Good morning, my name is James Dietz. I am the General Manager of Twin Valleys Public Power District headquartered in Cambridge, NE. We are a non-profit utility and were formed by local people to bring electricity to a rural area larger than the State of Rhode Island. We purchase all of our electricity. I would like to say again, we have no profit motive. We exist only to serve our customers. We serve 10 small towns at retail and we are responsible for getting the power to every community in our service area, except one. Since you probably haven’t ever heard of our organization or any of the towns we serve, why does our area matter? We produce the food you eat and the fuel you use. The fuel is ethanol and we serve oil pumping loads.

The Arab oil embargo of 1973 shocked the US. The electric utility industry is the only industry that has responded to pleas from both Democrat and Republican Presidents over the years to reduce consumption of foreign oil. Today, almost none of US electricity is generated with oil. The energy generated with oil was generally replaced with coal. In NE, this coal is all low sulfur coal. Now, with the administration’s war on coal, will NE be penalized for this movement toward using coal, our nations’ most abundant fuel?

Previously, I worked at a generating electric utility and was involved in construction of one of NE major coal fired power plants from design studies and on past commercial operation to correct some deficiencies. I was there at about 3 in the morning when it was synchronized to the grid for the 1st time.

Let me tell you what the thinking was at that time the way I remember it. Our utility had an oil fired power plant that ran 24 X 7, natural gas was being imported, some local gas companies would not connect new homes because of concerns about future gas supply and plans were being made to import liquefied natural gas to the US. In 1978, gas was banned from power plant boiler fuel. We thought we were on the side of the angels by building a coal fired power plant since coal was a domestic energy source, had been used for over 200 years and had a stable price.

Some have said that was then. This is now. It is time to shut down these plants, but this premature shut down will be costly as these plants are still operating very efficiently. The plant where our utility receives most of its coal-fired power has been called the lowest cost power plant in the world. It currently meets all environmental regulations. But let me explain why I think it would be a real tragedy to shut any of these major plants down prematurely or reduce their generation output. The NE utilities that own these plants have reinvested in them over and over, from a 2nd rail line into one plant that had to cross the South Platte River to achieve better coal transportation contracts, to new bag house emission controls, to new water wells for backup cooling and the investments continue. A new 220 mi. high voltage transmission line is planned from one of these major coal fired plants. In my opinion, when this line is placed in service, the state’s transmission system will have finally caught up with the output of this major power plant. The plant that I worked on has just completed an 11 mile long 12” natural gas pipeline to the plant. You might say that is good, now the plant can convert to gas, but the boilers are too massive. Natural gas will be used for boiler flame stabilization and start up fuel. When they begin using it for startup it will replace foreign oil that is used now. As you can see, the quest to discontinue oil still continues. These plants keep being modernized because they are the lowest cost operating units in
the fleet. The electric utility industry in the most capital intensive industry there is. Any abrupt change in generation mix will cause rate increases.

In NE we have millions of HP of electric powered irrigation pumping. The EPA says this proposal will increase electric rates. Irrigators switch fuel fairly easily based on price signals. Where we have natural gas available, we have had some irrigators switch from gas to diesel fuel to electric. Most rural areas don’t have natural gas available. Increased electric rates from carbon regulations may cause irrigators to switch to diesel. Diesel powered pumping has about the same carbon footprint as the current fuel mix of our power supplier. If our power supplier reduces their carbon output as a result of these new regulations, switching to diesel powered pumping will increase carbon. I would like to have someone explain to me how this will help reduce green house gasses.

NE is going to be at a disadvantage under the proposed regulation because electric consumption has increased quite a bit since 2005. This is mostly because of ethanol production to meet the national renewable fuel standard. Of course, ethanol helps decrease our dependence on foreign oil. The carbon regulations will increase electric rates and may put ethanol at a disadvantage, possibly closing plants with the loss of a significant number of jobs in NE.

As an electric utility manager, I have to shut off people’s electricity every month for non-payment. I can tell you, some people are having trouble paying their bills right now and it will be more difficult for them if these carbon regulations are invoked because of rate increases. I have had to shut off the electricity to my next door neighbor. This makes the cost of electricity really hit home for me. Please consider affordability when you finalize this rule.

If reducing carbon is the issue of our time, let’s get the buy in and commitment of the rest of the world before we cripple our economy by raising electric rates. Thank you.