Quadrennial Energy Review
Second Installment
Electricity: Generation to End Use
Stakeholder Meeting # 7
May 24, 2016

Statement of Lisa Johnson, CEO and General Manager
Seminole Electric Cooperative, Inc.

Panel Presentation on "Bulk Power Generation and Transmission: How Can We Plan, Build, and Operate the Appropriate Amount for Future Needs?

I would like to thank Secretary Moniz, and the Department of Energy, for facilitating this process, and inviting me to participate. With the uncertainty in our industry, and the rapid shifts we are facing in energy policy, and regulation, small consumer-owned utilities like electric cooperatives are finding themselves with the most strenuous future compliance goals regarding Bulk Power Generation and Transmission, and the least resources to deal with them.

One primary point I want to make today is that the Department of Energy has a role ensuring regulatory changes are implemented in a way that brings us into a new energy future, without creating inequitable or disproportionate outcomes. Small entities, and especially rural America, should not be shouldering the greatest costs of a new energy future.

Let me step back for a moment and introduce electric cooperatives, and specifically, Seminole Electric Cooperative.

(Advance to Slide 2)

The promise of electricity, and the modern convenience that it brings, was one of our greatest achievements in the late 19th and early 20th centuries. Although almost 90 percent of urban dwellers had electricity by the 1930s, only ten percent of rural dwellers did.

Recognizing the inequity of this issue, the federal government acted, and created the Rural Electric Administration to empower underserved Americans to create their own utilities. This program is often cited as one of the most successful public-private partnerships in history, and resulted in 98% of all farms in the United State having electric service by the early 1970's.

While the REA was successful in its mission to electrify rural America, it could not change the reality that bringing electrification to rural areas is more expensive, and less attractive for investors, than urban, densely populated areas. The United States has a history of recognizing this fact in its public policy, and continues to support the RUS program, and its sister programs to bring jobs and economic

development to Rural America. Recent initiatives like the Clean Power Plan, without careful consideration for the delicate balance of rural America, threaten to unravel our past successes.

Let me explain.

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Seminole Electric Cooperative is a Generation and Transmission Electric Cooperative serving nine Member distribution electric cooperatives throughout peninsular Florida. Approximately 1.6 million people and businesses rely on Seminole's Member cooperatives for electricity. Our Members provide essential electric service in primarily rural and low income areas of Florida stretching from west of Tallahassee to south of Lake Okeechobee. Approximately one-third of Seminole's residential customers have household incomes below the poverty level. Some of Seminole's Member cooperatives serve as few as 4.6 consumers per mile of electric line.

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We operate two generating stations – the Seminole Generating Station that consists of two 650-megawatt coal-fired generating units, and the Midulla Generating Station – an 810-megawatt natural gas fired facility composed of a 500-megawatt combined-cycle unit, and an additional 310 megawatts of peaking capacity. Neither one of these facilities currently meet the rate-based emissions requirements outlined in the final Clean Power Plan as proposed by the EPA. We cannot meet these new performance rates through any technological or operational changes without significantly curtailing generation, shuttering the plants, or purchasing credits or allowances under a potential future trading program that does not currently exist.

Built during the era of the Arab Oil Embargo and the Powerplant and Industrial Fuel Use Act, when oil and natural gas generation were precluded by law, the Seminole Generating Station is the most efficient coal-fired power plant in the state of Florida, and has been recognized by Power Magazine as one of the top plants in the world. The plant is financed through 2042, has a remaining useful life through 2045, and employs 300 individuals in rural Putnam County – the poorest county in the state of Florida.

Seminole also receives power from renewable energy facilities, including waste-to-energy, landfill gas-to-energy, and biomass. This year we are also launching a new "Cooperative Solar" project. Adjacent to the existing Midulla Generating Station, Our Cooperative Solar facility features more than 8,400 single-axis tracking solar panels, and is rated at 2.2 megawatts. Seminole member cooperatives will be able to offer portions of the output of the facility to their members next year. Nationwide, electric cooperatives in 37 states have more than 550 megawatts (MW) of solar capacity online or on the drawing board across the country. The diversity in Seminole's generation mix reduces exposure to changing market conditions, helping manage risk and keep rates competitive.

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Since the last panel today is going to be talking about financing energy infrastructure, I think it's worth pointing out the risk facing Seminole, and other utilities, when regulation combined with market forces results in an economic mismatch with a plant's remaining useful life. Though it is currently stayed, should the Clean Power Plan ultimately force the closure of Seminole's Generating Station, rural Floridians would be left to pay off significant outstanding debt, much of which is tied to environmental control systems and recycling efforts, on a defunct facility. Three-hundred good-paying rural jobs would be lost and Putnam County would lose its single largest property taxpayer, with disastrous consequences to community services. Our members, and their consumer owners, would then be forced to pay for a new source of electricity, while still paying for the Seminole Generating Station. And, I would add, this scenario is not unique to coal plants, and it is not unique to Florida.

Our country's energy policy has traditionally sought to assist rural areas, and we are grateful for that past. Today, as we discuss our future, let's not abandon the goals of the past – to provide safe, affordable, reliable electricity. Let's work together to make sure that the future of our energy policy is fair and equitable, and continues to support access to the same safe, affordable, reliable electricity in rural America. We can move America's energy future forward, without causing our rural economies to slide backward.

For example, electric cooperatives across America, including Seminole, are developing and deploying Cooperative Solar programs and facilities to provide our membership with renewable energy. Also, our energy future will require new generation facilities, new transmission infrastructure, and new permitting. Any collaborative efforts to streamline permitting, expedite construction, and facilitate new technology will be helpful. Let's work on these new projects together, and allow existing generating stations, like the Seminole Generating Station, to remain open through their useful lives, so that taxpayers, and our member owners, can realize the value of investments already made, while we transition into the future.

Thank you and I look forward to the roundtable discussion.

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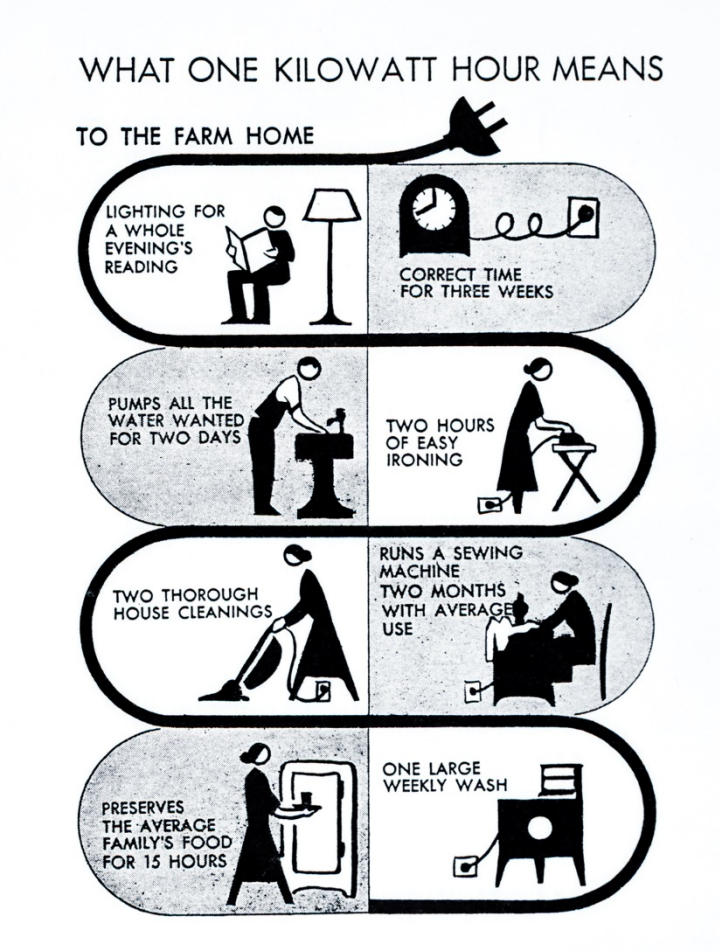
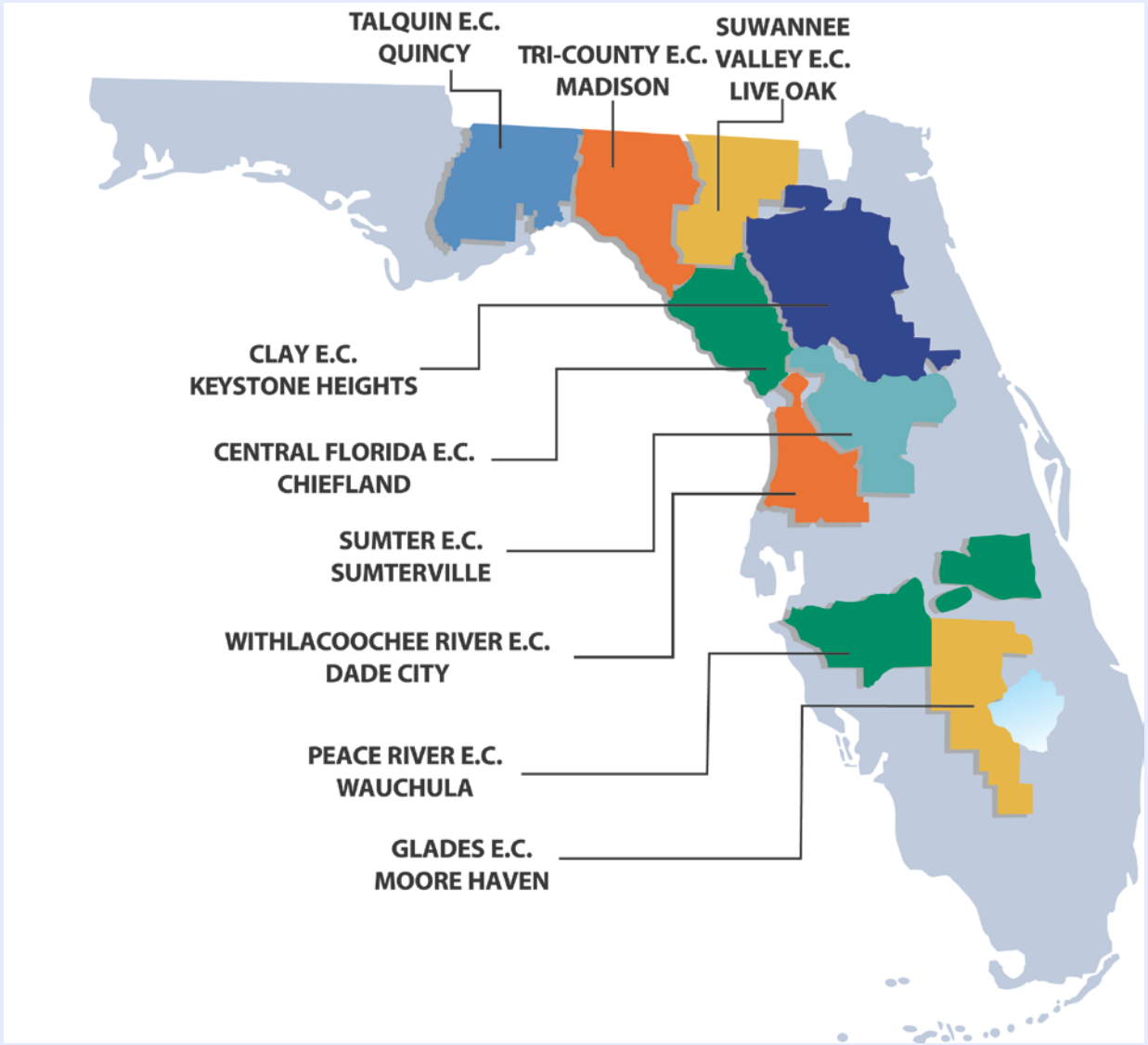
Lisa Johnson
CEO and General Manager

Rural Electrification



Seminole's Member Cooperatives



Seminole's Power Supply Resources

Self-Owned Generation

- **Seminole Generating Station**
  1,300-MW coal-fired facility
- **Midulla Generating Station**
  810-MW natural gas-fired facility

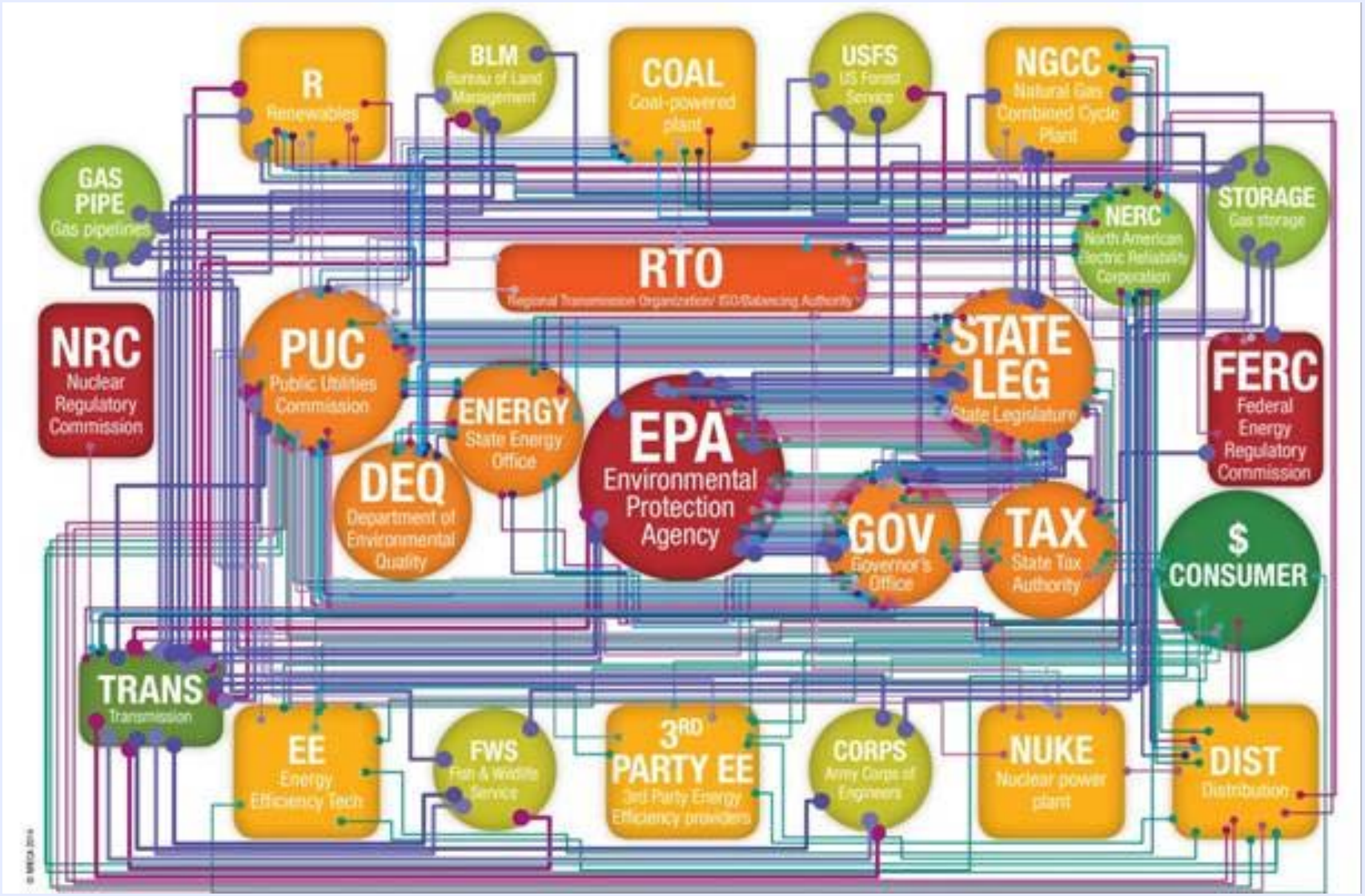
Purchase Power Agreements

2015 & 2016 - 2,461 MW

Renewable Resources

- Waste-to-energy (113 MW)
- Landfill gas (17 MW)
- Biomass (13 MW)
- Solar (2.2 MW)

EPA's Clean Power Plan



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