

NRECA Regions 8 & 10 Meetings

October 17-18, 2018

OKC Convention Center

Meeting Notes-Graf

President Graf and Gili Carter Thomas were privileged to attend the NRECA Region 8 and 10 meetings on Wednesday & Thursday, Oct. 17-18.

After a welcome by **Tim Smith** the Oklahoma Board Member, **Jim Matheson** the NRECA CEO addressed the group. The following were his key points:

- Have 900 voting members. Change is operative word, brings both challenges and opportunities.
- Relationships are based on trust.
- Lexicon Project determined that “Community” is a powerful word.
- Three issues Matheson advocated:
 - Coops should redouble efforts to connect with communities.
 - There is strength in coops leaning on each other.
 - To take advantage of our political strength we must have trust and integrity.

The second topic was on Electric Vehicles. Presenters were **Kaley Lockwood**, an NRECA Tech Analyst, **Lynn Moore** of Touchstone Energy and **Mark Faulkenberry**, manager in WFEC.

- 2% of all new vehicles will be electric by end of the year.
- Currently 40 models are available. Will double in next few years as “range anxiety” decreases.
- Coops should be an EV educator and work on charging infrastructure for members.
- Expect EV’s to increase energy usage by 30 to 50%.
- Coops should educate, market and develop infrastructure.
- Coops need to develop chargers, proper rates and a dealer network.

The first breakout session attended was on Broadband with a panel of individuals from Texas (**Ryan Bartlett** from Taylor EC), a SE Missouri individual and a person from Arkansas. Key takeaways were:

- Bartlett said they were 80% dually certified and were doing BB as a strategy to enhance electric business. Pilot through end of year for 500, then next year go to 2000 customers. Did feasibility study. No ROI for first 10 years. Goal was to get denser areas to fund rural. No new FTE's. Just asked people to increase their work load. Scope is fiber to every member. Easement and ROW issues worked out through updating agreement with counties/cities.
- Arkansas said they formed a partnership with a local phone company (did no feasibility study)
- SE Missouri added 49 FTE's.
- Technology is changing faster in wireless than fiber technology.
- Wireless technology will not handle all requirements.
- Georgia Power has partnered with ATT but no one knew much about it.
- Must pay attention to 15% rule.
- Should talk with any other electric utilities doing BB.

The parallel breakout session Gili Carter Thomas attended was on "Just What Does Cheap Energy Actually Cost" with a panel of individuals from Southwest Power Pool (**David Kelley, Director of Seams and Market Design**), Western Farmers EC (**Gary Roulet, CEO**) and Senior Director Regulatory Counsel, NRECA (**Pam Silverstein**). Key takeaways were:

- Silverstein opened with the statement, "What is difference in the cost of power vs. cost of energy? Wind and Solar are cheaper but that is just the cost of energy, but it is not the price of energy once delivered to the home."
- Kelley described SPP as a Regional Transmission Organization with parts in 14 states, with 20 members that are at G & T Cooperatives.
- SPP renewable have increased dramatically in the last 9 years, going from:
 - 2014: 1,436mw solar/7,332mw wind to:
 - 2017: 15,605mw solar/27,689mw wind
 - Current state: 20,220mw solar/64,460mw wind
- Kelley stated that SPP has as much wind capacity as their minimum load and predict they will eclipse that number next year.

- Roulet shared that they have had a high growth of renewals in the last 4-5 years.
- Roulet also stated that “you can purchase large wind contracts b/t now and the end of this year with costs close to .1 cent kwh and purchase solar projects of 200 megawatts at less than .2 cents kWh with a fixed price for 20 years. Generators really need to consider this.”
- Touched on Electric Vehicles (EV’s). Roulet suggested putting timer/control devices to allow batteries to charge when prices are the very lowest, .3-.4 cents kwh
- Roulet also said that in the Solar Market, shifting to put battery storage (40 megawatts) device on a solar project, qualifies for investment tax credits of the solar project IF you recharge those batteries for the first few years from that solar project.

CFC held a Districts 8 & 10 meeting

- CFC returned \$48 mil in cash in August to members (\$45 mil last year.)
- Mike Williams was elected to the CFC Board.

The luncheon was sponsored by CFC and the **CFC CEO** gave the keynote address. No significant takeaways.

After lunch was another General Session where awards and Director Certificates were presented. The Resolutions were presented, and a presentation was made on Employee Safety.

- **Kirk Johnson** (NRECA Govt. Relations) gave a brief legislative update.
 - \$600 mil from RUS going for Broadband resources.
 - Making progress toward repeal of CPP.
 - Caps on liability for fires started related to vegetation management being worked on.
- Employee Safety was discussed by **Phil Irwin**, the CEO of Federated Rural Electric Insurance Exchange. His key points were:
 - Electrical contacts slightly increasing.
 - Goal is ZERO.
 - SAFE App is available. (Stop And Focus Everyday)

The next breakout session I attended was the **“Next Generation Board: How the Director Skill Set is Evolving”**. **Pat Mangan**, Dir. of Governance Education of NRECA gave the presentation. He focused on Board of Director Competencies. (Average age of directors is 62 with 1900 new ones over the past 5 years—2 plus per coop board.)

- First competency was Interpersonal Communications which included:
 - Sharing of information
 - Communicates clearly, factually, and concisely
 - Listens respectfully to others’ ideas and opinions
 - Asks questions to understand other points of view
- New Competencies needed:
 - Quick Study
 - Understand info given and be able to analyze quickly
 - Being engaged—listen and take notes
 - Make sure you hear
 - Open to new ideas
 - Good listener, willing to listen, active listener
 - Come prepared
 - Be well read
 - Able to understand and engage members as their expectations change
 - Listen and take notes
 - Show caring body language
 - Not have mind made up
 - Diversify your network with people that differ from you
 - Ask others’ opinions
 - Get back to member in a timely fashion.
 - Able to connect with fellow director from different generation
 - Treat as best friend
 - Adept at Analyzing complex options to make sound decisions
 - Be positive

The parallel breakout session Gili Carter Thomas attended was titled “Opportunities for Optimizing Distribution Operations” presented by Alvin Razon, Senior Director Distribution Operations, NRECA. Key takeaways were:

- Razon stated that to truly reach Distribution Optimization, Cooperatives should measure on “Yesterday, Today and the Future”.
- Listed Foundational Attributes:
 - Data
 - Interoperable
 - Secure
- Cooperatives are evolving their distribution systems to realize distribution optimization benefits including cost, reliability and performance gains.
- Cybersecurity: \$9 Billion funded Dept. of Energy (DOE) for ARRA Smart Grid Initiative and \$3 Billion has been spent on Custom Integration Software.
- 3 D’s needed to protect targeting of the critical utility infrastructure:
 - Data is needed
 - Decision
 - “Damn Challenges”
- Suggested using tools/resources at the Cooperative.com website for “Reliability Benchmarking” and “De-risking Technology Integration” to create a distribution optimization plan.
- Cost Analysis available through NRECA RBG Web Application.

Next a Regional Resolutions Committee Meeting was held for Region 8 and Region 10 to discuss and make a recommendation on each of the 11 resolutions. The meetings were formal and both regions basically supported the National Resolutions Committee recommended actions.

At the end of the day, Gili and I attended a Welcome Reception hosted by CoBank and later we met with **Kirk Johnson** to discuss governmental issues facing coops.

ACRE breakfast on Thursday morning. Reports given by state.

The General Session on Thursday morning included several presentations:

- **Phil Carson’s** presentation was on the importance of trust with the members.
 - Trust we build grants us the “social currency” that we operate on.

- Broadband is on the front burner.
- Must pay attention to board comp, CEO comp, and fraud (not read about them in newspaper).
- **Jannine Miller**, USDA Senior advisor,
 - Broadband connectivity is 5th pillar
 - Need smart technology for farmers/ranchers
 - Need for education and health care (emergency response.)
 - \$1.6 Billion for broadband, 35 coops have participated
 - Trump supports rural connectivity
- **Kerry Kelton and Ingrid Hunsicron** discussed international program and importance of electrification in places like Bolivia.
- **Scott Peterson**, NRECA VP discussed lexicon
 - Words matter but what people hear really matters.
 - Heritage doesn't matter to most members (80 years)
 - "Community" does matter to members (small-town mindset)
 - Don't use "member/owned", use "consumer/member"
 - People want benefit of membership but not burden of ownership
- Cyber security
 - Develop critical communications plan for attack before it happens, have dedicated spokesperson
 - Avoid phishing emails, use 12 letter passwords, multifactor authentication
 - Training, training, training

The final activity was the Region 8 and Region 10 Business Meetings where delegates voted on the adoption of the 11 Resolutions. Voting adhered to the recommendations of the National Resolutions Committee recommendations. I voted as instructed at last board meeting, but all resolutions passed except number 11 as National committee recommended.

10-22-18 P Graf