

ORAL HISTORY INTERVIEW

James Driver

Lubbock, TX

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Interview conducted by:

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Transcriber: Laura Zak

Andy Wilkinson (AW):

Alright, I'm going to start this. This is Andy Wilkinson, it's the tenth of June, it's in the afternoon, three, James Driver's office at South Plains Electric Co-op, and we're going to be talking about electricity. You also mentioned that before the merger between the co-op you were with in Childress, you'd been in Childress twenty-five years. How did you get into electric power?

James Driver (JD):

Well, I guess, good Lord, more than anything else, I was with Southwestern Bell Telephone Company right after I got out of college in 1971 and lived in San Antonio in the Rio Grande Valley. When I started raising a family, I wanted to get out of the big city and raise my kids in a small town. I wasn't particularly looking at Childress, even though that was home. I grew up in the small town of Kirkland, outside of Childress. I don't know if you ever heard of Kirkland, that's where the Furr's Supermarket chain started. The Furr family came from that area then. It so happened that the manager who had been there since the inception of the co-op was retiring. And I knew a few people there, and I went back and talked with a lot of the directors and they encouraged me to apply and fortunately, I got the job. It's been a big part of my life ever since.

AW:

Did you start out as an engineer in college?

JD:

No, I had a business degree. Graduated from West Texas A&M. Canyon.

AW:

You've been in the power business for some time, and there's a lot of change going on right now in the power business. Is that the case?

JD:

I feel it. Maybe it's because I've been in the business too long. There's a lot of uncertainty in the business right now. And I guess any time you go through a major change, there's uncertainty. Yeah, the move and the assumed move to renewables as a larger part of the generating capacity has changed the approach to the business. I'm not convinced it's all for the better, because there are some downsides to that.

AW:

Yeah, and what are those?

JD:

Well, particularly the amount of transmission that has to be built is the major factor right now. If you give any credibility to the fact that they pollute the vision, they do to me, in some respects. If you cover this country up with those things, we're not going to have near the view we had. That may be a necessity. I guess some of these folks in the oil patch felt like they're beautiful ranches, but those were oil wells too. It's a necessity for the economy, and so, if that's where it goes,

that's where it goes. But in addition to that, the amount of transmission lines that are going to be built are out there are covering up a lot more land than they are today. Obviously, if we're going to move that kind of capacity, we're going to have some big transmission lines to get there. It's just a pipeline. But it's got to move that bulk power to places that will need it.

AW:

Also, from listening to people talk, the transmission's more contentious than the windmills.

JD:

More than likely. To the landowner, there's not near as much revenue to it. Those large windmills might not produce as much as an oil well. Well, it'd get a lot prettier if it was on my land producing that kind of income. The transmission lines are basically, you're going to sell right-of-way for a fixed amount of money. It's a one-time income, even if you own the land.

AW:

I know at one time before regulatory law changed to split transmission and generation out of utilities, did the co-ops own their own transmission?

JD:

Some still do. We do not own ours. We sold ours to Golden Spread Electric. We have two power suppliers. It was very difficult to compare what your price was worth, and so it was just an effort to get an apples-to-apples comparison of what our wholesale costs were. We sold our transmission to them. It basically comes back to whatever it is, eventually the consumers are going to pay for it.

AW:

Golden Spread is building in Abernathy. Would you talk a little about that?

JD:

I'd love to. I'm excited about it. Surprisingly, there's other's of these. We actually visited, there's another one being built, in fact it may be online now, down in South Texas, down around Pleasanton. Somewhere in there. This is not new technology. It's basically engines that were used to drive large, ocean-going ships, tied to a generator. These things, there's eighteen of them. They're twenty cylinder, twelve-thousand-horsepower motors. They turn seven hundred and fifteen rpms wide open. It's an amazing thing. We looked at these and they started one of them for us, brought it up to speed, and it's loud. We had hearing protection on. I walked up to it and laid my hand on it, and it had no more vibration than laying your hand on the hood of a car. They're well, well-designed. They're run on natural gas. The major factor of them is their quick-start ability. We got a lot of wind. Wind is finicky. It may blow, it may not blow. It may blow too much. And all that causes the power curve to go up and down. There's good prices out there for wind generated energy, even on the Southwest Power Pool Market, but you had to be able to back it up with something else if that power went down. We saw this as a way... we looked at what I would consider conventional technology that would be a jet engine type turbine. They didn't start as quickly. In fact, to get them up to full speed, probably takes an hour to get completely wound-up. And these, under ten minutes. And, they tell us, probably five. Well, with that, if we have an ability to buy one hundred-and-seventy megawatts of wind generated energy,

that's cheap when there's lots of it being generated. As that price starts coming up, other forms of generation are providing that power. And at some point, there's a strike point in which we'll turn these on to start generating this power for ourselves rather than buying it at market price, because we can make it cheaper than the market price. Then as soon as the price comes back down, when the wind starts blowing, we'll back these down. And the unique thing about these is if we want 9.4 megawatts, or if we want that times eighteen, we can start our own, one at a time. And we've really got a lot of flexibility. And there's a tremendous edge for us on the price of natural gas. We can balance our cost. If there's something cheaper out there on the market, we'll buy it and use it to supply to our members. And when we need these, we'll run them. And there'll be times we may have to run them in addition to anything else.

AW:

It's really interesting that you talk about this in terms of pricing in the market, because a lot of what I've heard is in terms of stability of the grid.

JD:

And that's part of the reason of the price fluctuation. You get too much of it coming in, what the market does is just change the price to the point that it's not profitable to run them. So they shut them down and stabilize the grid. So, in fact, it's not so much in our area here, in the Southwest Power Pool, but in the ERCOT market down state, there are times when the price goes negative, in which the system charges a generator to run because of the effects they're having on the system. That's a pretty good incentive to shut your machine off. If you're causing harm, then they're going to charge you a penalty on the other end to keep it stable. I've seen it more than once that the price would go—with the federal incentives they have right now, which is in the neighborhood of two cents a kilowatt hour, they can still break even. So, the price has got to go pretty negative before they'll shut them down. The wind has brought a new challenge to electric engineers. Not me, because I don't know anything about it, so I'm not worried about it. And I figured that we got those folks hired to fix that. And they do. We've gotten reactive equipment in the substations now, and it's all designed to keep things stable. To keep the power flowing at a usable level. I think it's something a lot of the public has difficulty understanding. I've even been accused of being on the negative end. But I think I'm more of a realist. I'm in the business of providing power to users and so far all those users want it available whenever they flip the switch, whether the wind's blowing or not. And so, we've got to find ways to have it there twenty-four hours a day. As much as we think the wind blows a lot here, it only blows, at best, fifty percent of the time adequately enough to generate power.

AW:

Do you see a greater mix in the future, including things that have not been very prominent, including like nuclear and coal, which get a lot of bad press. Do you see a renewed interest in better technology for coal, the reestablishment of nuclear as a bigger part of the overall power source?

JD:

I think it's really—if we're going to continue the path of climate control, I think you've nearly got to go the nuclear direction. It's the only source that does not have emissions. It doesn't produce CO₂, it doesn't produce SO₂, nitric oxide or anything else. It does produce a waste that

has to be handled, but it's not something that blows out into the air when it's generated. For the sake of the customer, I think we've got to go that direction. Because the numbers I see even in this clean coal technology are going to be prices that are going to be terribly expensive for consumers. Solar is the same way, the cost of the energy out of it is prohibitive almost. I know how much cleaner a coal plant built today is than a coal plant that was built fifty years ago. I know the scrubbers. I know the backhouses, everything is there to clean the air. CO₂ has not been one of those things stripped out of the air because I've always thought of it as a natural product. Plants live on CO₂. It's not something that's been a concern. It can be taken care of, it can be stripped out, but at what cost, is the big thing. As I look at climate records, climate clarification, I don't see that we have particularly affected our climate. I think the sunspot activity probably has more effect on the climate of the world than anything man's going to do. We're fixing to see if that's right. I think we're going into a new sunspot activity. We're probably going to see a lot of heating happening.

AW:

In all the changes that are starting to—I don't guess they're starting, they've been going on for sometime, but we're starting to see them—how does a user owned utility like a co-op, how does it position itself.

JD:

Well, I don't think much different than we ever have. Both the generating co-ops that I'm associated with, we've always taken the approach of never putting all our eggs in one basket. Even though, out of necessity, we've been more dependent on natural gas for our generating fuel, we've tried to diversify into other things that were available. If hydro was available, we went for it. If coal was available, we wanted some of that. We wanted a mix. And so, as we move into new realms, if it's nuclear, if it's solar, we will find ways to bring those into the mix. But not in such a way that it penalizes the consumer any more than we have to. There are certain things we're going to be mandated to do in time. We're looking at owning a wind project ourselves. We're close, but we're not there yet. But we're studying it very closely. And I wouldn't be surprised if we announce in a few months that we are going to build our own. That's going to be unusual, because most people don't own them. They buy the power out of them, but we've studied this one and we believe it will be most economical to our members if we own it. They're improving their ability to withstand these winds and get something out of them. I'm anxious for us to get to a point where we can really discuss it. It's kind of a unique concept. Nobody much is putting out the capital to buy them. We feel like it's probably the thing to do. I don't have any doubt that wind will be viewed as an export. As the transmission gets built, it will be—because there's better markets than here. That's why the lines are being built out of the Dallas Fort Worth/ San Antonio area because there's better markets there. We've got the lowest prices in Texas and those people are clamoring for something to pull their costs down and the wind is what they're looking to do that. But if we were the owners of generation that didn't have a place to put it, you're going to be looking for a merchant market to put it into. Might be the way you do it.

AW:

This also strikes me as a change in the way utilities are operating from the model of, say,

beginning with the early nineteen-hundreds when it became a regulated used-and-useful approach, this seems to be a much more capital, much more market-oriented.

JD:

Probably more from the merchant type producer than from the cooperative or even an investor-owned utility. Their first look is going to be serving the load that they have, the native load. The people that they are bound to serve. And in most cases few of us will invest the capital above that to go out and play a market. But you have other people who have venture capital, they might take those risks and expect rewards and so I think it will be more the—it may even be merchant arms or subsidiaries of companies. Florida Power & Light is a prime example; even though they've got a native utility company in Florida, they've formed offshoots that are out here building wind all over Texas. They're not going to take that back to Florida. They're doing that to make money where they are. So I think you'll see more and more of that. I haven't really been involved in anything that wasn't regulated. It's all driven by money. If the investor thinks that there is a profit of a certain amount at the end, then they know how much they can spend to get there and crossing one land owner at one hundred dollars a foot may not be a big concern if that's the means to the end that they're looking for. Whereas where you're in a regulated situation, basically all those costs are going to have to be approved by somebody down the road.

AW:

And somebody's got to pay for them (*laughs*).

JD:

Right. In the case of that merchant, someone's going to have to pay for it. But it still is free enterprise at that point. The regulated industry is not a true friend to the enterprise thing. Regulators in my case, my regulators, my board of directors, they will allow this company to have a certain return in order to stay financially viable. We're not out to make huge bucks. Those guys are. So, they're going to maximize their profit, where this one's going to stay, or even an investor owned utility is going to stay within a band that their regulators have approved for. So they can't. They don't have the capacity to go out and pay a hundred dollars a foot and still realistically carry on business.

AW:

No, I understand. They're kind of stuck with what they're stuck with.

JD:

But it makes it real difficult with landowner A and landowner B, I've got a hundred, you got two dollars—no that's all I can get.

AW:

When will this Antelope project go online?

JD:

It looks to be online by this time next year. I'm doing some other projects right now. One of the great things about the plant we're building here is that it doesn't use much water. They're internally closed loop cooling system, because you've got big radiators on them. So you don't

have to have huge amounts of water to run them. Big concern. We looked at putting a steam generator here and there just wasn't water available in a reasonable distance. I don't know, it may be common knowledge, but the guy with Excel told me that for this Tolk plant they have over in Muleshoe, they went seventy five miles for water on it.

AW:

I hadn't thought about that. Not only that, that plant is in the area of the greatest drawn-down on the Ogallala.

JD:

Oh yeah, that's where all those dairies are. Heavy irrigation. Lubbock's water fields.

AW:

And more center pivots probably than any place on the plains. It's really going down quickly up there.

JD:

I would not be surprised in time to see effluent from Lubbock pipelined to there. Which is a wonderful use of wastewater.

AW:

I got to do a few interviews about the effluent situation because it's such a problem here. We don't have a river or a lake—what do you do with it? Especially in the wintertime. So having a way to carry it somewhere would be really something.

JD:

They're going to do some work out here on the Jones Station and use an additional amount of water. That was one of the criteria, I think, in the sale that Xcel had in selling facilities to the city of Lubbock was they wanted more water and that was part of the tradeoff, and they were able to get that. But, I applaud anyone that can use a waste product to do something new with it.

AW:

What do I need to ask you that I haven't?

JD:

You know, being in the business as long as I have, I'm concerned about what consumers are going to feel if we continue to go down the road of just giving up totally on coal, which is our largest available resource. We can't just give up on it. It's the cheapest way to generate electricity. I will argue that whether or not—it does pollute, I won't question that. Whether that's harmful or not, I will question, but I'm not a scientist so I will argue it. At some point, what our customer can bear in price increases in order to have what small change you might make in an environmental situation—there has to be a balance somewhere. I don't know if we're ready to find that balance nationally yet. I really fear we're finding ourselves in a situation where some people may not be able to afford it, in time. And that concerns me.

AW:

By some people you mean users?

JD:

Users with limited incomes. That, you know, there's a day when electricity is only for the wealthy. I don't want to see us be there again. That's the whole reason electric co-ops were built was to provide power costs so that everybody could use it. And I'm pretty proud of what we've been able to accomplish. But, when things are out of your hands and out of your control, we can do everything we can do to control costs. We can operate at no margin and a break-even situation. But if break-even is still more than people can afford, then where are you going to go? And I don't want to see us put our economy in that kind of situation. So far, we've been—seems like our thinking goes from one extreme to another. One of these days we've got to get back to a balance, let's do everything we can do within reason to keep the environment healthy. But lets do that—the reason being we still want to provide for common needs of people and our thinking in time will get there. Our country's pretty resilient. We find ways to work out those kind of problems. It's concerning to me right now.

AW:

We also as a nation are pretty unique among developed nations in a lack of a real, true national energy policy.

JD:

Oh sure.

AW:

Is that a plus or a minus?

JD:

Guess it's who you talk to. Who's profiting from it and who's not profiting from it. I think we need a national energy policy—we've needed one for forty years. And, you know, we seem to be faction-driven, I think. Whether that's petroleum companies or the Greenpeace people or the Sierra Club, they're still factions. But the way our political system's set up right now—politicians don't want to offend a faction, so we just don't do anything. And that's basically where we are today. We haven't said, yes this idea's better than this idea. Or this one's better than this idea. That's the direction we're going. And we've been doing that as electric co-ops for some time now, trying to get Congress to look at, let's do a reasonable energy policy. Something that doesn't just throw us into chaos one way or the other. We can shut down all the power plants in the country and not pollute any. But we're sure going to get hot in this building. And you're not going to be able to work very long because the light won't be light enough. And not a computer in here'll work without electricity. We've got to have it and that wind out there will not do it all. It is a big part. It can be very important to us. It's not there yet to be able to be one hundred percent. Not unless we can find a way to build a battery that will store what those things make in excess and can use that — that may be the answer. I wish I was smart enough to design that. If you put wind everywhere that it could be, feasibly put in, I mean there's some places down in South Texas that you can't put one up because it won't turn. It's not going to blow ten percent of the time, enough to make one run. But it's got its place, it's just not... I'll give you an example. It's the example I use every time I talk to people about batteries and that being the

answer. I was at a meeting, I don't know, it's been seven or eight years ago now. A guy from an electric co-op in Anchorage, Alaska was talking about this wonderful battery that they had built. It was the largest dry cell, or dry storage battery in the world, and they had bought it to back up their diesel generator up there, and they have to have a few minutes of backup to be able to switch to another source in the town of Anchorage. They were talking about how great this deal was and it cost them forty-five million dollars for this battery. And I got home and got to figuring and that forty-five million battery would run my system for about five minutes. It would keep my system running five minutes. Well, if you come up with a battery that could provide my system fifty percent of the time at that price, who can afford it? And there's lots of technology out there. That's why I think nuclear is probably the real answer when it's all said and done. It's too expensive today for us to go and build a unit the size we'd have to build. There are new technologies coming out now, small units, basically they're units that were used on ships. And if they can build those in what I call a cookie cutter fashion where all the regulation is approved, you don't have to redesign, don't have to rebuild them, start from go every time. And you can go out and build these things at prices that would approach what it would cost to build a coal plant, then there's no doubt in my mind that's what we should be building. Water's going to be a concern for them, because they're steam generators and they're still going to have water. But, there're new technologies that will come in time. We're probably fifteen years away from getting to the point that all of a sudden that looks favorable.

AW:

Smaller, nuclear generators would also have an impact on reducing the amount of transmission needed.

JD:

You localize them. You know, lets say for the city of Lubbock you might need, a five-hundred megawatt unit might run the city. And then you might put a small one at Plainview, but still could accomplish what you needed to accomplish. Could cut down a lot on transmission. Right now, it's only commercially feasible to build them in like thousand-megawatt sizes or larger. Well, we don't need a thousand-megawatt unit. They're baseload units—you gotta have a thousand megawatts of load all the time. In reality, the Comanche Peak plant that was built in the Fort Worth area, thing has got a great baseload cost to it. 'Course it was built twenty years ago, too. Something we build today is probably going to be expensive to build. But in its life, it will probably be very economical. Then there's the oil-pooling idea, you drill a well next to my place. Before pooling, if you were across the fence from me, you could draw my oil out and basically they're doing the same thing with my air and my wind.

AW:

And your view. And all those other things. I don't know what the property tax issues are for wind generation, you would know that. But at some point, it's bound to depreciate off the books and not drive tax revenues.

JD:

I would think that it would be similar to a house. As long as it had the ability to produce revenue, it would have a value, a taxable value.

AW:

So it never depreciated down to zero?

JD:

On their books it might. But I don't know if you could ever say if you had something out there that you're making money off of it, so it has value. And if it has value, it will be taxed.

AW:

Well, wind will be a transition, but it won't be a replacement. So, what's going to come up next? If you think about, you've got power out here and it's cheap, there are a lot of things you can do. You've got a good work force out here, people have a good work ethic and we don't have a lot of the same problems that a lot of other markets do with the kind of labor force that we have. Trouble free, relatively speaking. So, what's going to come in next? What's going to fill in the void?

JD:

I think we've got a supply there of people and technology that there are areas where, West Coast particularly, where there's lots of things going out there that employ a lot of people in a place where people can't afford to live. And, I could see some of those coming this way. Have you looked at water importation? When I was a child, well maybe not a child, but a teenager, I remember 'em talking about possibly moving some water out of the Arkansas river because in Colorado, Kansas, up in there, it had the natural flow. Floodwaters, waters that would normally flood the Mississippi that might come this direction. A tremendously expensive idea. When I fly over Arizona and I see those big canals that are watering tremendous areas out there, it is possible. At some cost.

AW:

Yeah, in fact, Los Angeles was invented, in a sense, by the Hoover Dam. Where we have—the closest water that's a lot of it is Nebraska, you know, the Ogallala. The Sand hills that recharges at a rate. You know there's some people now, the Texas Water Board, have got what I think is an insane idea to go around to the playa lakes and drill holes in them and recharge the aquifer from that. First off, you're ruining a playa lake, which is a very important—

JD:

You're probably ruining the aquifer too.

AW:

And you're probably ruining the aquifer. And, if you just do the math on the amount of rainfall that playas collect, it's still not going to compare to what we're pulling out. But, you get north into Nebraska and the aquifer is much richer and much closer to the surface.

JD:

But it doesn't push a direction even when it charges up there does it?

AW:

Oh no, in fact the Ogallala is really not an aquifer. It's a lot of aquifers in the same strata, but it doesn't move around. People have this idea—

JD:

If you just pump water up there, it'll come down here.

AW:

Yeah and that doesn't happen at all. So, I don't know, I'm anxious to see how well the Lake Allen Henry project works. That sounds crazy also, eighty miles uphill, salty water.

JD:

Is that water salty?

AW:

Well, it's got to be salty. I mean, what pours into it? Salt?

JD:

I did not know—I thought it was above the salt.

AW:

It may be, but if you just drive by the North Fork and you look at that land, you can see the salt. There's got to be some salt. And just the fact of evaporation. We have some of that at Lake Meredith.

JD:

And I've been involved in that salt thing for quite a while. We work with a Corps of Engineers on several sites that they're taking salt out of lakes. One in particular's at Guthrie. They've got a twenty-six mile long pipeline. Out east of Guthrie, there's a huge salt spring, seven times saltier than sea water. And it runs into the Wichita River. So they went out and built this big facility and it's got an inflatable dam on it.

AW:

I've heard about that.

JD:

When the water's running low-flow, they air this dam up, and they catch this real salty water and they pump it over to Truscott, Texas to a lake. And it's just there for evaporation. But you get a big rain and the salt content is low, they deflate the dam and let the water go. And it's an amazing project.

AW:

Now, are they recapturing the salt at Truscott for any kind of commercial value?

JD:

Right now, not that I know of. It's just a huge, salty lake. In fact, I drove over to it once they got

it filled and water was just clear as a bell. You could just see right down in. Had me a paper cup and got me a drink of it. Goodnight, it was so bad. Now, I could see that in time it could have some recreational value. Anybody could swim in it. If you've spent much time in Canadian, have you seen Dr. Abraham's house? The citadel? Isn't it amazing? I went to church there as a kid. And it was a Baptist church and they moved out and built a new building and the Church of Christ bought it. Well I went there with my family as a kid, they were all members of the Church of Christ there. And then they moved out and built them a new church, and after that Dr. Abraham bought it.

AW:

I'm going to go ahead and say we're stopping this, though we'll still visit.