

September 12, 2014

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

FROM: Jo Ann Emerson

Exciting Time at Regional Meeting in Minneapolis

Thank you for the awesome turnout at Regions 5 and 6 in Minneapolis. We continue to have great discussion about the [resolutions](#). I was excited to meet Dame Pauline Green, President of the International Co-operative Alliance, who spoke at a special presentation hosted by the National Cooperative Business Association. We'll be in Jacksonville for the Regions 2 and 3 meeting on September 23-25.

'All-of-the-Above' Campaign Update: We're Nearing 1 Million!

You've collected over 887,000 grassroots comments through [Action.coop](#) and [TellEPA.com](#). We're getting closer each day to our goal of 1 million messages to EPA by the October 16 deadline. Check your progress on [messages](#) and the [state](#) tallies. See our latest [video ad](#) in the "[Voices](#)" series. It's available for [web postings and presentations](#) and you can also [order](#) for local TV buys. This ad highlights how small businesses would be affected by EPA's proposals and any electric rate increases. Check out the awesome Take Action billboard (attached) by Cumberland Electric Membership Corp. (TN) that's turning heads along I-65.

Majority of Senators Asks EPA to Extend Comment Time for GHG Proposal

We applaud 53 senators (list attached) sending a letter urging EPA to provide another 60 days for public comment on the existing power plant GHG proposed rule. We thank Sens. Heitkamp (D-ND) and Fischer (R-NE) for their leadership. This letter, which follows up on one both senators sent in May, emphasizes that EPA's 1,600-page proposal is so complex that state regulators and stakeholders need more time beyond the October 16 deadline to fully analyze and develop comments.

Bipartisan House Bill on Waters Proposal Sends Strong Signal

We commend the bipartisan House [vote](#) (262-152) to pass a bill (H.R. 5078) that would stop the EPA-Army Corps of Engineers' proposed Waters of the U.S. (WOTUS) rule. We joined in a Waters Advocacy Coalition letter (attached) urging House passage. While the Senate outlook for the measure is uncertain, the bipartisan House vote helps us push back on EPA's overreach to expand the Clean Water Act's scope. The bill would require WOTUS to be withdrawn and re-proposed with major changes that address electric co-op and other stakeholder concerns. Unless it is changed, WOTUS will create uncertainty and delays in co-op transmission, distribution and generation operations and raise co-op members' electric rates.

Problems with Potential Endangered Species Listing Explained at House Hearing

Russ Biggica, the Pennsylvania statewide's Director of Government and Regulatory Affairs, did a great job testifying on a potential endangered listing for the northern long-eared bat during a House Natural Resources Committee field hearing. He stressed that the Fish and Wildlife Service must work with co-ops to ensure we can do what's needed to maintain reliability. He explained that keeping rights-of-way clear is the most difficult and costly task for co-ops and any needless regulatory burdens will only raise electric rates for co-op members.

Senate STB Bill includes Reforms to Address Railroad Problems

I sent a letter (attached) on behalf of electric co-ops supporting a bill (S. 2777) that would make the Surface Transportation Board more responsive to rail shipper concerns. The bill introduced by Senate Commerce Committee Chairman Rockefeller (D-WV) and Ranking Member Thune (R-SD) includes STB reforms aimed at helping rail shippers get complaints addressed. It would make the STB case review process easier for rail shippers and ensure complaints are handled in a timely and balanced manner. The bill would also expand the STB's authority to launch investigations. The committee also held a [hearing](#) on the economic impacts of rail service backlogs, congestion and locomotive and railcar shortages.

Co-ops Speak Up on Distribution and Transmission Issues

A big thank you to Vermont Electric CEO Dave Hallquist and Kenergy Corp. CEO Greg Starheim for presenting electric co-op views at the DOE [Quadrennial Energy Review](#) meeting on Eastern region electric transmission and distribution infrastructure issues. Hallquist spoke about his co-op's challenges and successes in adopting new technologies and increasing customer engagement. Starheim spoke about the strengths of the cooperative business model and urged that any changes in federal regulatory oversight should neither undermine the direct local control of co-ops by the member-owners nor add more costly regulations for consumer-focused co-ops.

House Considering CR to Avoid Federal Shutdown

We welcome the House introducing a short-term bill that will keep the federal government funded until December 11. The continuing resolution (CR) maintains funding at current levels and House and Senate floor action is expected next week. Congress will likely consider more action on the 12 unfinished spending bills during a post-election, lame-duck session. We could see unfinished spending bills wrapped into an omnibus package or an extension of the CR.

Changes Needed to Reduce RTO Market Uplift ('Make-whole') Payments

Together with ACES Power Regulatory Affairs Manager John Rohrbach, we participated as panelists at a FERC workshop on energy price information. Our comments included a discussion on the need for cost-effective transmission infrastructure improvements and other changes that would lower the size and frequency of payments. An uplift payment is an additional charge by regional transmission operators for "make-whole" payments to generators and is intended to ensure they don't lose money when required by must-run contracts to provide power to RTO markets. While we argued that some uplift payments are still needed to ensure adequate market capacity and grid reliability, RTO markets should work to reduce the incidence of non-performance of generators during peak loads. Uplift payments were major costs for many utilities that struggled to meet demand during extreme cold last winter.

Congress Must Renew Terrorism Risk Insurance Program

We joined an industry letter (attached) urging the House to pass legislation renewing the Terrorism Risk Insurance Act that expires in December. TRIA was enacted after the 9/11 attacks to provide a federal backstop for insurance carriers in the event of catastrophic loss from a significant terrorist incident. Unless TRIA is renewed, insurance companies will start to pull out of the market, making it very difficult for facilities, including electric power infrastructure, to insure against terrorist attacks, which some loan programs require. House action is needed to get this legislation to conference to work out differences with a Senate bill (S. 2244), which we prefer, and TRIA reauthorization completed before it expires.

FERC Urged to Approve NERC Physical Security Standards with No Changes

We filed [comments](#) urging FERC to approve the North American Electric Reliability Corp.'s physical security standards developed with industry stakeholder input. We recommended that FERC not direct NERC to make changes to the proposed standards, which were developed in response to physical security events at critical electric facilities over the last 1-1/2 years. We support NERC's standards because they'll provide a framework for utilities to assess physical system risks, identify critical facilities, evaluate physical threats and vulnerabilities and develop an approach to address risks. For more information, contact NRECA's [Barry Lawson](#).

Co-op Concerns on Broadband Access Outlined to FCC

We continue to speak up for co-ops in the Federal Communications Commission's broadband rulemakings. We sent reply comments on the Connect America Fund (phase II) to address the same old claims by certain carriers that only they should get federal broadband funding. We pointed to their history of being unable or unwilling to serve rural areas. We also filed in another rulemaking urging the FCC to increase the minimum speed standard to ensure that all Americans can benefit from robust broadband service.

Highlight "Careers in Energy Week" in Your State

Please join us in highlighting "Careers in Energy Week" (October 13-19) to increase public awareness about energy careers. It's an opportunity for your co-op to connect with your local community by sponsoring special events for schools, families and other businesses to learn more about how your company operates and your important role in the local economy. NRECA and some co-ops are participating in the Center for Energy Workforce Development and we've attached an overview of a toolkit available to member organizations. For more information, contact NRECA's Member Workforce Effectiveness Director [Michelle Rostom](#).

Chuck Todd is 2015 Annual Meeting Keynote Speaker

We're excited that Chuck Todd of NBC's *Meet the Press* will be our keynote speaker for the opening general session at the [2015 Annual Meeting](#) in Orlando. Todd was scheduled to speak at our 2014 meeting, but had to miss it due to a family emergency. We look forward to the political insights and insider perspectives he'll share at our biggest co-op gathering of the year.

Attached: Action.coop billboard photo, STB bill letter, Senate letter list, WOTUS letter, TRIA letter, energy careers toolkit overview.