

March 20, 2015

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

FROM: Jo Ann Emerson

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**WORKFORCE FACT:** American military veterans are a great talent resource for our projected 14,000 co-op job openings. They bring relevant technical and leadership skills. Of those who've served in uniform since 2001, 44 percent were from rural America, according to a Pew Research Group study.

### ***House RUS Letter Earns 186 Signatures, Focus Now on Senate Letter***

I'm very proud of the outstanding co-op effort to get 186 House members to sign our letter urging appropriators to ensure adequate Rural Utilities Service (RUS) Electric Loan Program levels (list attached). Thank you to the statewide associations for your tremendous work. We also thank House Agriculture Chairman Conaway (R-TX) and Ranking Member Peterson (D-MN) for their leadership. Along with supporting current loan levels, the letter urges rejection of RUS loan restrictions in the Administration's budget. We're now working a Senate RUS letter led by Sens. Inhofe (R-OK) and Heitkamp (D-ND) that will be sent next Friday.

### ***Committee Focuses on GHG Rule Impacts and EPA's Overreach***

We [applaud](#) House Energy and Power Subcommittee Chairman Whitfield (R-KY) for focusing attention on the cost, reliability impacts and legality of EPA's existing power plants GHG proposal. Among state officials testifying on EPA's proposal, Florida Public Service Commission Chairman Art Graham said his state "conservatively calculated" it would cost nearly \$27 billion – \$2,800 per utility customer – to comply with EPA's plan. He said the plan did not consider stranded costs of early coal plant retirements. "Thus, the Clean Power Plan may likely require some utility customers to effectively pay twice; once for the assets in use and again for assets that cannot be used," he said.

During testimony on EPA overstepping its authority, noted Harvard Law School professor [Laurence Tribe](#) said, "EPA is attempting an unconstitutional trifecta: usurping the prerogatives of the states, Congress, and the federal courts – all at once." North Carolina Environment and Natural Resources Secretary Donald van der Vaart said states should not have to start their compliance plans before courts hear the coming legal challenges. "If the EPA wants to transform America's power system by forcing a round peg into the square hole..., it should have the prudence to allow the final rule to be reviewed by the courts before requiring states to undertake such a Herculean effort," he said. As House Republicans focused on the GHG rule impacts, the President reaffirmed his climate policy in an [executive order](#) for federal agencies to cut federal GHG emissions 40 percent by 2025 and increase renewable energy use by 30 percent.

### ***House Energy Panel Hears Broad Support for Water Heaters Legislation***

Gary Connett, Great River Energy's Director of Demand-Side Management, did a fantastic job [testifying](#) to a House Energy subcommittee for a bill (H.R. 906) to fix DOE's electric water heater efficiency standards that take effect on April 16. He explained that co-ops use large electric water heaters to reduce peak demand, provide cost savings for members and ensure reliability. The panel also heard support from Vaughn (water heater manufacturer), the American Council for an Energy-Efficient Economy and Natural Resources Defense Council. The bill has strong bipartisan committee support. Rep. Latta (R-OH) noted that all co-ops in his district use electric water heaters to manage peak load. Rep. Welch (D-VT) said electric co-ops are a "lifeline for citizens in rural areas." We're pushing to Congress to quickly pass legislation that ensures co-ops can continue to use large electric water heaters for demand response.

### ***Co-op Stresses Harmful WOTUS Impacts Proposal to House Ag Committee***

Russ Biggica, the Pennsylvania statewide's Government and Regulatory Affairs Director, did an outstanding job [testifying](#) to a House Agriculture subcommittee on why EPA and the Army Corps of Engineers' should withdraw the proposed Waters of the U.S. (WOTUS) rule and restart the rulemaking with adequate stakeholder input. Biggica stressed the WOTUS proposal would too broadly expand the Clean Water Act to include features, like dry streambeds, that only have water after a rain. That would create costly red tape and regulatory delays for power line siting and maintenance. He noted the agencies did not complete an appropriate small business impacts review, and urged that a complete review be done before they move forward. Minnkota Power CEO Mac McLennan will testify on WOTUS issues at a Senate hearing next Tuesday.

### ***Committee Clears Bill to Reduce Red Tape for Rights-of-Way Maintenance***

Rep. Gibbs (R-OH) is stepping up again to push legislation (H.R. 897) that would block overlapping pesticide regulations that impact electric co-ops. The House Agriculture Committee cleared the bill by voice vote. It now goes to House Transportation and Infrastructure Committee review and then the floor. The bill would block a regulation resulting from a court order that forces pesticide and herbicide applicators to get a Clean Water Act permit in addition to complying with a long-standing permit requirement. Requiring the additional permit makes it harder and more costly to maintain rights-of-way. A similar bill passed the House and cleared the Senate Agriculture Committee in the last Congress.

### ***Co-ops Urge FWS to Adopt Viable ESA Plan, Lawmakers Raise Concerns***

We sent [comments](#) urging the Fish and Wildlife Service (FWS) to adopt a viable plan that recognizes co-ops' reliability and service obligations if the northern long-eared bat is listed as threatened or endangered. We noted the disease affecting the long-eared bat population is unrelated to electric power lines. I also issued a [statement](#) emphasizing that a long-eared bat listing would interfere with electric co-ops' legal requirement to maintain reliability. We also asked FWS to include a special rule that allows essential vegetation management to ensure utility line reliability, emergency response and installation activities if the species is listed as threatened. The listing could affect 650 distribution co-ops and G&Ts in the bat's 39-state range. We thank the 27 lawmakers who signed [House](#) and [joint](#) letters raising concerns.

### ***NRECA Urges EPA to Keep Ozone Standards at Current Level***

We joined a coalition letter [urging](#) EPA to maintain the current ozone National Ambient Air

Quality Standards at 75 parts per billion (ppb). I also issued a [statement](#) emphasizing electric co-op concerns with EPA's proposal to lower the allowable ozone levels before the current standard is met. We support legislation (S. 751) introduced by Sens. Thune (R-SD) and Manchin (D-WV) that would block EPA's proposed rule.

### ***Coal Ash Legislation Co-ops Support Moving in Committee, Markup Next Week***

We support coal ash legislation now moving through House Energy and Commerce Committee review. The Environment and Economy Subcommittee held a hearing on a draft bill to allow states to implement the criteria in EPA's final [coal ash rule](#) released in December and expected in the *Federal Register* by early April. EPA's rule regulating coal as non-hazardous is a step in the right direction to further reduce uncertainty. Utility Solid Waste Activities Group Executive Director Jim Roewer, who testified for NRECA and other coalition members, said EPA's final rule provisions for "self-implementation" through citizen lawsuits create huge compliance issues. The draft bill would make EPA's long-standing non-hazardous determination permanent and allow EPA to delegate states to implement and enforce the rule through permits in addition to citizen lawsuits. The panel will hear EPA testimony next [Tuesday](#), and hold a bill markup Wednesday.

### ***Budget Committees Outline Spending Priorities, Several Concerns for Co-ops***

The House and Senate Budget committees approved their FY16 budget resolutions on party-line votes and moved them for floor debate next week. This begins an intense debate on spending priorities. We're working to protect our core co-op programs. We're also pushing to ensure a "fair value accounting" proposal for federal lending programs does not harm the Rural Utilities Service (RUS) Electric Loan Program. We want to ensure that any accounting change for "scoring" program costs doesn't make RUS electric loans appear to be costing the government more money.

### ***FERC Issues Significant Reliability Orders***

The Federal Energy Regulatory Commission (FERC) approved most of the North American Electric Reliability Corporation's (NERC) [compliance registry reforms](#) that it collaborated on with industry. The reforms will help minimize the impacts of NERC's reliability standards on smaller entities. FERC asked for more information on a few issues that it did not approve. We'll work with NERC and other industry groups to provide that. FERC also issued an [order](#) rejecting NextEra's (IOU in FL) appeal to overturn a penalty for a reliability standard violation. It's the first such appeal to reach FERC since the mandatory standards regime started in 2007. NRECA and other major industry trade associations supported the NextEra appeal. We'll work with our coalition to see how best to follow up.

### ***Don't Miss Utility-Scale PV Tools Webinar***

Sign up now for our free March 31 [webinar](#) (1 p.m. EDT) on NRECA's standardized technical designs for photovoltaic solar arrays (.25 MW, .5 MW, 1 MW). Our Business and Technology Strategies staffers Doug Danley and Andrew Cotter will [explain](#) the array designs and our utility-scale PV system manual that covers financial, engineering and operational issues. The NRECA project is aimed at making it easier for co-ops to deploy solar systems. It received funding and support from CFC, Federated Rural Electric Insurance Exchange, 14 co-ops and DOE.

**Attached:** House RUS letter list