

January 30, 2015

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

FROM: Jo Ann Emerson

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***NRECA Meets with FERC Commissioner Bay; Details on GHG Rule Technical Conferences***

I met with the new Federal Energy Regulatory Commission (FERC) Commissioner Norman Bay about several issues. The discussion included grid reliability impacts of EPA's existing power plants GHG rule, electricity and natural gas markets coordination and cybersecurity. Commissioner Bay will become FERC Chairman on April 15, 2015, in a transition the Administration negotiated with Senate energy leaders. We'll have similar discussions with current Chairman Cheryl LaFleur and Commissioners Philip Moeller and Tony Clark next week.

In related news, FERC invited Jay Morrison, NRECA's Vice President of Regulatory Issues, to be a panelist at the first [technical conference](#) on grid reliability impacts of EPA's existing power plant GHG rule on February 19 in Washington, D.C. He'll present co-op views on the "Electric Reliability Considerations" panel. FERC announced its Denver technical conference at the Renaissance Denver Hotel on February 25, 2015. It's open to the public. If you wish to speak, you must [register online](#) today. There's no deadline to [register online](#) to attend. The Denver meeting will focus on the Western Interconnection.

***Great Conversation with Under Secretary for Rural Development at USDA***

I had a terrific meeting with Lisa Mensah this week. She is the newly Senate-confirmed Under Secretary for Rural Development at USDA, which includes the RUS program and a host of other programs that serve rural America. She has been on the job just three weeks officially and is doing a lot of listening at the moment. I was impressed with her passion for improving the quality of life for those living in rural areas, and look forward to working closely with her.

***Fix for Water Heaters Standards Moving on Two Legislative Tracks***

Our fix for DOE's electric water heater efficiency standards is now moving on two legislative tracks. The Senate passed (62-36 vote) the Keystone XL pipeline bill that includes our water heater provision. The water heater language is in a trimmed-down version of the efficiency bill that stalled last Congress. This is a big step forward, because it's the first time the Senate has voted on our water heater legislation. But, the Keystone bill is likely to be vetoed. We're also working with Sens. Hoeven (R-ND) and Klobuchar (D-MN) on a new stand-alone bill (S. 259). We anticipate a companion House bill soon.

Among the dozens of amendments considered was a defeated amendment (45-53 vote) by Sen. Udall (D-NM) to mandate a 25 percent electric utility renewable portfolio standard (RPS) by 2025, with electric co-ops and public power exempt. Congress has defeated several RPS

proposals over the past decade. But, it signals what we could see in the expected energy debate that may be the broadest in scope since the 2005 and 2007 laws passed.

### ***EPA Prepares for Small Business Impacts Review on GHG Rule***

We're working to get electric co-ops represented on the small business impacts review panel for EPA's proposed existing power plants GHG rule. Getting comments from the panel is part of the Small Business Advocacy Review that EPA is required to do before it issues a final rule. The panel must include representatives of small businesses, governments and not-for-profit organizations. EPA's deadline for stakeholder nominations is February 10, and the meetings will likely happen in the next few months since EPA plans to issue a final GHG rule in June 2015.

### ***Co-ops Keep Pushing for Cybersecurity Information-Sharing Legislation***

We joined a [letter](#) urging the Senate to quickly pass cybersecurity information-sharing legislation. Senate and House committees held hearings this week to look at priorities for cybersecurity. The hearings were a good step toward getting legislation passed to provide legal certainty for businesses that voluntarily share and receive information on cyber threats and vulnerabilities. Cyber information-sharing legislation reached the Senate floor in the last Congress, but didn't get a vote before final adjournment. We heard that Senate Majority Leader McConnell (R-KY) asked several committee chairs to team up and take on cybersecurity issues.

### ***Legislation to Address Freight Railroad Problems Following Senate Hearing***

We're working with congressional leaders who are drafting legislation to reauthorize and update the Surface Transportation Board (STB). We're pushing for reforms to help address freight rail congestion and coal delivery problems that impact electric co-ops and other rail shippers. During a Senate Commerce, Science and Transportation Committee hearing on freight railroad issues this week, Chairman Thune (R-SD) said he'll soon reintroduce STB reauthorization legislation that electric co-ops support. A House Transportation and Infrastructure subcommittee will hold a hearing on "How the Changing Energy Markets will Affect U.S. Transportation" next week.

### ***House Committee OKs Bill to Improve Small Business Regulatory Protections***

We welcome the House Judiciary Committee's 19-8 vote for a bill (H.R. 527) that would protect small businesses from burdensome regulation. We're urging Congress to pass it. It would extend Regulatory Flexibility Act requirements to all federal agencies and require foreseeable indirect costs to be included in small business impact reviews of regulations. The bill now goes to House floor. The House passed this legislation last Congress, but it failed to move in the Senate. The bill includes provisions requiring agencies to promptly "show their work" on determining impacts on small businesses. Another provision would require periodic "look back" reviews on existing regulations to determine small business impacts post-implementation.

### ***Interior 'Steadfastly' Moving Greater Sage-Grouse ESA Review***

We're disappointed by Interior Secretary Jewell's statements to the Colorado and Wyoming governors that her agency's Endangered Species Act (ESA) review for the greater sage-grouse is continuing despite the restrictions passed by Congress in December. Jewell said the FY15 omnibus provisions to delay action on the greater sage-grouse review have "no effect on our

efforts” and the agency is “steadfastly moving ahead” on protecting the greater sage-grouse. She said the goal is to make a final ESA listing decision this fall. The Bureau of Land Management and Forest Service, which manage the majority of remaining sage-grouse habitat, are revising roughly 100 land-use plans covering 67 million acres in the bird’s 11-state Western range to protect and restore its sage-grouse habitat. We’re working with partner groups and coalitions on the next steps in this issue.

### ***Let’s Get Congress Warmed Up for LIHEAP***

Your help is needed in highlighting how important the Low Income Home Energy Assistance Program (LIHEAP) is for rural communities that get hit hard by extreme weather and economic slumps. We’re asking Congress for full LIHEAP funding of \$4.7 billion and you can help get this issue in front of appropriators. NRECA is cosponsoring [LIHEAP Action Day](#) on March 25, when we’ll take this issue to the Hill with a broad coalition of supporters. You can also sign a [letter](#) urging Congress to provide adequate funding. LIHEAP helps low-income households cope with home fuel costs during extreme conditions and weather emergencies.

### ***NRECA’s Wasson Named to CFTC Markets Advisory Panel***

We very proud that NRECA’s Russell Wasson, Senior Associate Director of Tax Finance and Accounting Policy, has been appointed an [Associate Member](#) of the Commodity Futures Trading Commission’s (CFTC) Energy and Environmental Markets Advisory Committee. He joins other top energy sector leaders and experts to advise CFTC on the impact of its rules on end-users like electric cooperatives. Wasson brings over 32 years of electric cooperative tax, finance and accounting experience to his role in assisting NRECA’s members.