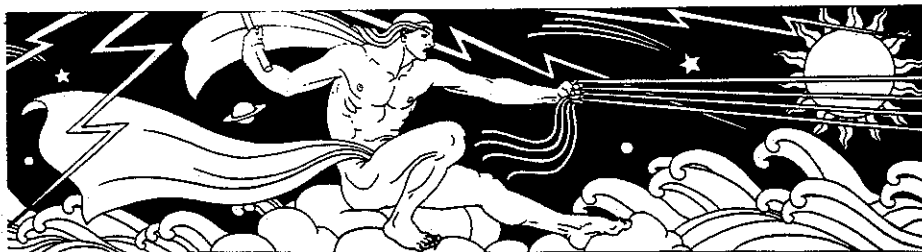


A HISTORY OF THE NEBRASKA ENERGY OFFICE

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C R E A T I V E G E N I U S O F

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Genius of Creative Energy mosaic in the Great Hall of the State Capitol
by Hildreth Meiere.

A decade of celebration

Introduction

The energy crunch of the early 1970's forced Nebraskans to acknowledge the prominent role energy plays in the economic health of Nebraska. Since that time, the State of Nebraska, through an effective response to the existing crisis and forward-looking planning for the future, has turned a short-term economic disaster into potential for security and economic growth in the long term. Spearheading those efforts have been the Nebraska Energy Office and its legislative and administrative supporters. Through innovative approaches to meeting the energy demands of all Nebraskans, the Nebraska Energy Office continues to give individuals, agencies, businesses, and communities needed solutions to their energy problems and to expand their awareness of Nebraska's energy potential.

1973-1977: Response to a Crisis

By the fall of 1973, Nebraskans faced severe energy supply and economic disruptions. Like the rest of America, Nebraskans had grown to depend on a cheap, readily available, seemingly secure supply of energy, too often in the form of imported oil. However, world events, particularly the Arab oil embargo, late in 1973, dried up that supply almost overnight. Prices began to skyrocket and supplies began to dwindle. Soon it seemed that enough oil, diesel fuel and gasoline, vital to the economy of Nebraska, would be unavailable, even at inflated prices. Particularly hard hit were farmers, who needed large amounts of fuel to plant and harvest their crops. As feelings of insecurity spread, policymakers began to fear that hoarding and black markets would worsen the situation.

In an effort to end popular apprehension generated by fuel shortages, federal and state officials stepped in. They realized that a fair system of fuel allocation was needed. In November 1973, to begin to remedy the situation, Governor James Exon, through executive order, established the Nebraska Fuel Allocations Office as a division of the Department of Revenue, and named State Tax Commissioner Bill Peters as fuel allocation officer. Since the Department of Revenue was charged with levying taxes on fuel, the Fuel Allocations Office was located there. To head the new office, Exon appointed George Dworak, former Director of Central Nebraska Community Services in Loup City.

In its early days, the Fuel Allocation Office concentrated on implementing federal crisis relief programs. Beginning a tradition of innovation that continues today, the Fuel Allocations Office made Nebraska the first state to

use computers to speed up implementation of federal relief efforts. Staff members concentrated on fairly allocating the limited supply of fuel available to Nebraskans in need. The staff answered telephone requests for fuel so numerous that calls sometimes blocked all incoming lines on the Capitol switchboard. By securing the cooperation of fuel distributors, the Fuel Allocation Office was able to minimize the hardship that followed high prices and short supplies.

By 1977, the immediacy of the crisis had subsided. However, the United States still remained the world's largest consumer and importer of energy, and prices for petroleum and other energy products were still high. The Fuel Allocation Office had been effective at crisis relief, but more was needed. Lincoln Senator Steve Fowler, who saw the need for a sound long-term energy policy sponsored LB 232, which called for a permanent energy office within state government. Fowler's vision became reality on May 6, 1977 when LB 232 was passed and the Nebraska Energy Office was established.

1977-1983: Conservation and Education to Prevent Future Crises

On 2 September 1977, Governor Exon appointed George Dworak, head of the Fuel Allocation Office, as the first director of the Nebraska Energy Office. As Director, Dworak continued to press for immediate response to federal initiatives. Two early programs of the Energy Office were the Institutional Conservation Program and the Low Income Weatherization Program, both aimed at reducing energy needs to avert future crises. For both conservation and crisis relief, Dworak depended on voluntary cooperation of individuals, after the legislature voted down a provision to give the office more enforcement power in 1977.

Under Director Bill Palmer, who headed the office from 1979 to 1981, the Energy Office also expanded into education efforts. The program of elementary and secondary energy education developed by the Nebraska Energy Office was adopted in 36 other states and several foreign countries. In addition, in cooperation with the 4-H program, the Energy Office developed television programs on energy conservation for Nebraska and Iowa youth. For adults, the Energy Office published a monthly energy newspaper that reached 30,000 people and sponsored an audience call-in program on NETV.

Buck Balok, deputy director of the agency under Palmer, became director in 1981, at a time when funds for energy programs were dwindling. As a result, the Energy Office concentrated on cooperative projects, and worked with other state agencies on the development of energy conservation programs. For example, in cooperation with the Nebraska Municipal Power Pool, the Energy Office undertook a number of community energy load management studies. In addition, the Energy Office produced the Nebraska Passive Solar Primer, a

guide for architects, contractors, and the general public on the use of solar power in homes and public buildings. The advantage of the Primer is that it is tailored specifically to the needs of the different weather areas of Nebraska.

In the Legislature, support and legislative action, especially from Senators Steve Fowler, John DeCamp, and Don Wesley, gave the Energy Office an increasingly larger role. In 1980, the LR 98 Special Interim Study Committee, chaired by DeCamp, introduced LB 954. When passed by the Legislature, LB 954 reorganized and redefined the Energy Office. As a separate agency no longer under the Department of Revenue, the mandates of the Energy Office were expanded considerably. Among these mandates are a program of information dissemination on energy, and energy conservation efforts. Also, the Energy Office has been involved in the development of gasohol and other in-state energy sources. To promote conservation, the Energy Office instituted a wide program of education, for both individuals, businesses and agencies. Thus, the Nebraska Energy Office, conceived as an agency aimed at crisis relief, has become a valuable aid in planning for the future.

The 1980's and Beyond: Community Development and Economic Growth

Fortunately, through the efforts of state agencies like the Energy Office and the cooperation of the people in conservation, the crisis years have passed. Despite much higher prices, the combination of conservation efforts and new supplies has stabilized the energy picture. Now, as policymakers increasingly recognize the importance of energy to economic planning, the Nebraska Energy Office has turned its efforts to using energy as a tool for economic development in Nebraska. Currently, under Director Kandra Hahn, who has headed the office since 1983, the Energy Office is committed to giving Nebraskans the financial tools they need to make decisions about the future of their communities and to give policymakers ideas for the future economic health of the state.

Even with conservation and native energy development efforts, Nebraska is still dependent on energy imported from other states and countries. In the face of a decline in the relative value of agricultural exports, the balance of trade continues to tilt unfavorably, and poses potential for negative economic consequences. In order to improve the balance of trade, Hahn and the Energy Office look to the multiplier effect of energy. An average dollar spent on imported energy generates approximately \$1.45 in economic activity in Nebraska. However, the same dollar, if saved through energy conservation measures, can stay in the state and generate \$2.30 in economic activity. Obviously, if less money leaves the state, and in-state economic activity increases, Nebraska faces a healthier economic outlook. Energy conservation and development measures can be used to start a ripple effect in Nebraska to

bring increases in economic growth. In 1983 and 1984, the federal government, via programs administered by the Nebraska Energy Office, spent \$4.8 million to weatherize 4,739 Nebraska homes. This investment generated \$12.8 million in economic activity, including needed jobs for Nebraskans.

The benefits of aggressive and creative energy policies to economically depressed communities are clear. To help people and communities realize these benefits, the Energy Office offers a variety of programs. Among these are:

- ** Weatherization Assistance Program--provides free home weatherization to eligible Nebraskans, especially the elderly and handicapped
- ** Community Development Block Grants--awarded on a competitive basis by the Department of Economic Development; can be used to provide funds for energy efficiency projects
- ** Solar and Conservation Bank Loans--reduce either the principal or interest rates on loans for energy efficient home improvements
- ** Nebraska Community Energy Management Program--helps communities make decisions about energy to benefit themselves economically. The Energy Office helps to establish local committees, hold town meetings, provides information on the economic impact of energy on the local economy, and helps to find funding and implement programs

To allow personnel the freedom to explore a variety of approaches to energy development, the Energy Office operates within a climate of flexibility, searching for atypical project funding and stressing dynamic and innovative approaches to problem solving. The office organization is cellular, rather than hierarchical. The two main foci of the office are research and development and implementation, although distinctions are sometimes blurred in order to get better results. The result is an atmosphere of action and accessibility, with programs and information tailored to meet the needs of the people of Nebraska.

Community Involvement

The Nebraska Energy Office seeks to aid communities in a variety of ways, ranging from working in partnership with the community in developing an energy-related economic development program to providing accurate information about energy efficiency.

Verdigre

The people of Verdigre found themselves facing hardship as the local economy deteriorated and the local bank closed. The Nebraska Energy Office went in and helped organize a town meeting attended by about 180 people (one-third of the population) to help the citizens decide how best to improve the town's economy. The Energy Office investigated methods of incorporating energy planning into an overall improvement plan, and provided information and financing for improvement. Jobs have been created, and Verdigre is actively working to implement its plan.

Lexington

With support from the Energy Office, Lexington has instituted a Beat the Peak campaign to reduce peak energy use in the summer. The community has succeeded in reducing peak summer energy usage eight to eight and one-half percent saving an estimated \$52,000 in energy costs that can be used elsewhere.

Fremont

A participant in the Nebraska Community Energy Management Program, Fremont, in conjunction with the State of Nebraska and the federal government, has spent over \$690,000 including \$248,000 in state

monies to fund energy-efficiency improvements in the city's lighting, operations and transit systems, homes, schools, and hospital facilities. With a total savings of \$143,478 per year, the city of Fremont and its state and federal contributors are proving the value of community energy efficiency realizing a 20.78 percent rate of return on their energy investment.

In these particular instances, the Energy Office, with different levels of involvement, helped and is helping Nebraska communities with a variety of energy programs and policies. Other communities will benefit in the future from the use of energy as a development tool.

Conclusion

Since its creation as a crisis response unit with a staff of eleven and a very limited role in the lives of the people of Nebraska, the Energy Office has grown considerably, both in size and scope. What remains is the commitment to quick action to help Nebraskans in times of crisis and to develop long-term solutions to prevent future crises. Through close interaction with federal policymakers, action on federal initiatives and cooperation with communities and individuals throughout Nebraska, the Energy Office and its supporters have turned their attention beyond simply the need to conserve and distribute fuel. Now, the challenge facing Nebraska is economic. The same quick action and careful followup that the office used to help Nebraska during the worst of the energy crisis is proving invaluable once again.