

February 27, 2015

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

FROM: Jo Ann Emerson



WORKFORCE FACT: In the utility industry, job security, base pay and career advancement are the top attraction drivers; the top retention drivers are base pay, length of commute and career advancement, according to a 2014 TowersWatson survey.

Annual Meeting Renews Enthusiasm and Energy for Our Mission!

I had a fantastic week with the 6,500 co-op leaders who gathered to address the important issues we face. I came away with renewed enthusiasm and energy from our members, the co-op story and our advocacy on behalf of rural America. I really enjoyed the co-op spirit in Youth Tour spokesperson [Breonna Hammon's](#) (Garkane Energy - UT) [speech](#). We all thank outgoing NRECA Board President Curtis Nolan (Sulphur Springs Valley Electric - AZ) for his outstanding leadership. He [handed the gavel](#) to President Mel Coleman (North Arkansas Electric), who'll lead with Vice President Phil Carson (Tri-County Electric - IL) and Secretary-Treasurer Curtis Wynn (Roanoke Electric - NC). At our ACRE® breakfast, we hosted over 2,000 and honored many ACRE® leaders, like our President's Club members and the CEO and Board of Central Alabama Electric Co-op, who've gone above and beyond.

Co-ops Highlight Regional Impacts at FERC Reliability Conference

Electric co-ops made a strong showing at the Federal Energy Regulatory Commission's (FERC) Denver technical conference on reliability impacts of EPA's existing plants GHG proposal. Joel Bladow, Tri-State G&T's Senior Vice President of Transmission, did a great job outlining co-op concerns and expressed our desire that FERC engage with EPA to address significant flaws and erroneous assumptions within the proposal. He urged FERC to act now to give feedback to EPA and stressed several key issues, including:

1. Concern with the interim goals and overall timeframe of the proposed rule;
2. Concern that the proposed rule does not adequately account for or address the regional nature of the Western Interconnection and utilities that serve multiple states;
3. Concern that the proposed rule does not provide needed flexibility to address emergency and operational realities of the complex networks it will significantly impact.

In written comments, Arizona Electric Power Cooperative stressed that EPA's proposal would force the co-op to shut down all of its coal-based units to meet the interim 2020 reduction requirements and threaten reliability. Tri-State G&T hosted a booth with our [#WeKeepTheLightsOn](#) reliability message in the lobby. Joseph Goffman, EPA's Associate Assistant Administrator for Climate and Senior Counsel, testified that EPA anticipates "the development of ideas that FERC, DOE, and EPA can use . . . to focus on reliability issues."

Co-op Concerns with EPA GHG Rule Highlighted by House Committee

The House Energy and Commerce Committee [spotlighted](#) our “EPA Regulatory Maze” graphic and co-op reliability concerns about EPA’s existing plants GHG proposal. We thank Environment and Economy Subcommittee Chairman Shimkus (R-IL) for showing our graphic during a [hearing](#) on EPA’s budget. He agreed with other committee members that EPA should drop its 2020 interim reduction target and make other changes to avoid coal plant closures and other negative reliability impacts. Rep. Harper (R-MS) said the plan would have a big cost impact on his state, including coal plant closures and stranded assets. Rep. Cramer (R-ND), a former public utility commissioner, said that EPA should have consulted with FERC about reliability impacts before releasing its plan. When asked by Rep. Latta (R-OH) if EPA would give a waiver for states where GHG reduction targets would impact reliability, EPA Administrator Gina McCarthy said she didn’t foresee that happening, but added that EPA has “tools” to address problems. Summing it up, Chairman Upton (R-MI) said, “... I think these regulations are going to cost American households and families.”

Senate Push Continues to Fix DOE Water Heater Standards

We applaud Senate leaders for continuing the push for legislation to fix DOE’s electric water heater efficiency standards. With the Senate unlikely to override the now official Keystone XL bill veto, Sen. Portman (R-OH) introduced a bipartisan energy efficiency bill (S. 535) that contains our language. Cosponsors include Sens. Shaheen (D-NH), Ayotte (R-NH), Collins (R-ME), Manchin (D-WV) Gardner (R-CO), Bennet (D-CO) and Franken (D-MN). We’re also working with Sens. Hoeven (R-ND) and Klobuchar (D-MN) on a stand-alone bill (S. 259) addressing our water heater fix. Reps. Whitfield, (R-KY), Latta (R-OH), Loebach (D-IA), Cramer (R-ND) and Doyle (D-PA) are leading the companion bill (H.R. 906).

Congress Active on Cybersecurity Information-Sharing

We welcome congressional efforts to address cybersecurity issues and move information-sharing legislation, including holding several hearings next week. Senate Intelligence Chairman Burr (R-NC) and Ranking Member Feinstein (D-CA) are circulating draft cybersecurity information-sharing legislation that could be introduced and moved to markup next week. We supported this legislation in the last Congress and we expect to support it again, because electric co-ops can do a better job of protecting the grid if the government more freely trusts us with threat information. The House Intelligence Committee could move an information-sharing bill in March.

It’s Back... Electromagnetic Pulse and Geomagnetic Disturbance Legislation

We continue to work with Congress on critical infrastructure protection legislation that would require the Department of Homeland Security to incorporate geomagnetic disturbances (GMD) and electromagnetic pulses (EMP) into planning scenarios. The industry currently has NERC standards for GMDs, which were developed with industry input. We support the concept of DHS planning for all hazard recovery. However, a bill (H.R. 1073) by Rep. Franks (R-AZ) doesn’t address all hazards and instead focuses on one type of high-impact, low probability event (man-made EMPs) and attempts to link them with naturally-occurring GMDs under a single umbrella term. The proposal also isn’t clear on what is expected to be included in a DHS plan.