

IN THIS ISSUE SEPTEMBER 2007	COLORADO SHOULD BE CAREFUL PAGE 1	AN INCONVENIENT TAX PAGE 3	COST OF CLIMATE CHANGE PAGE 3	INTEGRATED RESOURCE PLAN PAGE 4	GLOBAL WARMING DEBATE PAGE 5	FRIENDS OF SCIENCE CRITICAL PAGE 6
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COLORADO SHOULD BE CAREFUL IN LOOKING TO CALIFORNIA FOR DIRECTION

According to the Rocky Mountain News (*Colo. studies Calif.'s tough energy rules*, Aug 15, '07), California's draconian policies are actually "being studied by Gov. Bill Ritter's administration as it crafts a policy for Colorado to reduce greenhouse gas emissions." The California proposal is an attempt to reduce carbon emissions to 1990 levels by the year 2020, and by 2050, reduce emissions to 80 percent below 1990 levels. It will cause homeowners and businesses to drastically cut their energy use. Even the Kyoto protocol, which is minor compared to this, is only expected to reduce temperatures by .07 degrees C and would cost 1% - 2% of GDP—approximately \$1,200 - \$2,400 for every family in the country.

High level state officials look to California as a trend-setter, believing that it can provide "a tremendous lesson to the rest of us. We are taking a hard look at their goal."

California Led the Push for Electric Deregulation

California also was a leader in the push toward electric deregulation, which proponents argued would lead to technological innovations, increased competition, and lower electric rates. USA Today published an update on states that deregulated electric utilities, and the news is not good ("*Shocking electricity prices follow deregulation*", Aug 10, '07).

Fortunately for our members, IREA worked to delay deregulation

(see California on page 2)

CALIFORNIA . . .

in Colorado long enough for it to become apparent the effects would be disastrous for consumers. While California was the “trend-setter” for deregulation, it soon became the “poster child” for our predictions, as deregulation there led to market manipulation by Enron, black-outs and soaring electric rates. Montana’s largest utility sold its power business, invested in telecommunications, and then went bankrupt.

Most states that did deregulate their markets were forced to implement rate freezes, which are now expiring. After the rate freeze in Illinois expired in January, bills soared up to 55% for Ameren customers and 26% for Commonwealth Edison. The state legislature has now been forced to pass rate-relief legislation—at a cost of \$1 billion—to reduce the electric rate increase by half. Virginia actually re-regulated its utilities and other states like Ohio—where the rate freeze will expire next year—are also considering returning to a regulated market.

“Electric rates for Baltimore-area customers surged 50% in June after a 15% jump last year as rate caps came off. There have been similar surges in Connecti-

cut, [Maryland], Delaware and Rhode Island. Meanwhile, little, if any, retail competition has materialized for consumers.” Even Texas, which was supposed to be the model for deregulation, has seen “electricity prices surge 58% since 2002.”

Unfortunately, states like Colorado—which did not deregulate—also were affected by rate increases across the country: “While average prices rose 21% in regulated states from 2002 to 2006, they leapt 36% in deregulated states where rate caps expired.” An Associated Press analysis of federal data shows consumers in the 17 deregulated states paid an average of 30% more for power in 2006 than their counterparts in regulated states. IREA had maintained steady rates for 22 years—since 1982—but was finally forced to raise rates 8% in 2004. We hope to roll back that increase when Comanche 3 comes online in 2009.

The cost of following California’s lead on carbon emissions could be extraordinary, just like the cost of deregulation. Colorado should be extremely careful in looking to California as the “trend-setter.”

AN INCONVENIENT TAX

The Wall Street Journal recently awarded a “prize for honest liberalism” to House Energy and Commerce Committee Chairman, John Dingell (D-Mich) for his plan to introduce legislation imposing a heavy tax on carbon emissions (*Truth in Global Warming*, July 10, '07). This tax would ensure huge increases in energy prices, including electricity, while admittedly making little—if any—difference to climate change. Rep. Dingell stated *“I sincerely doubt that the American people will be willing to pay what this is really going to cost them.”*

Dingell’s proposal is an attempt to present shocking information to the American public about the true cost of fighting the *“speculative danger* of global warming 50 or 100 years from now.” While the economic impact of the proposed legislation would be devastating to consumers who are already struggling with their mortgage payments, it’s also clear that “energy prices would have to rise by many multiples to make even a degree’s worth of difference to the world’s climate.”

On August 8, Dingell revealed the details of his plan, including

adding a 50-cents/gallon tax on gasoline and ending the mortgage tax deduction on homes larger than 3,000 sq. ft. While having little to say about Fuel Economy Standards, he seeks a “cap & trade” system for carbon emissions, AND a tax of \$100/ton which, if enacted, would double IREA members' electric rates. *“These are all new ideas,”* Dingell stated (they are not); *“I know I’m going to catch hell for them. But if we are serious about global warming, we need to reduce consumption by making it more expensive.”*

The Journal article also acknowledges that not even new taxes, cap & trade legislation, nor higher fuel mileage standards are apt to help reduce global emissions, especially as most of Europe has failed to meet the initially meager Kyoto Protocol carbon limits (the requirements are increased over time).

NRECA CONCERNED WITH COST OF CLIMATE CHANGE

Glenn English, CEO of the National Rural Electric Cooperative

INTEGRATED RESOURCE PLAN

Association (NRECA), recently expressed concern about the huge costs of climate change legislation. Lawmakers have not warned consumers that any “serious effort” to fight global warming will result in much higher energy prices for everyone.

Many utilities across the country are failing to stand up to state and local governments’ expensive plans to reduce CO₂ emissions and subsidize more costly renewable energy. English stated, *“While many in the electric utility industry seem willing—with little concern—to pass on to customers the added costs of solving climate change problems, electric co-ops understand the pain higher rates will cause for many members. We care—that is the co-op difference”* (Electric Co-op Today, July 13, ‘07).

English believes the solution lies in a robust research initiative, rather than new carbon taxes. *“Make no mistake, there is a substantial cost to be paid to reduce carbon emissions and that needs to be laid out on the political table so people understand what the trade-off is. The nation cannot afford to get this wrong.”*

The Association purchases hydroelectricity from the Western Area Power Administration (WAPA). As a WAPA customer, IREA must periodically prepare an integrated resource plan. The plan identifies and compares resource options, describes actions to be taken, and addresses environmental effects, load forecasting, and goal measurement strategies. Plan requirements are published in the Code of Federal Regulations at 10 Code of Federal Regulations Part 905 and on the WAPA website at www.wapa.gov.

The Association will entertain public comment regarding the subjects to be addressed in its integrated resource plan at a meeting to be held at the Sedalia office, 5496 North U.S. Highway 85, Sedalia, Colorado 80135, on Saturday, October 20, 2007, beginning at 9:00 a.m. Current members of the Association are welcome to attend. Written comments regarding the Integrated Resource Plan may be directed to John Pope by email at pope@intermountain-rea.com prior to the meeting.

GLOBAL WARMING DEBATE HEATS UP

NEW RESEARCH PUTS DAMPER ON CLIMATE CHANGE HYSTERIA

“Many former believers in catastrophic man-made global warming have recently reversed themselves and are now climate skeptics.” That’s the conclusion published on the minority blog of the U.S. Senate Committee on Environment and Public Works (epw.senate.gov/public).

Climate change alarmists would have you believe “the debate is over.” However, there is a vigorous debate continuing about whether human production of carbon dioxide is making a significant contribution to global warming. This new report lists scientists like geophysicist Dr. Claude Allegre, geologist Bruno Wiskel, astrophysicist Dr. Nir Shaviv, climate researcher Dr. Tad Murty, and many others who once held “a firm belief about global warming” until they started to do their own research.

Dr. Murty is one of 60 scientists urging Canada to withdraw from the Kyoto Protocol. *“If, back in the mid-1990s, we knew what we*

know today about climate, Kyoto would almost certainly not exist, because we would have concluded it was not necessary.”

Another former environmental campaigner, Dr. David Bellamy now says *“global warming is largely a natural phenomenon. The world is wasting stupendous amounts of money of trying to fix something that can’t be fixed.”* Find links to this and other reports on the Legislative Issues page on the IREA web site.

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“FRIENDS OF SCIENCE” CRITICAL OF WARMING HYSTERIA

“The current obsession with global warming is misguided in that climate fluctuations are natural phenomena, and we suggest that adaptation should be emphasized rather than misguided attempts at control.” That’s the conclusion of the “Friends of Science,” a “non-profit organization run by dedicated volunteers comprised mainly of active and retired earth and atmospheric scientists, engineers, and other professionals.”

The site lists common misconceptions about global warming and offers a short video titled “*Climate Catastrophe Cancelled.*” Here is one of the misconceptions listed on their web site:

MYTH 1: Global temperatures are rising at a rapid, unprecedented rate.

FACT: Accurate satellite, balloon and mountain top observations made over the last three decades have not shown any significant

change in the long term rate of increase in global temperatures. Average ground station readings do show a mild warming of 0.6 to 0.8C over the last 100 years, which is well within the natural variations recorded in the last millennium. The ground station network suffers from an uneven distribution across the globe; the stations are preferentially located in growing urban and industrial areas (“heat islands”), which show substantially higher readings than adjacent rural areas (“land use effects”). There has been no catastrophic warming recorded.

For more information, visit the Friends of Science website: www.friendsofscience.org.

Find links to this and other sites on the Legislative Issues page of the IREA web site at: www.intermountain-rea.com/legislative.htm.