

January 23, 2015

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

FROM: Jo Ann Emerson

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***Electric Co-ops' Innovation Highlighted at Energy Forum on Future***

At the U.S. Energy Association's State of the Energy Industry Forum at the National Press Club this week, I talked about how electric cooperatives are grappling with the challenges posed by conflicts in public policy. We need to emphasize safe, reliable and affordable energy in the pursuit of new policy goals – and at the same time insist on common-sense measures that don't hamper utilities when they make smart investments in clean coal technologies, nuclear or hydroelectric power generation, or environmental controls. Reminding the Washington crowd about how electric co-ops transform the rural economy and improve life for millions of Americans, I asserted our role in innovation and our track record of investment in the grid.

To punctuate the point, I urged government and industry leaders to work together on resolving those conflicts in policy, especially in EPA regulations. Balanced, reasonable energy policies will allow the electricity sector to meet the nation's demands and continue to operate safely, reliably and affordably.

***Senate Shows Action on Electric Water Heater Standards, More Work Ahead***

We welcome the Senate's 94-5 vote to amend the Keystone XL pipeline bill to fix DOE's electric water heater efficiency standards. I sent a letter (attached) urging the Senate to accept our language. It's a trimmed-down version of the efficiency bill that passed the House but stalled in the Senate last Congress. We thank Sens. Portman (R-OH), Shaheen (D-NH) and Murkowski (R-AK) for pushing this measure. This is a big step forward, but our work is far from finished. The Keystone bill faces a strong veto threat, so we're working on a stand-alone Senate bill Sens. Hoeven (R-ND) and Klobuchar (D-MN) will introduce soon.

***Co-op CEO Urges Congress to Pass Coal Ash Legislation***

A big thank you to Seminole Electric CEO and General Manager Lisa Johnson for testifying to a House Energy and Commerce subcommittee about electric co-op concerns with EPA's final coal ash rule. Subcommittee Chairman Shimkus (R-IL) and others agreed legislation is needed to address flaws in the coal ash regulation. Johnson urged Congress to pass coal ash legislation that will provide regulatory certainty. We want to make permanent EPA's previous determination to regulate coal ash as non-hazardous and create a state enforcement process in place of citizen lawsuits driving compliance.

### ***Natural Gas Pipeline Permitting Bill Clears House***

We supported the House passing (253-169 vote) a natural gas pipeline permitting bill (H.R. 161) that would streamline the Federal Energy Regulatory Commission's (FERC) review process for pipeline applications. I signed a letter (attached) supporting the bill with the CEOs of the American Public Power Association and Edison Electric Institute. The bill now moves to the Senate, where the outlook is uncertain because it faces a veto threat.

### ***Senate Committee Schedules Hearing on Freight Railroad Problems***

We welcome the Senate Commerce, Science and Transportation Committee's plans to hold a hearing next week on freight railroad service problems that impact rail shippers, including delays of coal deliveries. We're working with the committee to spotlight the impact of freight railroad problems on power plant operations and electric reliability. The committee's action comes two weeks after the Surface Transportation Board (STB) proposed a [rule](#) that would require freight railroads to provide weekly performance reports to help ensure better service to rail shippers. Committee Chairman Thune (R-SD) is expected to reintroduce a STB reauthorization bill with provisions aimed at improving freight rail service.

### ***NRECA Meets with FERC Staff on EPA GHG Rule***

We met with FERC staff to discuss electric co-ops' concerns about EPA's existing power plants GHG rule and how it will impact reliability, prices and the markets. We explained co-ops will be disproportionately affected by the rule, and asked FERC to support our proposals for eliminating EPA's proposed 2020 interim compliance deadline and adding a dynamic reliability safety valve.

We advised the staff that merely providing a safety valve providing more time for state plans to be drafted, approved and implemented will not help to preserve reliability. FERC will host a February 19 conference to get input on the impact of EPA's plans on electric reliability, and we'll be at the table on your behalf.

**Attached:** Letter for energy efficiency amendment, letter for pipeline permitting bill.