

### **Rep. Sloan Participates in DOE Risk Assessment Workshop**

Rep. Tom Sloan (R, Lawrence) participated in the U.S. Department of Energy's Energy Systems Risk Analysis Workshop. David Ortiz, Deputy Assistant Secretary for Energy Infrastructure Modeling and Analysis, and Alice Lippert, Senior Technical Advisory in the same office coordinated the Workshop.

A key component of the Risk Assessment Workshop was a simulation in which participants developed proposed operational and budget plans for a hypothetical electric utility. The plans and budgets were established by evaluating the various types of risk confronting the utility (e.g., ice storm, flooding, electromagnetic pulse) and the cost to ratepayers of reducing the possible consequences (e.g., equipment replacement costs, overtime costs, length of service outages experienced by customers).

The Department worked with the National Conference of State Legislators, National Association of State Energy Officers, the National Association of Regulatory Utility Commissions, and other groups to promote the simulation as a tool to educate elected and other officials about how to quantify risk for policy and ratemaking purposes. Rep. Sloan was the only state legislator to participate.

"Very few states have a formal process to quantify the risk that electric, natural gas, propane, motor fuel, or other essential commodities will not be available to customers on demand," Sloan said. "A responsible risk assessment model could consider such factors as: probability a particular type of severe event would occur, likely level of physical damage to the system, projected cost to respond and repair/replace the lost energy delivery capacity, length anticipated service interruption, cost to consumers associated with the energy outage, and the level of negative impact on personal perceptions of the public. Too often instead of quantifiable data measurements and analysis, political considerations predominate in establishing utility rates with the result that service interruptions can proliferate if the utilities are not prepared for high probability events."

Participants in the Workshop recognized that not every disaster, whether man-made or natural, can be anticipated or prevented. They also recognized is that the Benjamin Franklin adage that "An ounce of prevention is worth a pound of cure" is true. The Department of Energy and Workshop participants will be meeting with State Energy officials encouraging them to expand their current Energy Assurance Plans with quantitative indices identifying risks to the energy systems and the costs of enacting preventive measures (costs in terms of higher energy prices to consumers) versus likely costs to consumers if the disaster occurs.

Rep. Sloan is serving his 10<sup>th</sup> term in the Kansas House of Representatives. He is Chairman of the Vision 2020 Committee and a member of the Transportation and Agriculture & Natural Resources Committees. He serves on Dept. of Energy and Federal Communications Commission advisory committees.