

# Annual Meeting Speech 2016

Each year I come before you and typically include somewhere in my speech the cooperative story. It's a story that I never get tired of telling. One that I'm proud of and one that should make each one of you proud. North Arkansas Electric Cooperative has overcome several adversities since its existence; wars, oil embargos, economic downturns and natural disasters to name a few. But in the end the cooperative spirit has always shined brighter than ever.

## **EPA Challenges**

Today we face new challenges. We face new EPA regulations that are making us rethink the way we generate and delivery electricity. Just 10 years ago our generation mix consisted mainly of coal and gas. Today we are seeing more renewables in the mix – wind, hydro and solar. That's great. But the EPA Clean Power Plan is a flawed document designed by an out of control government agency.

Something unprecedented happened when the US Supreme Court called a “time-out” on the Clean Power Plan. It's the first time the court has stayed a regulation before review by the federal appeals court, and it's a landmark under the Clean Air Act.

We made an honest argument and I think that's why we succeeded. Here's what's important: the ability of electric co-ops to plan for a dynamic future with their members in mind . . . and the flexibility to do things we don't need a government regulation to tell us to do – the right thing.

## **Cyber Security**

Cyber security – not a week goes by without someone questioning me how we are protecting the grid. While cyber threats can potentially impact any individual or business, electric utilities have to exercise an extra measure of care in this area. As we automate more of our utility operations, the greater target we become and the greater impact a cyber attacker could have on our operation. We now find ourselves on the front line of international terrorism, and our critical infrastructure is under attack literally thousands of times each day.

To this end, the North American Electric Reliability Corporation or NERC, the operational regulator for the North American electric grid, has established ***mandatory and enforceable*** cyber security standards for grid operators. These standards are designed to protect the cyber systems that could impact the assets most critical to the grid. Arkansas cooperative leaders work directly with white house cabinet-level officials to anticipate and evaluate threats, develop mitigation plans, and practice recovery in the event of an attack.

### **FTTH**

Not all the challenges we are facing are negative. Many have heard that North Arkansas Electric Cooperative will be entering into a pilot project offering fiber to the home. FTTH basically means that a fiber optic cable, which carries Internet, TV and telephone services, runs directly into your home. How is this different from what you may have now? It's pretty simple. Most likely, your current provider uses fiber optic cable, but only reaching a pedestal or hub in your neighborhood.

With FTTH, the fiber optic cable runs into your home. So, in essence, you're getting game changing Internet speeds – up to 1 Gig - , full HD television and crystal clear phone reception, through a single cable, directly into your home. And, from North Arkansas Electric Cooperative a provider who truly cares about you, the member.

It's important to note that broadband in rural areas is much like bringing electricity to rural areas 76 years ago. Current providers of high-speed Internet only want to provide service to those areas with high density which translates into high profits – in essence called cherry picking. But you and I both know that reliable Internet access is now becoming more important than ever. That's why North Arkansas Electric Cooperative is implementing this pilot project.

### **Solar Farm**

Also, you will soon hear about our new 1-megawatt solar farm. A solar farm is community-shared solar energy with multiple subscribers connected to the utility grid. It is like enjoying an orange without owning an orchard. It is a way for members to have access to solar energy without the stress and dangers of installing and maintaining individual systems. Much more of this to come later on this year.

As the fifth largest electric distribution cooperative in the state of Arkansas, we take pride in offering new and exciting services such as these. But the ability to offer

these programs didn't happen over night. It took great vision by hard working men and women who have lead NAEC through the years. Thanks to the hard work of them and many others, today your cooperative is in good shape financially. 2015 was a strong year financially and allowed us to refund more than \$1.6 million in capital credit retirements this past December. In total we have refunded \$27 million since inception – I'm sure the founders of this cooperative would be extremely proud.

As you can see, it more important than ever for us to tell the cooperative story and advance the issues that matter to rural America . . . that matter to northern Arkansas. In a time when fewer and fewer members of Congress serve rural districts with large numbers of co-op members, it becomes harder for us to tell the cooperative story and advance the issues that matter to rural America. By telling our story and making our voice heard, members of Congress can see what we stand for and come to appreciate that cooperatives like North Arkansas Electric Cooperative are truly a different kind of utility. In a time of hyper partisanship and increased regulatory activity, those relationships can be critical.

This year my friends we will elect a new president . . . yes it's an election year. We all anticipate what the outcome will be or maybe not. But this era of partisan gridlock isn't just harmful to our prospects of peaceful conversation over dinner. It's harmful to our democracy, and it's harmful to the important work of our cooperatives. Our industry is going through too many changes to have a government crippled by fighting.

We are in the middle of a fairly big election right now. Every night we're treated to a barrage of stories and sound bites from another day on the campaign trail. Candidates who have likely been friends and allies for years are tearing each other apart and lobbing accusations that would make you think they were mortal enemies. Some of that is to be expected during election years, but the influence of gerrymandering and growth of dark money and micro-targeting seems to have intensified rancor.

And yet, when I talk to the members of North Arkansas Electric Cooperative, they only want to improve the quality of life for their family. I bet that if I sat down individually for one-on-one meetings with the county chair of each party, made small talk about sports and family for a few minutes, and then asked each of them what really matters to them, they both want the same basic things. A roof over their heads. Food on the table. A decent community to call home. Safety. Good schools. Honest pay for an honest day's work. They want their kids to have a better life than they did. They want to feel like they matter, that their community matters, and that

their voices are heard.

When we cast our vote in November and all elections, we need to make sure that our governments' know that rural America matters, that Arkansas matters, that the towns like Salem, Mountain Home, Ash Flat - just to name a few - matter and that our voices are heard. That our communities are given a fair shake, and that we have the opportunity to create our own prosperity. Not a handout or special treatment, just an even playing field. It's about our co-ops living out the principles of our movement: Concern for community and democratic control.

When our parents and grandparents set out to electrify rural America, they didn't have time to ask the person next to them about their views on economic or social policy. Their economic policy was "we need to save this community" and their social policy was "let's do it together."

I know we talk a lot about history at these meetings, but do you ever stop to think – really think – about what it must've been like to be a founding member of your co-op? To have everybody – or almost everybody – tell you it can't be done. That you're on a fool's errand.

To look at a map of the USA, the state, and see all the farmers waiting for the next greatest thing to come to them. To stare down a long, quiet, empty stretch of country road. Or a rugged mountain pass. Or a frozen stretch of barren land...And then look down at your engineering plan and know that somehow, you have to set poles and string a line there.

No high-powered digger derrick. No skid steer. No GPS.

And to know that when you succeed in completing that short stretch of line, your reward for a job well done is another project just as tough just a few miles down the road. Then another one. And another. Until every person in the 80 percent of America that the IOUs forgot finally had access to the energy they needed to live a modern life.

But they did it. We did it. It didn't happen overnight, but it did happen. It happened because we got just the right amount of support from the government. Enough to get us started and sustain the movement, but not so much as to be stifling. It happened because neighbors worked together, knowing that every set of hands made the load a little lighter and the work a little faster. It happened because local people made local decisions about the best way to solve local problems. And it happened because it had to...because the alternative was unacceptable.

That's where we find ourselves now. When I look at the change we're facing in our industry, I'm not overwhelmed by the change itself. Change can be good. Change can be exciting. Change can make life better for us and our members.

What sometimes feels daunting to me is the uncertainty and number of moving parts. Of not knowing what the new normal – what the next next greatest thing will be – broadband, solar. It can feel like I'm staring down that long, quiet, empty stretch of country road from 76 years ago. Excited by the prospect of a better, faster, easier, more efficient, modern life, but knowing there's a whole lot of hard work left to do before it can happen.

Then I remember something. This co-op is not alone. The Electric Cooperatives of Arkansas are not alone. We have a network of 900 other co-ops and 75,000 colleagues working alongside us to meet these challenges and answer the big questions. But this is the important part. We're all trying to get to the same place, but we're not all doing the same thing.

We're taking different approaches. Trying different ideas – or combinations of ideas – that are best suited to needs and circumstances of our local communities.

We're not trying these things because of government mandates or burdensome regulations. We're doing it because we want to deliver the best service possible to our members. Because our smaller size and local ownership affords us the flexibility and adaptability to innovate and respond to changing member expectations.

Sometimes we succeed. Sometimes we don't. But no matter the outcome, we try and we learn and we'll keep moving forward until we've met the challenge and ensured that our next 76 years will be as prosperous as the first 76.

As I close my remarks, let me share a quote from the late comedienne Gracie Allen. It's from the last letter she wrote to her husband, George Burns. In it, she said "Never place a period where God has placed a comma."

Rural Electrification isn't something we *did*. It's something we're *doing*. Community transformation isn't something we *did*. It's something we're *doing*. Co-ops are developing the next generation of leaders in our community. We are investing in broadband when others won't. We are leading the way on the integration of distributed energy resources. We are building a smarter power grid.

We are luring new businesses to our towns. We are making life better for our members and for the places we love.

We weren't called to make a difference in our communities *once-upon-a-time*. We're called to do it **every day**. And with the love of God in our hearts, and the power of cooperatives in our communities, we are and we will.

Thank you.

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