

July 18, 2014

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

FROM: Jo Ann Emerson

Awesome Visit with Georgia Co-op Managers!

A big thank you to the Georgia co-op managers for the wonderful Southern hospitality at their annual meeting. We talked about the important role of co-ops in upcoming EPA public hearings on the proposed existing power plant GHG rule and the impact it will have on co-ops. I also outlined the many positive changes at NRECA and efforts we're taking to visit our members where they are – advice I received from Georgia managers in one of my first trips as CEO.

State Regulators Air Concerns on EPA Rule Timeline; EPA Expects 1,600 at Hearings

We welcome the discussion about EPA's unrealistic timeline for state plans under the proposed carbon regulations at the National Association of Regulatory Utility Commissioners meeting this week. Some utility regulators said it will be difficult for states to develop their own CO₂ emission reduction plans within three years after EPA issues a final rule in 2015. Some environmental advocates, like the Natural Resources Defense Council, agree that EPA has set a very tight timeframe for states to develop plans.

We and electric co-op leaders are gearing up to take a loud and clear message to EPA about how its proposal will hurt co-ops at the upcoming public hearings in Atlanta, Denver, Pittsburgh and Washington, DC. EPA expects about 1,600 people to participate in the hearings. In the run up to those hearings, we're airing ads on RFD-TV, Fox and MSNBC that urge people to send messages through TellEPA.com. We'll be meeting with statewide association and G&T CEOs next Friday to review EPA's proposal and consider our next steps in this battle.

'All-of-the-Above' Campaign Update: Co-ops Gearing Up for Public Hearings

You've collected over 670,000 grassroots comments through Action.coop and TellEPA.com in our push for a total 1 million messages to EPA by the October 16. Please remind your co-op grassroots and our coalition friends that it's important for them to visit Action.coop and TellEPA.com. Check your progress on [messages](#) and [state](#) tallies. (These **two special read-only links** will let you see the information without logging on to Cooperative.com. You still need to log on for sensitive and confidential information.) Check out how Jefferson Energy Co-op (GA) collected over 250 messages by giving light bulbs to everyone who signed a card on keeping power affordable and reliable.

House Spending Bill Highlights Problems with Administration Initiatives

We support the FY15 Interior and Environment spending bill the House Appropriations Committee passed on a 29-19 vote. It has provisions to block FY15 funding being used for

several Administration initiatives: EPA power plant GHG proposals, Waters of the U.S. proposal to expand the Clean Water Act, Fish and Wildlife Service Endangered Species Act sage grouse listings. It also has report language on delaying the use of Social Cost of Carbon estimates in cost-benefit analyses. The Senate outlook for these provisions is very doubtful, but they help efforts to keep pressure on the Administration and reinforce our core messages.

House Committee OK's Bill Ordering EPA to Draft a New Waters Rule

We thank the House Transportation and Infrastructure Committee for its vote to approve legislation (H.R. 5078) that would block the proposed Waters of the U.S. rule to expand the number of streams and wetlands covered under the Clean Water Act. The bill would require EPA and the Army Corps of Engineers to withdraw the proposal and go back to the drawing board to develop a new proposed rule with more input from stakeholders and state and local government officials. We support the bill as a first step in developing a better rule. Before the vote, the Water Advocacy Coalition (NRECA is a member) sent a letter supporting the bill.

Senate Passes Terrorism Risk Insurance Bill

The Senate's 93-4 vote to pass a bill (S. 2244) reauthorizing the Terrorism Risk Insurance Act is good step forward. TRIA was passed after the 9/11 attacks to create a federal backstop for insurance carriers in the event of catastrophic loss from a significant terrorist incident. Without this legislation, insurance companies will start to pull out of the market, making it very difficult for large facilities like electric power infrastructure to insure against terrorist attacks, which is a requirement of some loan programs. A House bill (H.R. 4871) may move as early as next week, but NRECA prefers the Senate version.

Senate Confirms FERC Commissioners

We congratulated FERC Commissioners Cheryl LaFleur and Norman Bay after the Senate confirmed their nominations. Chairman LaFleur is expected to continue in her leadership role for the next nine months of her new five-year term. Commissioner Bay, who served as FERC Enforcement Director, is expected to become Chairman in 2015.

FERC Starts Review of Proposed Physical Security Standard

We're reviewing a FERC proposed [rulemaking](#) to approve the North American Electric Reliability Corp.'s physical security standard. FERC's order also directs NERC to make two modifications to the standard, and seeks comments on several related issues. The new standard is in response to physical security events at critical electric facilities during the last 1-1/2 years. A 45-day comment period starts when the proposal appears in the *Federal Register*. We will submit comments with input from our Reliability Task Force. Contact NRECA's [Barry Lawson](#).

Congress Urged to Pick Up Steam on Freight Railroad Problems

We signed a rail shipper coalition letter (attached) urging Congress to address the lack of freight railroad competition and improve regulatory oversight by the Surface Transportation Board (STB). The letter to top congressional leaders and the Senate Commerce and House Transportation committees and highlights action needed to increase rail competition, break the railroad's unprecedented market power and ensure STB takes action to protect rail customers.

Attached: Waters rule letter, rail shipper letter.