

June 5, 2015

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

FROM: Jo Ann Emerson

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 **WORKFORCE FACT:** Almost 84 percent of new graduates entering the workforce say they plan to stay with their first employer more than two years, according to the National Association of Colleges and Employers [Class of 2014 Student Survey](#).

### ***Great Week Visiting Our Members in Missouri and Kentucky***

A big thank you to Associated Electric Cooperative (MO) and South Kentucky RECC for their tremendous hospitality while hosting me at their annual meetings. Also had great meetings at Cumberland RECC and the Cooper Station Power Plant (part of East Kentucky Power). I was thrilled that Congressman Andy Barr (KY) could join me at Cooper Station! We discussed several issues, including EPA's proposed existing power plants GHG rule, the final Waters of the U.S. (WOTUS) rule and legislation addressing these and other issues.

### ***EPA GHG Rule Goes to OMB Review***

EPA sent a major portion of the proposed existing plants GHG rule to the Office of Management and Budget (OMB) for interagency review. During the OMB review expected to take the usual 90 days, we'll continue to bring attention to our issues on reliability, impacts on electric rates and stranded co-op assets. EPA says it is nearly finished with the several remaining sections of the proposal. A final rule could be issued by late August.

### ***Senate Committee Resolution Urges Small Business Impacts Review for WOTUS Rule***

We appreciate the Senate Small Business Committee recognizing that EPA and the Army Corps of Engineers should have considered impacts on small businesses before proposing the WOTUS rule. The committee passed a committee resolution supporting statements by the Small Business Administration's Office of Advocacy, which has repeatedly said that EPA and the Corps of Engineers should have considered the small business impacts. The Office of Advocacy recommended that EPA and the Corps of Engineers withdraw the rule and conduct a Small Business Advocacy Review Panel. In related news, the Senate Environment and Public Works Committee plans a June 10 markup for a bill (S. 1140) directing EPA and the Corps of Engineers to withdraw the WOTUS rule and get stakeholder input to resolve confusion and problems before moving forward. The final rule signed by EPA last week takes effect 60 days after publication in the *Federal Register*, which is expected this month.

### ***Co-op Highlights Progress on NERC Physical Security Standards***

A big thank you to Angie Sheffield, Georgia Transmission Corp.'s Vice President, General Auditor/Chief Regulatory Compliance Officer, for presenting at the Federal Energy Regulatory Commission's (FERC) technical conference focused on North American Electric Reliability Corp. (NERC) reliability issues. Sheffield complimented FERC and NERC for their efforts in developing and approving beneficial reforms to NERC's compliance and enforcement program and their registration criteria and processes. She said the reforms have helped to implement a risk-based compliance and enforcement program and reduce the number of distribution co-ops that are registered with NERC. Since the reforms have only been in place for six months, she encouraged FERC to address these same issues at next year's technical conference. For more information, contact NRECA's [Barry Lawson](#).

### ***TSCA Clears House Committee with Overwhelming Support***

We welcome the House Energy and Commerce Committee's 47-0 vote (with one abstention) to approve the Toxic Substances Control Act (TSCA) reauthorization bill (H.R. 2576). The bill goes to the House floor for debate expected the week of June 22. We support bill language that would keep current regulations for polychlorinated biphenyls (PCBs) in place. Like other utilities, co-ops have transformers, and other electrical equipment containing PCBs, made before TSCA became law in 1978. We joined coalition letters [thanking House leaders](#) for championing this legislation and [urging Senate leaders](#) to quickly move the Senate bill (S. 697) to floor votes.

### ***House Panel Maintains Cooperative Development Funds in Appropriations Bill***

We thank the House Appropriations subcommittee for passing (voice vote) a FY16 State/Foreign Operations spending bill with \$10.5 million for the Cooperative Development Program (CDP). NRECA's International Program receives some of that funding; this is the same level as Congress passed last year.

### ***Appeals Court Again Defers to EPA on Ozone Rule Challenge, Co-ops Push for Legislation***

As EPA again considers lowering the ozone National Ambient Air Quality Standards below the current standard issued in 2008, an appellate court ruling this week – granting wide deference to EPA's expertise in designating nonattainment areas – serves as a reminder for Congress to act. Given the ongoing trend of federal courts deferring to EPA on these issues, we continue to push Congress to pass legislation addressing the problem and stopping EPA from setting tighter standards that can't be achieved even in pristine areas. During a Senate Environment and Public Works Committee hearing, Senate Majority Leader McConnell (R-KY) made a rare appearance to speak in support of a bill (S. 751) that would block EPA's proposal to further tighten the NAAQS before the current NAAQS is met. NRECA has issued a [statement](#) emphasizing electric co-op concerns with EPA's proposal.

### ***NRECA Supports Water Heater Maker's Appeal to FERC***

We're supporting electric water heater manufacturer Vaughn Thermal Corp.'s [appeal](#) to FERC to overturn DOE's denial of a relief waiver request from large capacity water heater efficiency standards that took effect in April. We're emphasizing that DOE's rulemaking included data from flawed studies that claim electric utilities could meet all thermal storage needs for demand

response programs using only heat pump water heaters. We're emphasizing this appeal, even though Congress passed legislation to address the water heater issue, because DOE relied on significantly flawed studies in denying Vaughn's waiver. We're looking to FERC to tell DOE it needs to rely on better studies and analysis on appliance efficiency standards, so we don't wind up with more problems like we had with the water heater standard.

### ***Senate Bill Aims to Reduce Red Tape for Rights-of-Way Maintenance***

We support a bipartisan Senate bill (S. 1500) that would block overlapping pesticide regulations that impact electric co-ops. The bill introduced by Sens. Crapo (R-ID) and McCaskill (D-MO) 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 Agriculture Committee on a voice vote in March awaits the House Transportation and Infrastructure Committee review. The House passed similar legislation in the last two congresses, but it didn't advance beyond committee review in the Senate.

### ***NRECA Urges Senate to Pass Cybersecurity Information-Sharing Bill***

We continue to urge Congress to pass cybersecurity information-sharing legislation that will enhance electric co-ops' ability to protect the grid. We joined an electric sector [letter](#) urging the Senate to pass a cybersecurity information-sharing bill (S. 754) and move it to conference with similar legislation (H.R. 1560) the House passed. This legislation would help businesses voluntarily share information about cybersecurity vulnerabilities, alerts and defensive measures without fear of lawsuits or burdensome requirements. We're working to get this legislation passed by early July.

### ***FirstNet Proposal would Limit Co-op Access to Emergency Communications***

We filed comments urging the First Responder Network Authority (FirstNet) to drop proposed changes to the "public safety entity" definition for the Public Safety Broadband Network that would limit network access for utilities, including electric co-ops. The proposal would narrow the definition of public service entity to limit disaster and emergency communications network access to only utility crews that restore public safety services, not the entire utility. Limiting network access only to individual employees or sub-groups is not practical or workable for electric co-ops, and it's not what Congress intended when it passed the FirstNet law in 2012. We're urging the FirstNet Authority to develop a robust network that helps electric co-ops prevent, withstand and respond to power outages during disasters and emergencies.

### ***NRECA's Rich Meyer is New Energy Bar Association President***

I'm very proud that NRECA Senior Vice President and General Counsel Rich Meyer is the Energy Bar Association's newest [president](#) and will serve until May 2017. Rich has been an EBA member since 1980 and served in leadership roles since 2000. Many other NRECA staff participate in EBA and other professional organizations, trade groups and advisory panels, which helps leverage our work on behalf of member co-ops. Congratulations, Rich!