

July 31, 2015

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

FROM: Jo Ann Emerson



WORKFORCE FACT: Forty-seven percent of Millennials now say a prospective employer's online reputation matters as much as the job it offers, according to a *Forbes* Leadership [article](#).

Fantastic Time with Virginia, Maryland, Delaware Co-ops

Thank you to the Virginia-Maryland-Delaware statewide association for their wonderful hospitality at their conference in Roanoke, VA. We had a great conversation about EPA's regulatory overreach, particularly the power plant GHG and Waters of the U.S. rules. We also talked about boosting NRECA member engagement, the importance of co-op community involvement and efforts to get co-op issues in front of presidential candidates.

Co-op Leaders Spotlight Our Energy Efficiency Achievements to Hill

It was exciting to hear three electric co-op leaders tell the success story of co-ops being energy innovators during a congressional staff briefing. Thank you to Curtis Wynn, Roanoke Electric CEO and NC NRECA Board Director; Ken Colburn, New Hampshire Electric Board Director and NH NRECA Board Director; and Gary Connett, Great River Energy's Director of Member Services, for highlighting electric co-op energy efficiency and renewable energy [achievements](#) across the country. Electric co-ops provide a total 95 megawatts of [renewable power](#) using wind, solar, geothermal, biomass and hydropower resources and promote energy savings through [energy efficiency](#) and [demand response](#) programs. Thank you to Sen. Klobuchar (D-MN) for helping to highlight co-op efforts at the Environmental and Energy Study Institute event.

Co-ops Gearing Up for Release of GHG Final Rules

We're ready for EPA's release of its power plant GHG final rules – now expected early next week. We've already engaged the media to emphasize electric co-ops' concerns with how the GHG rules will impact affordability and reliability. We will begin to review the rule as soon as it comes out. We sent a toolkit to statewide associations with our congressional recess talking points for co-ops to raise with members of Congress back home. You can also review our [webinar](#) about the recess toolkit and get the presentation slides. We also issued the findings of our [study](#) on how increased electricity prices will negatively impact jobs and the economy.

Co-ops Lead in 'Cadillac Tax' Repeal Campaign Kickoff

We joined other "Alliance to Fight the 40" founding members at our kickoff press conference for the campaign to repeal the Affordable Care Act "Cadillac Tax" – a 40 percent excise tax on health plans. Our [message](#): no electric co-op, whether they provide health insurance through

NRECA's Group Benefits Trust or another source, should ever be subject to this unfair tax on health plans, and we're [urging](#) Congress to pass legislation to fully repeal it as soon as possible. At last count, over 200 House members are cosponsoring legislation (H.R. 879, H.R. 2050) to repeal the Cadillac tax. We continue to actively seek more House cosponsors and urge the Senate to support a bill that could be introduced next week. All electric co-ops can contact NRECA's Insurance and Financial Services field representatives about the "Cadillac Tax" that takes effect in 2018. See more at NRECA.coop.

Senate Committee Moves Energy Package

We welcome the Senate Energy and Natural Resources Committee's vote (18-4) to send a bipartisan energy package to the floor. The Energy Policy Modernization Act includes sections to improve energy infrastructure, boost cybersecurity safeguards, promote renewable energy development and reform federal energy programs. We're disappointed the committee rejected an amendment (9-13 vote) that would have required freight railroads to send reports on delayed coal deliveries to the Energy Department and the Federal Energy Regulatory Commission for action. We'll continue to work to improve this bill. The committee also passed (20-2) a stand-alone energy efficiency bill (S. 720) long championed by Sens. Portman (R-OH) and Shaheen (D-NH), which some consider a possible vehicle for energy legislation if the broader bill stalls. Given the busy schedule for the Senate this fall, it's unlikely the bill will be on the floor in the near term.

Transmission Task Force Considers Outlook on Energy and Environmental Issues

We thank the Transmission Task Force members for their insights on the outlook for energy and environmental issues. Federal Energy Regulatory Commission (FERC) Commissioner Philip Moeller spoke at lunch, saying, boosting energy infrastructure will be a major factor in electric utilities being able to comply with EPA's power plant GHG rules. He said siting and building infrastructure within a relatively short timeframe for utilities to meet new EPA standards will be difficult. It's important that any energy legislation passed by Congress include changes that will make the infrastructure review process faster and "more logical and accountable," he said. Moeller also stressed that it's important for electric co-ops to keep building strong relationships with FERC, as well as their state environmental regulators who will play the important role of implementing EPA's GHG rules.

Electric Co-ops Oppose Raising Federal Coal Royalty Rates

During the first listening session the Bureau of Land Management is holding on whether federal coal royalty rates are too low, we raised several important issues. We stressed the federal coal program's importance to not-for-profit electric co-ops – our early estimate is that about one-quarter of all the coal mined from federal lands ultimately generates electricity that electric co-ops distribute. Raising federal coal royalty rates will harm electric co-ops' ability to provide affordable power. We also highlighted our recent [study](#) on how higher electricity prices would impact jobs. Four more [sessions](#) (MT, WY, CO, NM) will be held in August. We oppose legislation introduced this week that would require BLM to raise federal coal rates.

Critical Infrastructure Protection Bill Clears Senate Committee, More Work Needed

We'll continue to work for improvements to critical infrastructure protection legislation (S. 1846) the Senate Homeland Security and Government Affairs Committee passed unanimously.

It is similar to House bill (H.R. 1073) language requiring Department of Homeland Security (DHS) planning scenarios to include electromagnetic pulses (EMP) and geomagnetic disturbances (GMD). DHS would also have to recommend a national strategy to protect against EMP and GMD threats. The Senate bill goes a little further toward our request that naturally-occurring GMDs are defined separately from man-made EMPs. This will help to ensure that guidelines don't pull needed resources away from more common GMD threats or conflict with existing standards.

FERC to Hear New Facts in Water Heater Company's Appeal

We're pleased about the Federal Energy Regulatory Commission (FERC)'s [order](#) that Vaughn Thermal Corp., NRECA and others can present new issues in our appeal of DOE's denial of a relief waiver request from large capacity electric water heater efficiency standards. We have more details about the data from significantly flawed studies that DOE used in denying Vaughn's waiver request. The DOE studies claim electric utilities could meet all thermal storage needs for demand response programs using only heat pump water heaters. While Congress passed legislation to address the water heater issue, we want FERC to tell DOE to use better studies and analysis on appliance efficiency standards to avoid problems that we had with the water heater standards.

Sign Up for Water Heater Summit!

NRECA's Water Heater Summit is just around the corner. [Register](#) to join us in Charleston, SC, on Wednesday, September 2, to review the legislative victory that preserved large-capacity electric resistance water heaters and learn what the law means for your demand-response programs. We'll discuss new water heater products with manufacturers and learn about the direction of future water heater technology from EPRI. We'll also work together to formulate next steps for protecting and expanding water-heater-based demand response programs.

NRECA Pushes for FirstNet Plan Changes to Ensure Rural Coverage

We filed comments urging the First Responder Network Authority (FirstNet) to change its draft "request for proposals" (RFP) for the National Public Safety Broadband Network to ensure buildout of a robust emergency communications network to meet the needs of rural America. We're pushing for FirstNet to revise its draft (RFP) to include a separate rural acquisition option that includes existing electric co-op infrastructure. We urged FirstNet to seek electric co-op input on this issue and offered to coordinate those meetings. We also urged definition improvements to ensure meaningful rural coverage and clear understanding of rural coverage objectives.