation sectors, and to improve energy efficiency in homes, businesses and factories. This includes increasing fuel efficiency for cars and light trucks for model years 2012-2025 that, over the lifetime of these vehicles, will save Americans more than \$1.7 trillion. In addition, we are increasing en-

Pruett

(continued from page 1

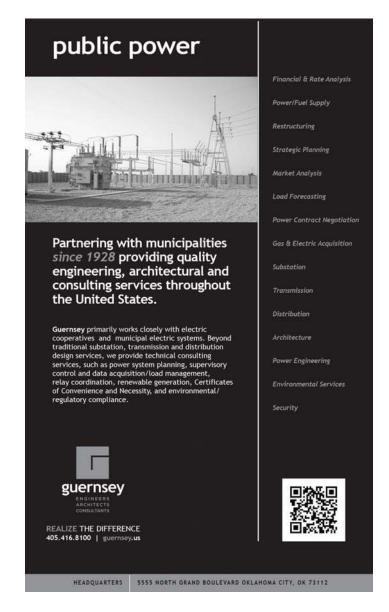
"He remains a strong and consistent voice for public power and public utilities," Rider added. "Gary has been a vocal advocate for low cost power for customers, as well as a proponent of building power generating capacity now to meet future needs. His constant focus is on how changes affect the customer and the utility's ability to serve those customers."

He is on the Board of Directors for MESO and served as president in 2006; a member and past President of GRDA's Wholesale Customer group; and, a founding member of the Oklahoma Gas Association and served as board Chairman from 1995 to 1996.

ergy efficiency through the Energy Star program that saved Americans more than \$26 billion in utility bills in 2012.

According to the report, GHG emissions in 2012 showed a 10 percent drop below 2005 levels. Total emissions of the six main greenhouse gases in 2012 were equivalent to 6,526 million metric tons of carbon dioxide. These gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.

EPA prepares the annual report in collaboration with other federal agencies and after gathering comments from stakeholders across the country. In addition to tracking U.S. GHG emissions, the inventory also calculates carbon dioxide emissions that are removed from the atmosphere through the uptake of carbon in forests, vegetation, soils, and other natural processes (called carbon "sinks").



Utilities

(continued from page 1)

sessions in three unique learning tracks designated for supervisors, lineworkers, or customer service professionals.

The day and a half meeting was attended by nearly 220 people – participants, sponsors, and vendors.

"The Public Power Conference is growing every year," Rider said "Our municipal power systems are constantly seeking to improve how they serve customers or improve their operations."

For the first time MESO also hosted a special one-day session for elected officials who serve Oklahoma's public power cities in conjunction with the annual Public Power Conference. The session delivered important information to attendees about the value a well-run electric utility can provide a community.

"These events where we celebrate public power in Oklahoma and gather to learn from one another, is only made possible by the countless people who work behind the scenes, step in front of the audience to speak, or invest resources to attend," Rider added.

The 2015 Public Power Conference will be April 26 – 28 once again at the Embassy Suites Hotel in Norman.

McAlexander (continued from page 2)

Q. Where did you grow up?

A. I grew up in Pawhuska, so I'm still at home.

Q. What is your biggest accomplishment?

A. I'm proud to have worked my way up from a ground man (or grunt) to a lineman, to Superintendent of our electric department, to Utility Director, to Public Works Director and to City Manager. I have seen all the working parts of our city and appreciate all the employees working with me today.

Q. Will you tell us a little about your family, kids, pets?

A. Jo Ann and I have been married 12 years, and we are the proud grandparent of five grandchildren, one great grandson, and one more great grandson expected this June. Most folks don't know that I'm a great grandfather.

Q. What do you see as the biggest issue or challenge your utility is facing today?

A. Along with nearly every other utility, we are concerned about the rising cost to our customers.

Q. What do you think the benefits are of public power?

A. Our electric utility is the largest contributor to our city's general fund. Without those funds, our street department, fire department and police department would not be operating with the staff and equipment they have now.

Q. How did you get your start in the electric utility industry?

A. Both my father and grandfather worked as linemen, so some might say that I just went into the family business.

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Fluctuating Prices

Utility customers across Oklahoma have experienced higher electric bills this winter. What has been the cause of these rising costs? There are multiple factors at work in the utility industry causing an impact on the price everyone pays for power.

Natural gas is increasingly used for electric power-generation plants because of the Environmental Protection Agency's determination to end the use of coal for electric generation. The cost of natural gas has become the largest portion of what customers pay for generation of electricity. The factors of supply and demand influence the price of this fuel.

Supply -

Production – Natural gas production has grown, but has not kept pace with rising demand. This has resulted in dramatic fluctuations and rising prices. Almost all (84 percent) of the natural gas consumed in the United States is produced in the United States. About 20 percent of the U.S. natural gas production comes from the Gulf of Mexico, making it a sensitive area during hurricane season. Most of the rest (13 percent) comes from Canada, with 3 percent imported as liquefied natural gas (LNG).

Storage – Storage levels or the amount of natural gas kept underground or in above-ground storage containers, is also an important factor affecting prices. Natural gas supplies are placed in storage during periods of lesser demand to cushion the impact of high demand during cold weather. Much colder-thannormal temperatures in February led to large stock withdrawals in response to high demand from the residential, commercial and electric power sectors. According to data from Bentek Energy, three of the top five months for total natural gas demand over the last eight years have occurred this heating season,

Other – As was mentioned earlier, the Environmental Protection Agency has required mandated improvements for power plants in order to comply with the new rules. All utilities are subject to these requirements and some of those costs are beginning to be reflected in the utility bills. Utilities in Oklahoma are reporting that consumers could see increases from

15 to 25 percent to meet the mandatory compliance requirements.

Another factor impacting retail electric rates is the current expansion of the transmission grid.

The Southwest Power Pool, a Regional Transmission Organization, has authorized over \$6 billion in new transmission construction throughout much of the region, including Oklahoma. The cost of these projects is starting to impact the utility rate base and consumers' bills. These projects should improve reliability and relieve con-

gestion on a heavily-loaded grid. This should benefit consumers in the long run.

Demand -

Weather – National weather has the greatest impact on natural gas prices used for home heating and electricity. Prices had been highly volatile as severe winter weather caused surges in natural gas demand. Weather also has the biggest impact on customer bill amounts because it determines how much gas is used. As we continue into spring, prices have started to fall and haven't been as volatile.

Economy – Growth in the nation's economy has driven demand for natural gas. During periods of economic growth, the increased demand for goods and services from the commercial and industrial sectors generates an increase in natural gas demand. Declining or weak economic growth tends to have the opposite effect.

Availability – The long-term availability of natural gas supplies is sound, and known reserves of natural gas are plentiful and sufficient for many decades. But to extract the natural gas will be expensive and those costs will be paid by consumers.

Conclusion

The Department of Energy predicts consumption of natural gas will increase 20 percent by 2030. On the flip side, U.S. Energy Information Administration expects natural gas marketed production will grow at an average rate of 2.5 percent in 2014 and 1.1 percent in 2015. Because of this imbalance between supply and demand, the market price of natural gas can be extremely volatile.

Rate Studies

SCADA Systems

Substation Designs

Grounding Networks

Power Supply Studies

Optical Fiber Systems

Distribution Line Design

Protective Relaying Systems

Gas and Diesel-Fired Generation

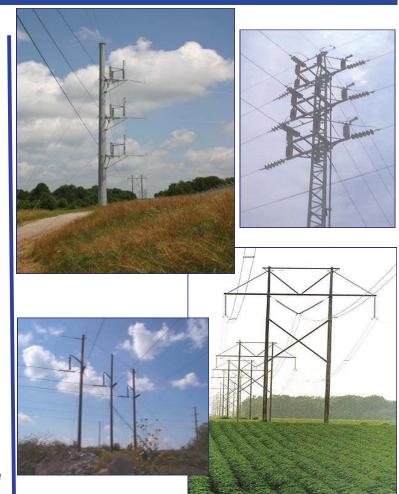
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Millennials May Go through Many Careers in a Lifetime, Scudder Tells E&O Audience

American Public Power

Association

April 15, 2014 By David Blaylock Manager, Integrated Media

As utilities start looking at impending retirements, attracting and retaining the right people to work for you

requires more strategic engagement than ever before, said Danette Scudder, member services manager at the Tennessee Valley Public Power Association. She spoke at the APPA Engi-

neering and Operations Technical Conference April 8 in Oklahoma City.

The economic downturn slowed the expected retirement of many Baby Boomers in the workforce, Scudder said. But now they are retiring, and they are not the only employees who are looking to leave in the near future. Scudder said.

"It's a different work culture for the younger generations," she said. She explained that job insecurity becomes a regular worry for members of Generation X such that they are always planning for the loss of a job.

Meanwhile, the newest group in the workforce, Millennials, look at jobs as short-term prospects, moving from one to the other within a few years.

"In our industry, people used to stay for 40 years," Scudder said. "For Millennials, estimates right now say they are expected to go through as many as 20 careers in a lifetime — not 20 jobs, 20 careers."

Scudder said job knowledge and general stability can be threatened by both the retirements and the departure of younger employees. This often leaves utilities without clear heirs apparent, so there can be conflicts between different employees over roles and expectations.

"There is a strategy through all this, and it requires planning and following through," she said. "You have to identify the qualities and skills of those you have,

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develop and establish expectations that are doable, encourage ingenuity, and reward achievements."

"No matter what generation, employees want to be treated with respect," she said. "That can be hard when the organization and the managers are not engaging them enough

or they are given a job that they are not yet prepared for."

When the right people are in place, they feel motivated. That's good for everyone, she said.

"Making wise investments in your workforce will maximize returns," she said.

For more on Scudder's research on generational differences in the workforce, check out here article in the May-June issue of Public Power magazine.

THE SUPERVISOR COURSE FOR 2014-2015

Presented by Tom Rider

A COMPREHENSIVE, ONE-YEAR PROGRAM TO DEVELOP HIGH-CALIBER SUPERVISORS

WHAT: The Supervisor Training Course – a one-year comprehensive course to make current supervisors better, to introduce new supervisors to their role, or to prepare potential supervisors for their future.

WHEN: One day per month

WHERE: MESO Training Center, Oklahoma City, OK

Detailed information about the course is available at www.meso.org. Any additional questions about The Supervisor Course for 2014-2015 can be directed to Tom Rider at 405-528-7564 or tom@meso.org.

GRDA Bringing New Focus to Economic Development Efforts

In an effort to bring even more value to its beneficial partnerships with customers, the Grand River Dam Authority is bringing a new focus to economic development.

At its April 9 meeting, the GRDA Board of Directors

approved two contracts - one geared towards industrial development, the other towards retail development - that are designed to help promote the communities that buy wholesale electric power from GRDA.



"Our Oklahoma public power customer communities are great places to do business," said GRDA Chief Executive Officer/Director of Investments Dan Sullivan. "We want to help promote that and help these communities be prepared when business and industry is looking to expand or relocate."

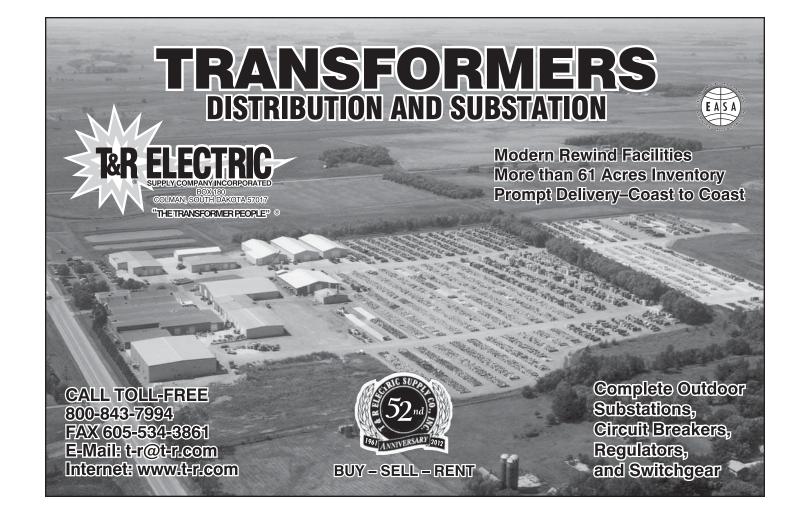
GRDA supplies wholesale electricity to 16 Oklahoma communities and Sullivan told the board that providing economic development assistance is not only good for those customers but good for GRDA as well.

"The strength of GRDA is found in the communities that it serves. The stronger our communities are economically, the stronger our organization is in the future," said Sullivan. "These two programs go hand-

> in-glove and will help our communities recruit needed industry and retail to support the economic growth we are seeing in Oklahoma. The GRDA customer communities are wonderful places to do business and we plan to assist them in

marketing their strengths to a wider audience."

The GRDA Board approved a contract for industrial development consulting with Smith & Gray Company. LLC and the contract for retail development consulting was approved with Retail Attractions, LLC. Both contracts are for one year, with an opportunity for four renewals, and services will be available to all of GRDA's customer communities.









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