New Growth Spurt on the Way!

Our service area will be the beneficiary of new industrial growth in the next 36 months not seen in the last 10 to 20 years. New announcements of large industrial plants have been evident in several counties in south central Kentucky. In Warren County, the Kentucky Transpark: (1) **Bilstein Cold-Rolled Steel LP** announced in 2013 it will construct a $120 million facility and hire nearly 100 full-time personnel; (2) **Horizon Steel** will build a facility at a $30 million dollar price tag and hire 30 full-time personnel; (3) In 2014, **Quiver Ventures LLC** announced the largest investment in south central Kentucky in over 10 years, with a $150 million investment with initially 80 full-time positions. This facility will manufacture aluminum panels for automobiles; (4) Also, in Warren County, **Shop HQ** is expanding with an additional $25 million in investments and will add 150 full-time and 100 part-time positions. Shop HQ is a multi-channel electronic retailer which will expand their distribution and call center; and (5) a fifth speculative building of 108,000 sq. ft. is being constructed at the Transpark. A new interstate highway spur is still being planned to directly connect the Transpark to I-65.

In Butler County, **Casco** is planning an expansion of $5 million; in Edmonson County, a new manufacturer has signed a commitment letter to buy an existing 10,000 square foot building; in Logan County, **Champion Pet Products** has announced a major new facility with an estimated investment of $85 million and will employ 147 personnel; In Ohio County, a manufacturer is working to expand with an estimated investment of $30 million, and the **Bluegrass Crossings Industrial Park** has received some funding for construction of ramps onto the Wendell Ford Parkway; and in Simpson County, **Alliance Corp.** is constructing a 60,000 sq. ft. speculative building with one confidential project being considered.

With this high growth, the region will see increases in residential and commercial growth to support these industrial projects. For Warren RECC, it will mean a likely return to the growth we were experiencing before the Great Recession which began in late 2008. This means more investment in distribution circuits and substations. For TVA, our power supplier, this means more transmission expansions and electric demand from this region. With growth comes more responsibility to work well with the community, including our fellow utilities, economic development groups, chambers of commerce, and, of course, you, the member. Growth, if accounted for correctly, can mean more stable electric supply and costs over the long term.
Cyber Security and its Impacts on the Electric Grid

One subject you hear about frequently is the potential threat of terrorism and manipulation of our cyber (computer) and electric networks. Since 9/11 and the Great Recession, we have all experienced changes in society from boarding a plane, to obtaining a bank loan, or filling out applications for numerous companies or government agencies. Unfortunately, we now know that even sovereign nations, such as China, have military units who specialize in hacking (breaking into) computer networks with intent to spy, steal, and disrupt important government and infrastructure operations. Obviously, electric utilities, such Warren RECC, are dealing with aggressive attempts on a daily basis. Our efforts to thwart simple hackers, and perhaps organized military efforts, from foreign nations are real. Recently, in one day alone, Warren RECC had over 30,000 attempts to break into our computer systems. This real threat to our power grid is no longer just theory. In the last week, utilities received word from Homeland Security that an unnamed small mid-western distribution utility had been compromised and their control system was accessed. The control system spoken of in the short bulletin is the system which can turn off circuit breakers at substations; thus, this is very serious because, if someone can access this high security system, they can turn power off to thousands at will with no warning. Warren RECC takes these threats seriously and is spending more resources to tighten our systems. We do not communicate specifics of any event or potential cyber interruption, as such information can be used by the very ones performing the hacking. Hackers use feedback in the news to refine their efforts and do more harm.

New Billing System

You may have noticed we just completed conversion to a new billing system. Your bills will look different with some costs being itemized, but no new charges were added. The charges are refined so you can better understand what the costs are for. TVA issues a fuel adjustment charge each month which is solely the fuel used to run power plants; it has nothing to do with fuel used to operate Warren RECC vehicles. The TVA fuel charge changes each month depending upon how much coal, natural gas, and other fuels were used to operate TVA power plants. Unfortunately, the most recent changes have been larger than normal increases due to the severe winter. The bills are coming due to pay for the fuel already burned to keep us all warm the past winter. If you have any questions on the new billing, please do not hesitate to call our offices and ask.

The new system is also designed to allow better access to additional payment methods. Some methods require no cost to you, or to Warren RECC (such as E-Check or AutoPay from your checking or savings account). The new system details can be found on our website at www.wrecc.com, or you can call our office for details. New options to pay your bill by mobile devices are also available.
While many members pay by credit card, you should know this is actually a cost to your cooperative and it is beginning to add up. Currently, Warren RECC is paying $250,000 a year in fees to credit card companies. The use of credit cards and debit cards is now approaching over 15,000 transactions per month. We provide other “low cost” and “no cost” options for you to pay your bill. Our hope is to reduce the fees we pay credit card companies. We do understand that sometimes you may not have cash in your checking account and need to use a credit card to pay your bill. However, many of you likely use a card for many things each month for ease of use. We are asking you to reconsider your method of payment to help keep electric rates as low as possible in the future. I would appreciate your consideration.

**Action.Coop  “Stop EPA From Increasing Your Electric Bills”**

I would encourage you to send a message to the Environmental Protection Agency (EPA) by either stopping by one of our offices and filling out a card or going online to [www.wrecc.com](http://www.wrecc.com) or [www.Action.coop](http://www.Action.coop) and send your message electronically. The message is your input to the EPA’s proposed strict rules on existing coal-fired generation plants. If you come by the office and sign a card or bring in your confirmation from sending in your message electronically, you will be given a free Action.coop t-shirt, while supplies last. Your future electric rates are at risk if the EPA does not dial back their proposal, as it will dramatically increase the cost to generate electric power from coal-fired power plants.

Warren RECC will be reducing its local budget again this coming fiscal year July 1, 2014, thru June 30, 2015, in an attempt to keep your electric bills as reasonable as possible. We will try hard to balance reliability, safety, and cost to insure the best service for your hard-earned dollar. TVA is also trying hard to reduce its costs in the generation sector for the very same reason. Our largest challenge now is increased regulation and overly-burdensome rules on electric power generation. Warren RECC believes in a balanced generation portfolio of nuclear, coal, natural gas, hydro and other renewables. At a utility meeting I recently attended, a speaker presented some history from the country of Germany. Several years ago the political and government leaders decided to move aggressively to renewables with plans to shut down their coal-fired generation. As time passed, they were achieving their goal. In March 2011, when the great earthquake and tsunami occurred in Japan, the nuclear disaster in Japan which occurred afterward shook the world. Germany then made the decision they also wanted to shut down all of their nuclear power plants. As this began to occur, no one in power seemed to ask what would happen when you remove two of the workhorses (coal and nuclear) from the power grid. Soon, the fundamentals of supply and demand - which know no political party or have allegiance to any ideology - dictated much higher prices for the citizens of Germany. Before coal and nuclear were removed and before the aggressive move to renewables, citizens paid approximately 10 cents per kWh; now, they are paying 36 cents per kWh — a nearly fourfold increase! Do we have to repeat the same mistake Germany made? I would get NO joy nor profit from sending you an electric bill at four times what it used to be. Please sign a card, or go online and make your voice
known. Together we will have the loudest voice for reason. By the way, Germany is now looking to build coal plants again. In fact, ten new plants have been announced!

Don’t forget the Annual Membership Meeting on July 8, 2014, to be held at South Warren High School, in Bowling Green. Registration will begin at 4:30 p.m. More details are on our website at www.wrecc.com. May God bless and keep you.