

December 5, 2014

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

FROM: Jo Ann Emerson

Great Visit with Nebraska Statewide!

Thank you to the Nebraska public power districts and co-ops and statewide General Manager Troy Bredenkamp for hosting me at their [annual meeting](#).

NRECA Comments Reinforce Co-op Message on EPA GHG Plan

We sent [comments](#) and [attachments](#) developed with member input to urge EPA to withdraw its complex existing power plants GHG proposal that will raise co-op electric rates and threaten reliability. We [emphasized](#) that EPA's plan exceeds the agency's authority under the Clean Air Act. I also issued a press [statement](#) outlining co-ops' concerns with the proposal and hosted a media conference call with Mid-South Synergy (TX) CEO Kerry Kelton, Berkeley Electric (SC) CEO Dwayne Cartwright and Seminole Electric (FL) CEO Lisa Johnson. We'll have opportunities to make our case at EPA. We also expect to see many state legislatures and agencies actively involved in questioning the legality and wisdom of EPA's plans.

I'm awed by the outstanding effort co-op leaders and grassroots made to send over 670,000 messages to EPA on the existing plant proposal (a combined total of 1.2 million opposing EPA's proposed new and existing plant rules). Thank you for all the time, effort and expense you devoted to voicing concerns about how EPA's plans will hurt consumers and rural America. See the final [message](#) and [state](#) tallies.

Final Push for Co-op Priorities in Lane Duck

We're actively pushing the Senate to pass an energy efficiency bill with a fix for DOE's electric water heater efficiency [standards](#) that take effect next April. We're also pushing to get Congress to pass legislation on Energize Africa, cybersecurity and putting limits EPA's regulatory overreach. The final days of a lame-duck session are chaotic and very fluid, but we're keeping the pressure up at every turn.

Duke Energy Coal Ash Spill is Expected '60 Minutes' Topic

We're preparing for any questions we may get from Congress or media if "60 Minutes" airs a segment expected this Sunday on the Duke Energy coal ash spill last February. The segment is expected days before EPA is due to issue a final coal ash rule on December 19. We're urging EPA to issue a rule to regulate coal ash as non-hazardous and allows states to choose to run their coal ash programs.

Negotiations Continue on FY15 Spending Bill

House Republicans and Senate Democrats are negotiating a two-part spending package featuring an 11-bill omnibus for the rest of the FY15 year that ends September 30. The package some lawmakers calls a “CRomnibus” includes a separate continuing resolution (CR) that funds Homeland Security until March, allowing Republicans to revisit the immigration issue. The current CR expires next Thursday. With most program funding levels decided, the discussions have shifted to policy riders to prevent FY15 funding from being used for various Administration efforts – including EPA’s power plant GHG proposals.

NRECA, Arkansas Co-ops Endorse FERC Nominee; Committee Airs Issues Affecting Co-ops

I joined Arkansas Electric Cooperative Corp. CEO Duane Highley in sending letters (attached) to support Arkansas Public Service Commission Chairman Colette Honorable’s nomination to the Federal Energy Regulatory Commission (FERC). At her Senate Energy Committee confirmation hearing, Sens. Baldwin (D-WI) and Franken (D-MN) asked Chairman Honorable to support FERC working with the Surface Transportation Board to address freight railroad service reliability problems that impact coal deliveries. Ranking Member Lisa Murkowski (R-AK), who becomes chairman in the new Congress, firmly emphasized her concerns about preserving reliability in light of the “unrelenting onslaught of new, and unduly burdensome, federal regulations.” A committee vote on sending the nomination to the floor is likely next week.

Iowa Co-op’s Battle with Wind Generator Whips Back to FERC

Midland Power Co-op’s long-running dispute with an Iowa wind turbine owner who refuses to pay his electric bill is headed back to FERC after a federal [appeals court](#) said it lacks authority to review our challenge of a 2011 FERC reconnection order to provide backup power. The appellate court said FERC must first petition a federal district court to enforce the reconnection order. But, the court’s ruling also raised questions on whether FERC’s vague order can be enforced. “We cannot imagine that a responsible federal regulatory agency would intentionally expose a party to fines up to \$1,000,000 a day on the basis of language that left the agency itself so perplexed,” the court said. The decision highlighted that FERC didn’t give Midland a deadline to comply nor outline possible penalties for not complying.

EPA’s Cross-State Rule Compliance Deadlines Open for Comments

We’re working with the Utility Air Regulatory Group to develop comments on EPA’s interim final rule on Cross-State Air Pollution Rule (CSAPR) compliance deadlines. The public comment period ends February 2, 2015. Phase I emission reductions start January 1, 2015, with Phase II requiring more reductions in 2017. EPA’s review comes after a federal appeals court lifted its December 2011 stay of CSAPR, which requires 28 states to reduce power plant emissions that cross state borders. The U.S. Supreme Court upheld the rule last April.

Download Your ACRE® Membership Cards on Cooperative.com

Your ACRE® coordinators can now download and print your state’s and co-op’s membership cards through [Cooperative.com](#). Look for the ACRE® Membership Cards icon in the menu bar to access this option. Coordinators also can access a blank ACRE® membership card for printing and request a contributions submission template from NRECA’s Finance Department. Please remember to send all ACRE® contributions to the address on the cards. If you need access to

your state or co-op information, contact NRECA's [Amy Lewis](#). Take a moment to check out other ACRE® resources available to help you grow your membership!

Regions 7 & 9 Co-ops Near Finish of Benefit Plan Compliance Reviews

Thank you to Regions 7 & 9 co-ops that completed the required Participant Review – an audit for co-ops that participate in NRECA's employee benefit plans. Your efforts are a big help in ensuring compliance with our benefit plan eligibility requirements. If your co-op hasn't sent a Participant Review final report to NRECA's Internal Audit Department, please send it by December 12. We'll continue the current review cycle with Regions 8 & 10 co-ops next year. For information, contact NRECA's [Chris Migliaccio](#).

CFTC Should Waive Collateral Requirements for CFC

We sent a letter (attached) urging the Commodity Futures Trading Commission (CFTC) to grant the Cooperative Finance Corp.'s (CFC) request to be exempted from costly margin (collateral) requirements for derivatives market trades (swaps) under the Dodd-Frank Act. Requiring CFC to meet margin requirements would unnecessarily raise the cost of CFC's loans.

Residential Sector Focus in Next RUS Energy Efficiency Loan Program Webinars

Just a reminder about the USDA and DOE [webinar series](#) on making the best use of the RUS Energy Efficiency and Conservation Loan Program. Residential energy is the focus of the [December 11](#) and [December 18](#) webinars (3 p.m. EST start time).

Attached: FERC nomination letters, CFTC letter.