

May 30, 2014

TO: NRECA Board of Directors
Distribution CEOs
Statewide Managers
G&T Managers

FROM: Jo Ann Emerson

Angus Hastings Remembered as Steadfast Champion for Electric Co-ops

The electric co-op family is sending heartfelt thoughts and prayers to the family of former NRECA Florida Director Angus Hastings who passed away Sunday. His wife Karen and their family will celebrate his life and community service during the funeral services today and tomorrow. Angus, who served 40 years on NRECA's Board and was President in 1981-82, is remembered by many as a [steadfast champion](#) for electric co-ops and the ACRE[®] program. He had been a director for CFC, Clay Electric and the Florida Electric Co-op Association, where he served as ACRE[®] Chairman.

Great Visit with New Mexico Co-ops!

A big thank you to the New Mexico Rural Electric Cooperative Association for hosting me at their annual meeting. We had great conversations about EPA's climate change agenda and the expected existing plants greenhouse gas (GHG) rule, rights-of-way on federal lands and the Endangered Species Act.

House Committee Advances Ag Spending Bill with Co-op Provisions

We welcome the House Appropriations Committee's approval of an FY15 Agriculture bill that rejects the Administration's proposal to limit lending to renewable projects. This bill is very similar to a Senate committee version cleared last week. Important for co-ops, it has helpful report language calling attention to USDA's proposed changes to RUS National Environmental Policy Act reviews that could hurt electric borrowers, and it tells USDA to do an impacts report. The bill also includes \$5 billion in RUS electric loans and \$500 million for the Guaranteed Underwriter program. Both bills now move to floor debate.

Court Overturns FERC's Demand Response Regulation

We applaud a federal appellate court [decision](#) overturning FERC's demand response regulation ([Order No. 745](#)). The court agreed with NRECA, Old Dominion Electric Co-op and others that FERC exceeded its authority and intruded on states' jurisdiction when it issued a 2011 rule on compensation for demand response. We argued that FERC can't regulate retail transactions by re-characterizing them as wholesale services. FERC was attempting to regulate retail rates directly by ordering utilities to pay retail customers not to consume energy.

EPA Expected to Issue Draft GHG rule Monday

EPA Administrator McCarthy is expected to release the agency's GHG regulations for existing

power plants on Monday. For weeks, rumors have circulated that President Obama would personally unveil the regulations, but it now appears that it'll be McCarthy who releases the rule. But, we expect the President to talk about the rule in his weekly Saturday radio address and also discuss it in a conference call hosted by the American Lung Association on Monday. Yesterday, I received a call from senior White House staff, indicating that we may get an advance look at some information about the rule on Sunday. We're uncertain how much information we'll receive over the weekend, but we'll begin pouring over the rule as soon as it comes out Monday.

'All-of-the-Above' Campaign Update: EPA's Existing Plants Rule Coming Monday

We're full steam ahead on our drive to 1 million comments on Action.coop and TellEPA.com as we await EPA's upcoming existing plant rule, expected out Monday. It will likely have a deeper impact on co-ops than even the new plants proposal. Check out your progress on [messages](#) and [state](#) and [co-op](#) tallies. See how [Henry County Rural Electric](#) in Indiana is working to help members without Internet access send messages.

Energy States Urge EPA to Focus on Affordability, Reliability in GHG Rules

We welcome the letter from 12 energy-producing states (attached) urging the Office of Management and Budget to ensure EPA takes a "common-sense" approach to GHG regulations and develops rules that keep electricity affordable, accessible and reliable. The letter also emphasized that states need authority and flexibility on emission reduction requirements and EPA should avoid a one-size-fits-all rule. The letter results from an energy producing states meeting earlier this spring to coordinate and collaborate on EPA's carbon regulation. Basin Electric in North Dakota co-hosted the event, with representation by Arizona Electric Power, Dairyland Power, Great River Energy, Hoosier Energy, Minnkota Power, Western Farmers Electric, the North Dakota and Montana statewides and NRECA.

Texas Lawmakers Tell EPA to Ensure Affordable, Reliable Electricity

We applaud the 29 Texas House delegation members who sent a bipartisan letter (attached) urging EPA to ensure its existing plants rule allows the state to maintain its "all-of-the-above" approach to power generation under any new emission standards. The lawmakers emphasized that energy intensive states like Texas need existing fossil fuel plants to continue operating to help ensure stable, affordable and reliable electricity, particularly for electric co-ops. We thank Reps. Barton (R-TX) and Cuellar (D-TX) for their leadership on this letter. San Miguel Electric General Manager Mike Kezar started this effort and worked with other Texas co-op leaders and NRECA to get signatures.

House Committee Urges Reconsideration of Flawed Waters Proposal

We welcome the Small Business Committee for urging EPA and the Army Corps of Engineers to fix flaws in their proposal to expand their jurisdiction under the Waters of the U.S. rule. During a committee hearing, Chairman Sam Graves (R-MO) said the proposed rule would expand Clean Water Act jurisdiction to "thousands of small streams, ditches, ponds and other isolated waters," including many with little or no connection to navigable waters. The committee also sent a letter urging EPA and the Corps to withdraw the proposal and issue a new one after doing a small business impacts review, or extend public comment on the current proposal another 90 days.

Attached: States letter to EPA, Texas delegation GHG letter.