

WESTERN GOVERNORS' ASSOCIATION

ANNUAL REPORT

2013

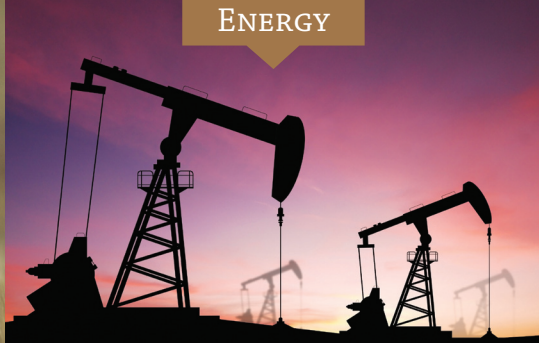


WGA ANNUAL MEETING • JUNE 28-30 • PARK CITY, UTAH

WILDLIFE



ENERGY



WILDFIRE





GARY R. HERBERT
Utah Governor

WGA Chairman

Dear Friends and Colleagues,

While it is true that each state faces its own particular challenges, it is also a fact that Western states as a whole face many common issues, including water conservation and drought response, natural habitat preservation, invasive species control, wildfire regulation, and natural resource management.

One of the most effective ways to address these shared concerns is through participation in the Western Governors' Association (WGA). It has been my privilege to lead our collaborative efforts and initiatives as WGA Chairman.

Energy is one of the most significant issues in all Western states since our region's resources provide the majority of the United States' energy supply. While these resources are good news to our residents, they also present a challenge: Can the Western states create an approach to development that delivers energy in a way that is secure, reliable, affordable, and respects the environment?

To address that question, my colleagues and I at the WGA created a three-part energy initiative that will be unveiled at the 2013 Annual Meeting in Park City, Utah. It includes the following components:

- **10-Year Energy Vision:** Articulates the overarching goals of Western energy policy and emphasizes the importance of having an effective federal-state partnership.

- **The State of Energy in the West:** Provides a comprehensive survey of the West's vast energy resources, from fossil fuel to renewables and beyond.
- **Energy Perspectives:** Presents a collection of essays by Western Governors and Canadian Premiers discussing approaches to critical energy issues in their states and provinces.

Energy was hardly the only issue WGA Governors tackled this past year. We also worked in Washington, D.C., improving management of federal forest land, developing more effective ways to respond to drought, protecting mineral royalties from sequestration, and addressing other important issues discussed in this report.

During the coming year WGA will continue to assist governors by addressing these and other challenges. For example, the rollout of the Crucial Habitat Assessment Tool (CHAT) will ensure healthy wildlife populations and bring greater predictability to planning efforts for energy, transportation, land use, and other large-scale development.

Sincerely,

Dear fellow Westerners and Friends,

Western Governors are a different breed of politician. Operating as chief executives and weighted by the responsibility of governance, they have neither time nor enthusiasm for indulging in the kinds of partisan gamesmanship that characterize other arenas of American government. They are too busy getting things done.



Moreover, these Governors share a passion for the American West, a truly extraordinary corner of the world marked by rich history, wide open spaces and breathtaking natural beauty. They are committed to preserving the proud legacy of the West and improving the lives of its residents.

The Western Governors' Association is ideally situated to help our Governors realize the full potential of collaborative and cooperative efforts. By harnessing the creative energy of Western Governors and leveraging their collective influence, the association is poised to accomplish great things.

As the Executive Director of WGA, I have the unique opportunity to help the Governors channel more energy and excitement into the operations and activities of the organization. Accordingly, we have completed a structural reorganization designed to make the association more agile and responsive to gubernatorial

priorities as they change and evolve.

Among other things, I have committed to the Governors to: perform a critical investigation of all aspects of WGA operations; institute a renewed focus on implementation of initiatives and policies; create meaningful opportunities for the exercise of gubernatorial leadership on a regional and national basis; and diversify the funding base of the association. I believe we have made tremendous progress with respect to each of these imperatives.

Given the challenging economic circumstances

throughout the country, WGA is enduringly grateful for the financial contributions of association sponsors. The important work of WGA could not be conducted without their support. Consequently, we are committed to expanding the WGA sponsor community and enhancing the value proposition for association sponsorship.

It is a great honor to be entrusted with management of the Western Governors' Association. On behalf of the entire staff, thank you for your interest in the programs and activities of WGA, an organization for which we are profoundly proud to work.

Respectfully,

A handwritten signature in black ink that reads "Jim Ogsbury". The signature is fluid and cursive, with a long, sweeping tail on the "y".

JAMES D. OGSBURY
Executive Director
Western Governors' Association

THE GOVERNORS

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Fire & Forest Management

Wildfires

Issue

The 2012 wildfire season was one of the most destructive ever in the West. Wildfire damage has extended well beyond the initial damage. Post-fire impacts – soil erosion, mudslides, weed infestations and contaminated water supplies – have proven devastating in their own right.

Action

Western Governors have worked extensively on the issue of wildfires and forest management both during and after the 2012 season. Those efforts included:

- Western Governors requested in August of 2012 that Secretary of Agriculture Thomas J. Vilsack work with WGA to identify actions to speed the reduction of hazardous fuels and improve management of high-risk areas in Western forests and rangelands.
- WGA urged Secretary Vilsack in April of 2013 to utilize the private sector to reduce epidemics such as pine beetle infestations and wildfires on stressed national forest land.
- WGA participated in *The National*

Cohesive Wildland Fire Management Strategy: Phase III Western Risk Analysis Report, which offered recommendations for Western forest management, including:

- Establish a group that can implement the plan, communicate with stakeholders, and enhance local, state, and regional decision making.
- Identify and prioritize landscapes for treatment;
- Establish and promote trained local workforce capacity.

\$450 million

Estimated damages from Colorado wildfires in 2012 that burned more than 240,000 acres and destroyed more than 700 homes.

8.8 million

Acres burned in the 19 WGA states (9.3 million acres burned across the country)

3

States that experienced record wildfires:

Idaho
1.67 million acres
Oregon
1.25 million acres
Montana
1.22 million acres

2.5 million

Approximate number of the acres burned that were sage-grouse habitat.

All wildfire figures from 2012

Improving Lands Management

Issue

Many of the trust lands given to states by Congress, and held in support of public schools, are surrounded by federal lands. This “checkerboard” land ownership pattern in the West remains a major hindrance to effective management of federal and state lands.

Action

The WGA continues to work with the Western States Lands Commissioners’ Association to promote legislation to expedite land exchanges. Western Governors have identified several ways to resolve the checkerboard land issue in the West. They include:

- **Land Sales:** Urge reauthorization of the Federal Land Transaction Facilitation Act.
- **“In Lieu” Selections:** Advocate the passage of legislation that would allow states to relinquish state trust lands and select equal-valued replacement lands from unappropriated federal public lands.
- **Land Exchanges:** Amend Federal Land Policy and Management Act to expedite land exchanges including the inflation-adjusted threshold on minimum value of lands.

Invasive Species

Issue

Invasive species - both native and non-native – can threaten the habitats of native plants and animals and cause costly pest and weed management problems for farmers and forest land owners.

Action

WGA Executive Director James Ogsbury testified regarding the challenges presented by invasive species at a May 16 hearing of the House Natural Resources Subcommittee on Public Lands and Environmental Regulation. Ogsbury urged pursuit of invasive species legislation that would deliver aggressive on-the-ground prevention and eradication, while ensuring transparency and accountability of how federal funds are allocated and used. WGA will continue to work on invasive species legislation in the year to come.



Cheatgrass

Sequester

The impact of the federal “budget sequester” has been felt across the country. Western states received requests from federal agencies to return substantial funds already allocated under the Mineral Leasing Act and Secure Rural Schools and Community Self-Determination Act (SRS). WGA expressed alarm and demanded an explanation of the requests’ legality from the Office of Management and Budget, as well as the Departments of Interior and Agriculture.



Energy



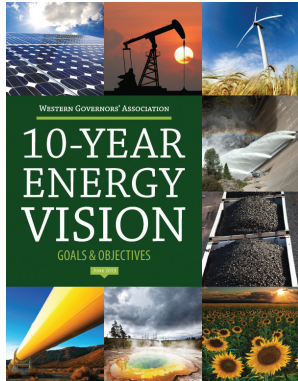
A Vision for Western Energy

The West plays an indispensable role in meeting our nation's energy needs. Awash in conventional and renewable resources, it is our country's energy breadbasket.

Western coal production accounts for nearly 60% of the national total, and current Western regional growth will soon allow the U.S. to become the world leader in petroleum production. There's more installed wind power capacity in the West than anywhere else in the country, and Southwestern states have some of the world's highest solar energy resource potential.

Hydropower is widespread, with the region accounting for 70% of national hydroelectric power generation. Arizona's Palo Verde Nuclear Generation Station is the country's largest nuclear power facility in terms of output capacity.

All that energy represents good news for the West and its citizens. The broad array of resources also presents a challenge: Can Western states create a comprehensive approach to energy development that delivers energy in a way that's secure, affordable and respectful of the environment?



Utah Governor and WGA Chairman Gary Herbert decided to accept that challenge by working with his WGA colleagues to create a *10-Year Energy Vision*. The project is premised on an “all-of-the-above approach” to planning our energy future. Western

Governors believe that resources should compete freely in the marketplace, based on the policies and needs of our states.

The *Vision* lays out the overarching goals of Western energy policy and emphasizes the critical importance of an effective federal-state partnership in all aspects of energy development, lands management and environmental protection.

The *10-Year Energy Vision* is one of three projects Western Governors created with regard to the WGA's year-long focus on energy. We have also published *The State of Energy in the West*, a survey of the West's vast energy resources, and *Energy Perspectives*, a collection of essays by Western Governors and Canadian Premiers on their specific energy plans.

The WGA vision does not dictate policy for the member states. As each state settles on a strategy best suited to its population, a well-diversified regional energy development portfolio emerges.

Western Governors consider the *10-Year Energy Vision* as something of a blueprint for a comprehensive national energy policy that promotes economic growth while protecting our valued natural and environmental resources. The Governors have demonstrated that states with diverse geography, resources and politics can work together toward the accomplishment of shared goals. Western Governors hope national leaders will follow our practical, bipartisan approach.

10-Year Energy Vision Goals

- **Goal 1:** Put the United States on a path to energy security.
- **Goal 2:** Ensure energy is clean, affordable and reliable by providing a balanced portfolio of renewable, non-traditional and traditional resources.
- **Goal 3:** Increase energy productivity associated with electricity and natural gas.
- **Goal 4:** Establish an energy distribution infrastructure (electricity transmission and pipelines) planning, siting and permitting system that facilitates the development of necessary infrastructure while maintaining wildlife, natural resource and environmental protection.
- **Goal 5:** Protect Western wildlife, natural resources and the environment.
- **Goal 6:** Make the West an international leader in energy education and the development of new energy technologies.





State of Energy in the West

Every “vision” needs a thorough grounding in the facts, so WGA created *State of Energy in the West*, a companion document to the *10-Year Energy Vision*. This document provides detailed background on energy resources and consumption in the West, while illustrating the importance of the West in securing energy independence for our country.

Here’s a look at some of the highlights:

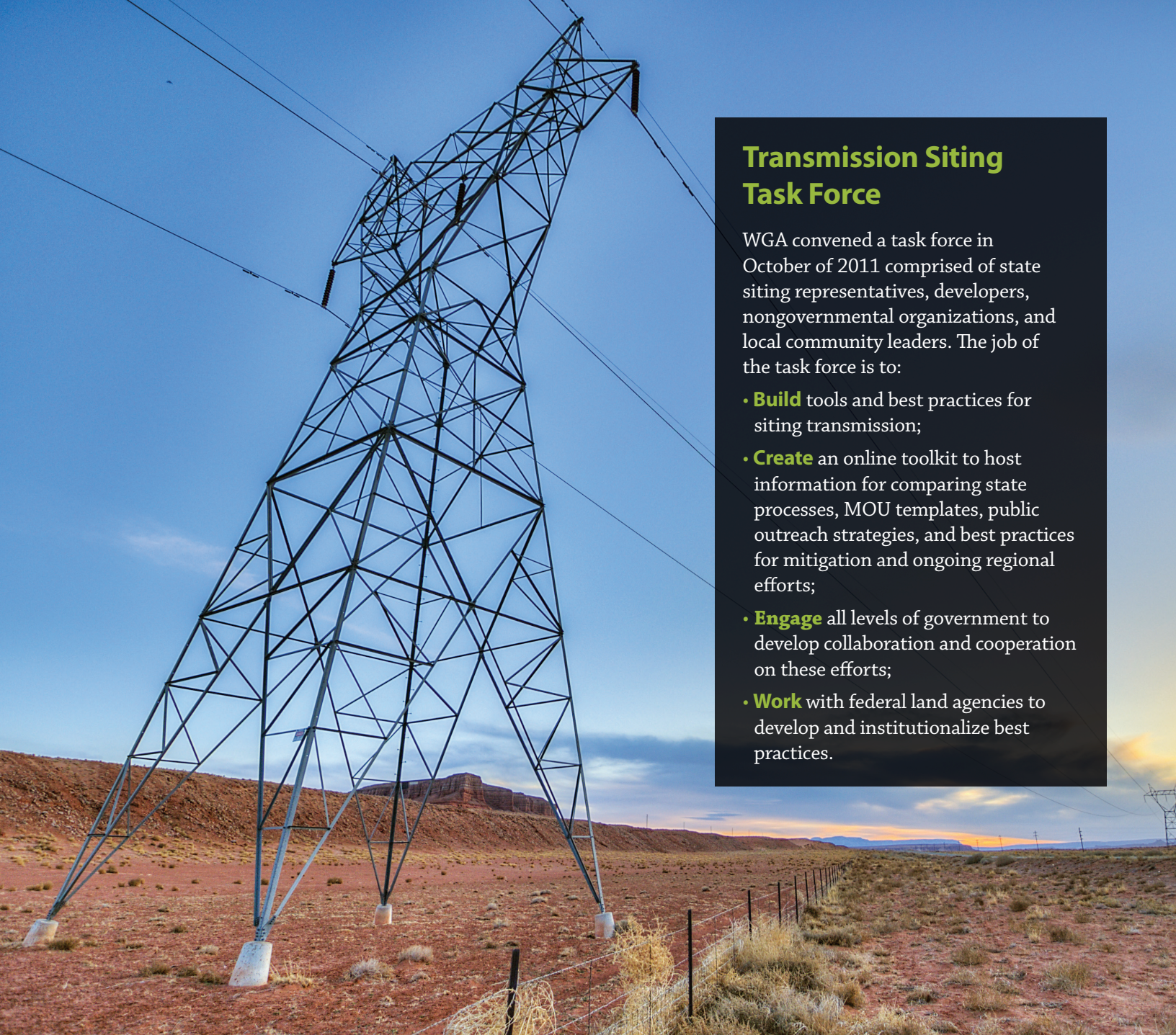
- Western coal production accounts for nearly **60%** of the national total.
- The region has provided nearly **70%** of the nation’s natural gas and petroleum output in recent years.
- Roughly **66%** of America’s installed wind power capacity is in the West.
- Southwest states have some of the world’s highest solar energy resource potential, with national leader California’s total output **nearly triple that** of the next largest state.
- Geothermal power is the near exclusive province of the West, with **99.5%** of all national installed capacity in 2011.
- The country’s largest gross area of land with **high biomass yield** is in the Western states.

Energy Perspectives

The WGA also invited the Governors to share their energy priorities in an essay. Out of that grew *Energy Perspectives*, a collection of essays on energy-related topics, including conservation, efficiency, climate change, fossil fuels, nuclear power and renewables.

Find the Reports Online

10-Year Energy Vision, *The State of Energy in the West* and *Energy Perspectives*, may all be downloaded for free from our website. You’ll find a link to download the reports on our home page at www.westgov.org



Transmission Siting Task Force

WGA convened a task force in October of 2011 comprised of state siting representatives, developers, nongovernmental organizations, and local community leaders. The job of the task force is to:

- **Build** tools and best practices for siting transmission;
- **Create** an online toolkit to host information for comparing state processes, MOU templates, public outreach strategies, and best practices for mitigation and ongoing regional efforts;
- **Engage** all levels of government to develop collaboration and cooperation on these efforts;
- **Work** with federal land agencies to develop and institutionalize best practices.

Energy Transmission

1.5

In practice, the minimum number of years required to build generation capability. Many generation facilities can take up to 3 years to build.

10

Number of years it can take to complete interstate transmission siting and permitting. That makes it difficult to secure financing for generation construction or, once built, to sell the electricity in a timely fashion.

3

Number of years to which Western Governors would like to see the interstate transmission siting and permitting process shortened.

Wildlife



ESA Impacts:

Sage-Grouse, Lesser Prairie Chicken

Issue

While the Endangered Species Act is meant to promote conservation of species and their habitat, listings of species with large landscape ranges can unduly restrict land-use and state land management. Habitat for both the Greater Sage-Grouse and the Lesser Prairie-Chicken often intersects with lands ideal for energy development and agriculture. States are engaged in efforts to conserve both species while also allowing for land use. The Governors have taken the lead on finding ways to prevent an ESA listing for either species, and WGA is helping to facilitate those actions.

Sage-Grouse Task Force

Background

In 2010, the U.S. Fish and Wildlife Service (USFWS) listed the Greater Sage-Grouse as “warranted but precluded” under the Endangered Species Act (ESA), meaning that the species deserves federal protections but that USFWS does not have the resources to support requisite protective measures. Eleven of the WGA member states contain sage-grouse habitat.

Action

- Governors’ designees from the 11 states with Greater Sage-Grouse habitat, as well as federal land management agencies, meet quarterly.
- The meetings are used to identify policy-driven conservation measures for the species that will preclude the need to list the Greater Sage-Grouse under the ESA.
- The WGA has published an *Inventory of Sage-Grouse Conservation Measures* in 2011 and 2012, cataloging state and local conservation approaches, presenting a suite of options for strengthening Sage-Grouse conservation.

Next

- A “Candidate Notice of Review” will be issued by the USFWS in fall of 2014, with an ESA listing decision expected in September 2015.

Lesser Prairie-Chicken

Background

In December of 2012 the USFWS proposed to list the Lesser Prairie-Chicken as “threatened” under the ESA.

Action

- In January of 2013 five Western Governors with Lesser Prairie-Chicken habitat expressed disappointment at the proposed listing. Governors signing the document: John Hickenlooper (Colorado), Sam Brownback (Kansas), Susana Martinez (New Mexico), Mary Fallin (Oklahoma), Rick Perry (Texas).
- States, industry and private landowners continue to implement conservation measures for the Lesser Prairie-Chicken, demonstrating their ability to manage the species and support a “not warranted” listing decision.

Next

- The USFWS will submit a final ESA listing determination by September 30, 2013.

Crucial Habitat Assessment Tool (CHAT)

Issue

In 2010 the Governors tasked the Western Governors' Wildlife Council with providing information on fish and wildlife habitat across the West in a compatible, publicly accessible format. That information would be designed to help facilitate wildlife habitat conservation and bring greater predictability to planning efforts for energy, transportation, land use and other large-scale development projects by establishing a common starting point for discussing the intersection of development and wildlife.

Action

The Wildlife Council has overseen the creation of a GIS (geographic information system) map that depicts crucial fish and wildlife habitat across 17 Western states in a single "Crucial Habitat" map layer based on:

- Game species habitat;
- Habitat for species of greatest conservation need;
- Landscape integrity and wildlife corridors.

In Addition

In April, WGA Executive Director James Ogsbury testified before the House Appropriations Interior Subcommittee, emphasizing the need for federal agencies to use states' wildlife data and analysis – such as the information available in the state CHATs and Western Governors' CHATs – in order to eliminate duplication of efforts and ensure that decisions are based on the best available information.

Next

The CHAT will launch to the public online in December 2013.

Several states already have state-specific CHATs online, including:

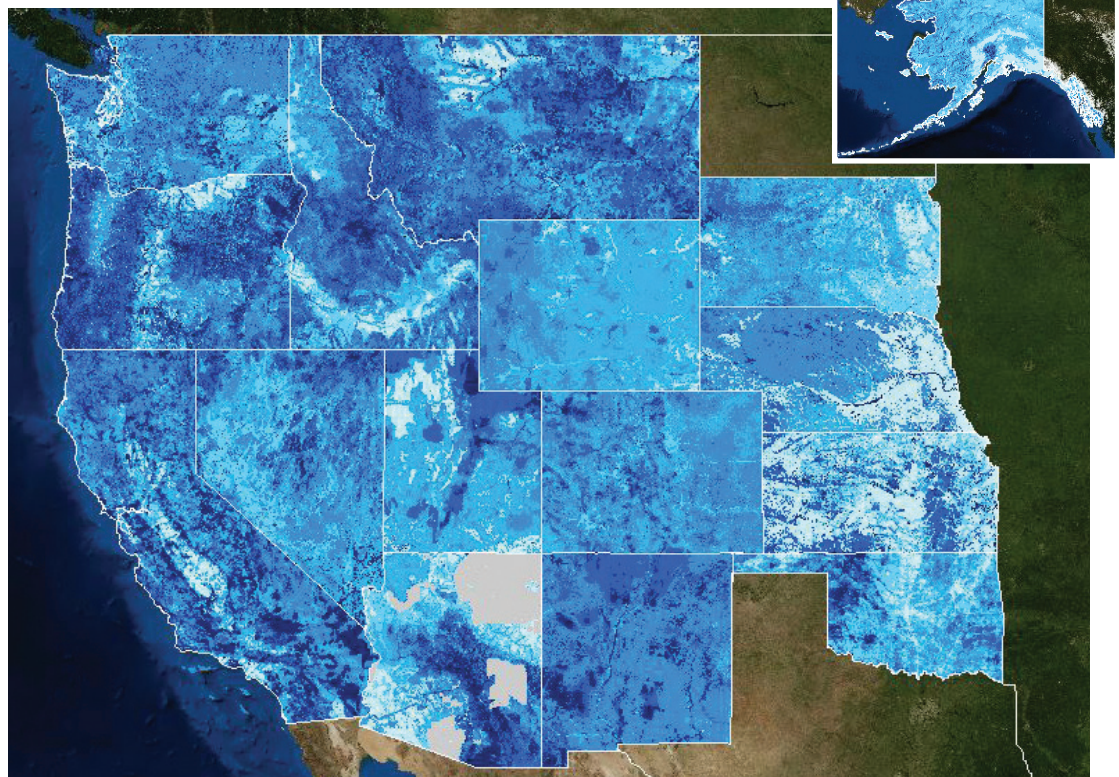
State CHATs

- Wyoming
- Washington
- California
- Montana
- Arizona

Lesser Prairie Chicken CHAT

- Colorado
- Kansas
- Oklahoma
- Texas
- New Mexico

This draft CHAT map was released at a meeting of the Western Governors' Wildlife Council in December 2012. Darker colored areas indicate "Best Habitat."





Water

Drought and Climate Variability

Issue

Last year's devastating drought impacted WGA's member states.

Action

Since signing a 2011 Memorandum of Understanding with the National Oceanic and Atmospheric Administration (NOAA), WGA and NOAA:

- **Co-produced** the *Quarterly Climate Impacts and Outlook*, a summary of drought conditions and predictions for Western states.
- **Co-sponsored** the National Drought Forum in December, 2012. Kansas Gov. Sam Brownback appeared at the event in Washington, D.C., and shared his perspective on drought planning and response.
- **Developed** new strategies that will continue to improve development and delivery of climate science and services to Western states.

Western Governors also are working in support of reauthorization of the National Integrated Drought Information System (NIDIS). Western Governors have repeatedly emphasized the importance of NIDIS for drought preparedness and response in communications with key Senate and House members.

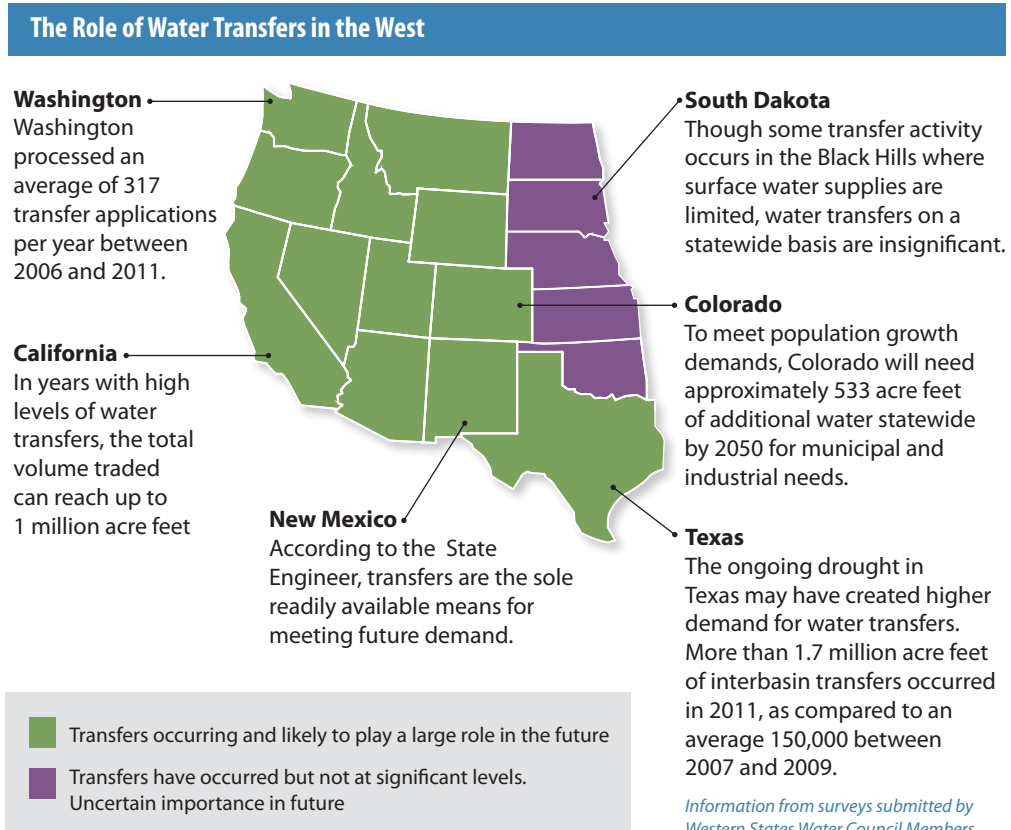
Water Transfers

Issue

Water transfers – the voluntary sale or lease of water rights – are one way to meet the rising water demands from Western cities and industries. Governors, however, are conscious of the balance between the benefits of directing existing supplies to new uses with the potential drawbacks to rural communities, where water rights used for irrigated agriculture often help support the local economy.

Action

- Western Governors passed a policy resolution in 2011 recognizing the potential benefits of water transfers – as well as concerns about the economic impact on rural communities.
- In December 2012, WGA and the Western States Water Council (WSWC) took a closer look at the role of water transfers in the report *Water Transfers in the West: Projects, Trends, and Leading Practices in Voluntary Water Trading*. The report examines water transfer practices across the Western states, highlighting successful models, analyzing case studies and identifying leading practices.



Water Data Exchange (WaDE)

Issue

Sharing water data across state boundaries can promote sound policy development and interstate analysis.

Action

WGA and the WSWC are developing an online portal to view state water data, called the Water Data Exchange (WaDE), which will:

- Compile and share data that enables

states to answer regional and national questions about water availability, resiliency and scarcity;

- Help states anticipate the supply and demand issues of the “energy-water nexus;”
- Serve as an easy-to-use portal to help investors, local water managers and the public access data to inform infrastructure investment, energy development and regional planning.

Next

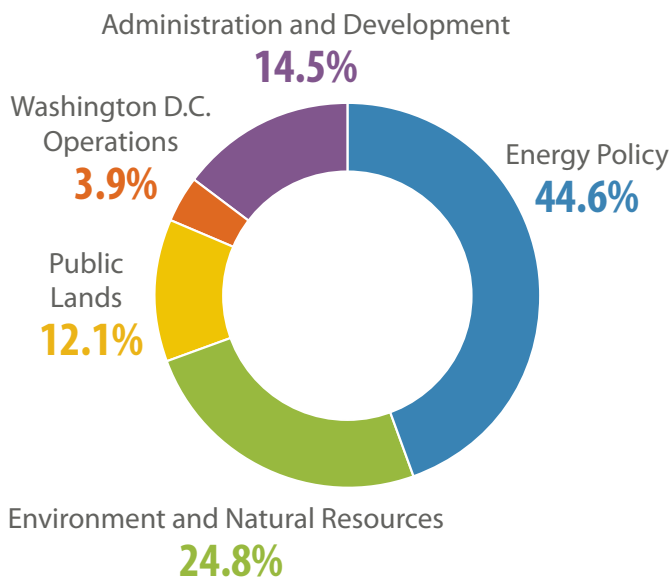
The WaDE portal and data viewer will debut online this fall. Data from two to three states will be available with the launch. Additionally, a new water dataset from Sandia National Labs will be available for view. WGA and the WSWC will continue to build connections to state data as WaDE development continues into 2014.

Finances

WGA income is derived from member state dues, grants and contracts, contributions, interest, and other miscellaneous income. Member dues for the fiscal year 2012 were \$36,000 per state and \$6,000 per territory/commonwealth. (WGA dues have not been increased since 1994.) WGA's income totaled \$7.5 million for the fiscal year, with approximately 57% of that amount received from federal agencies for various projects.

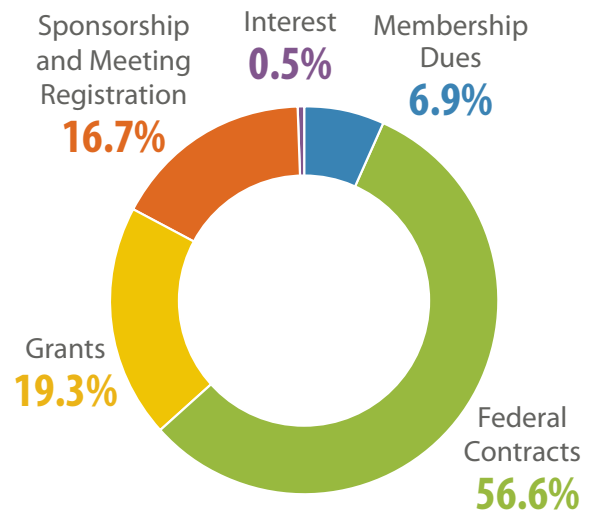
The following is excerpted from the audit report of JDS Professional Group, Certified Public Accountants, Consultants and Advisors. The information below is for the fiscal year ending June 30, 2012.

Functional expenses



Energy Policy	\$3,388,417
Environment & Natural Resources	\$1,886,807
Public Lands	\$915,622
Washington D.C. Operations	\$299,648
Administration & Development	\$1,102,332
Total	\$7,592,826

Revenues



Membership Dues	\$520,600
Federal Contracts	\$4,271,442
Grants	\$1,454,349
Sponsorships and Meeting Registration	\$1,262,472
Interest	\$36,259
Total	\$7,545,077

ABOUT THE WESTERN GOVERNORS' ASSOCIATION

WGA is a non-partisan, independent, nonprofit organization representing the Governors of 19 states and three US-Flag Pacific islands. Through their Association, the Governors identify and address key policy and governance issues, including those related to natural resources, the environment, human services, economic development, intergovernmental relations and international relations.

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NRCS Liaison,
Tim Macklin

WGA STAFF COUNCIL 2012-2013

The WGA Staff Council includes top policy advisors from each governor's office and meets regularly to review and guide association activity. The council reviews proposed work plans, budgets and policy resolutions, works out differences on regional issues, conveys recommendations to governors, and provides guidance to WGA staff.

Staff Council Chair: Alan Matheson, Jr., Utah

Staff Council Vice Chair: Doug Young, Colorado

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Joseph Pereira

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