



Pennsylvania Rural Electric Association

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Testimony Before the House Consumer Affairs Committee

Thank you Chairman Roae, Chairman Matzie and members of the committee for the opportunity to join you here today to discuss the importance of nuclear power to Pennsylvania's rural electric cooperatives.

My name is Steve Brame and I'm the Vice President of Public Affairs and Member Services for the Pennsylvania Rural Electric Association. PREA is the statewide service organization representing the interests of 13 rural electric cooperatives in Pennsylvania. More than that, we are advocates for over 600,000 rural residents who rely on these cooperatives for low-cost, reliable and safe electricity to power their rural communities. We believe that supporting nuclear energy is critical for a diverse and competitive energy marketplace. It's also of particular importance to Pennsylvania's rural residents – and the energy future of all Pennsylvanians.

Rural electric cooperatives in Pennsylvania have a proud 80-year history of delivering life-changing electric power to the rural countryside. But they didn't do it alone. They relied on policymakers such as yourselves to step in and correct a market that would not provide power to our rural areas. It took legislative action and forward-thinking policy to bring about this change. Today, electric cooperatives are key economic drivers in their communities – thanks to the action of policymakers 80 years ago.

Electric cooperatives are governed by those who use their power. In other words, our consumers are our owners. Just as they were the day they were created, our cooperatives operate as not-for-profit organizations, driven to provide the very best, least-cost and most-reliable service they can to our rural heartland.

We are pleased to be a part of the nuclear energy discussion, and I want to be clear that Pennsylvania's electric cooperatives stand united in support of HB 11. Some may ask, what do cooperatives have to do with nuclear power? It's a good



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question, because many people may not realize that Pennsylvania's rural electric cooperatives are, in fact, nuclear owners. Cooperatives have believed in nuclear power for decades, having invested in the Susquehanna Steam Electric Station (Susquehanna) in rural Berwick, Pa., since 1977. In that venture, we partnered first with PPL Corporation and now with Talen Energy in the plant (after PPL sold off its nuclear interests). As a result of this investment, Pennsylvania's cooperatives own 10 percent of the Susquehanna plant.

We believe our experience as nuclear owners can offer some perspective on this important issue. While an ownership share of one-tenth of one nuclear power plant may not sound like much, that small share provides 60 percent of all the power needs for more than 600,000 of Pennsylvania's rural residents. For decades, that 10 percent share has been the stabilizing force that has powered hundreds of rural cooperative communities across the Commonwealth. Today, these communities enjoy one of the lowest and most stable electric rates in the entire PJM Interconnection region – thanks to the investment in nuclear power. Just that 10 percent of one plant goes an incredibly long way toward serving the needs of more than 600,000 rural residents.

I believe that gives you an idea of the scale of nuclear generation. Nuclear power is an unparalleled energy resource – one that outpaces every other generating resource in terms of reliability and the capacity to produce energy. It's no wonder nuclear power generates more than 40 percent of the electricity in the state – and 93 percent of its carbon-free energy. Even the smallest reactor in the state produces more carbon-free electricity than all of Pennsylvania's renewable resources combined. Without question, losing such a resource would have a significant negative impact on the Commonwealth, and why every effort must be made to ensure this does not happen.

The rich energy diversity that we maintain in Pennsylvania is not possible without the carbon-free energy produced by nuclear power. As a reliable 24/7 source of electricity, it has allowed other resources, including natural gas and renewables, to enter and thrive in the marketplace. Nuclear energy's long-term stability makes it the backbone of this market. It is clearly the foundation of Pennsylvania's carbon-free generation, and must remain so for a cleaner energy future.

As a major part of the cooperatives' diverse energy portfolio, nuclear energy has allowed cooperatives to maintain extremely stable electric rates for decades, helping to protect rural communities from significant volatility during times of

economic turbulence. To fill out their portfolio, cooperatives also depend on a competitive energy market – one made stronger by the presence of nuclear power. Its reliability has also allowed our cooperatives to interconnect more than 500 consumer-owned renewable energy systems to the cooperative grid. Thus, in more ways than one, cooperative investment in nuclear power has helped significantly further the production of carbon-free energy in the Commonwealth for the benefit of all Pennsylvanians.

Cooperatives believe that recognizing nuclear power as a carbon-free workhorse is vital to the diverse energy community we strive to have in this state. Without nuclear power, we believe the energy market will be subject to the control – and attendant price volatility – of one major commodity: natural gas. This is not an attack on natural gas; this is a virtual economic certainty – and one that will inordinately impact rural communities. Should nuclear power cease to be viable in Pennsylvania, we believe it will result in significant increases in power costs for cooperative consumers.

Nuclear opponents argue that the market should decide the fate of the industry, but an effective market exists only when there is a level playing field. When the market is tilted in favor of one player, it loses its competitiveness. That's the direction we're heading toward in Pennsylvania. The loss of competitiveness in the energy market is something no Pennsylvanian can afford, particularly our rural residents.

The market is great for looking at the next quarter. But good public policy must consider the long term. It's about looking at the next quarter century and beyond. It's about the future, and you, as policymakers, play a vital role in guiding that future. When markets begin to veer off-course, it's time for policymakers to step in and correct the course.

Eighty years ago, if everything was left to the market, many rural communities would have disappeared or would still be struggling without electricity. It took the courage and vision of rural residents and policymakers to recognize the need for programs that established rural electric cooperatives, one of the most successful initiatives in U.S. history. We honor this legacy by supporting nuclear energy as a critical resource for the future of our rural communities.

Today, the Pennsylvania General Assembly has a chance to seize control of the Commonwealth's energy destiny. In much the same way policymakers helped shape the natural gas industry over the last decade, Pennsylvanians now need the

Legislature to provide direction for the state's nuclear industry. Without legislative support, we risk losing one of the Commonwealth's most productive and beneficial industries. In contemplating such a future, we must ask ourselves if that risk is worth taking. Will the loss of our nuclear industry make Pennsylvania's energy market more diverse? Will it make it more competitive? Will it make Pennsylvania better off? Given our cooperative experience as nuclear owners, we believe Pennsylvania can't afford to take that risk.

The time is now to recognize the importance of nuclear power to the 16,000 Pennsylvania employees in that industry and more than 600,000 of our rural residents. The time is now to ensure the diversity, competitiveness, and future of our energy marketplace.

Thank you for the opportunity and I look forward to working with you as this bill moves forward.