

October 2, 2015

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



WORKFORCE FACT: Your cooperative's linemen school partnerships with local community colleges can be leveraged to address emerging workforce needs. In addition to long-standing linemen schools, "there are a growing number of partnerships with smaller community colleges to focus on tech areas traditionally absent from larger curriculum on electrical or power engineering at universities ... and now it's moved into even more niche areas, such as substation and relay technology," according to an [Energy Central article](#).

Strong Showing at Region 7-9 Regional Meetings

Thank you to Regions 7 and 9 for a great meeting and [resolutions](#) discussion in Salt Lake City. Special thanks to former Rep. Doc Hastings (R-WA) for sharing insights at the ACRE® breakfast on how co-ops can benefit from sustained political engagement. We're heading to the Regions 8 and 10 meeting in Albuquerque that starts October 21. Make sure to sign up for the new [Director Education Courses](#): "Strategic Technologies and Their Impact on Today's Cooperative" and "Communicating the New Energy Landscape."

Rural Power Open House Brings Presidential Campaigns, Co-op Advocates Together

A big thank you to the 75 electric co-op representatives from Iowa, South Dakota, Virginia and Wisconsin who turned out to hear from eight presidential campaigns during the [Rural Power](#) breakfast on Capitol Hill! A room full of folks wearing green co-op t-shirts greeted representatives for the Bush, Carson, Clinton, Cruz, Huckabee, O'Malley, Rubio and Sanders campaigns. There was robust discussion of candidates' positions on ensuring affordable, reliable electricity for rural America. Several campaigns said they want to continue the dialogue with electric co-op advocates in other states. Co-ops in other states are rolling out the Rural Power program for the 2016 presidential election to help ensure we're understood by the next Administration. As the candidates travel across the country, they'll recognize Rural Power grassroots advocates in green t-shirts and focus more attention on affordable power.

EPA Moves Goal Posts Again with Final Rule that Lowers Ozone Standards

We're disappointed that EPA's ozone standards [final rule](#) further tightens ozone limits to 70 parts per billion, even as states and industry continue making progress implementing EPA's previous 75 ppb standard. States must develop implementation plans by 2025 and it will cause hundreds of counties across the country to be 'out of attainment,' which requires them to adopt costly control strategies to meet the new limits. Also troubling is the new standard is set at, or below, the naturally occurring ozone levels in much of the intermountain west. We're concerned about EPA making a policy decision for these areas that establishes an attainment limit that

cannot be achieved – even with the removal of all man-made sources!

EPA Power Plant Waste Water Final Rule Will Increase Costs

Our first review of EPA's [final rule](#) on wastewater guidelines for coal-based power plants shows the agency pretty much dismissed concerns we raised during the rulemaking. The final rule ignores cost impacts on electric co-ops and other small entities and applies to wastewater from units larger than 50 megawatts. At least 15 G&T co-ops and their member co-ops will be required to eliminate all ash transport water and meet the new standards for flue gas desulfurization wastewater. The final rule will be effective 60 days after it's published in the *Federal Register*, and affected plants will generally have until November 2018 to comply. EPA expects the new guidelines to result in early retirements and partial shutdowns of power plants, projected at less than 1 percent of total generation.

Congress Passes Clean CR to Avoid Shutdown, Several Outstanding Issues

The continuing resolution (CR) Congress passed to avoid a government shutdown and fund federal programs and agencies through December 11 is a "clean" measure passed with no policy "riders." But, the CR only buys Congress two more months to resolve hot-button policy differences and pass a spending plan for the remainder of FY16. We expect it will be very difficult to reach agreement on several issues, including: Program funding levels, blocking Administration regulations, repealing the Affordable Care Act and the Cadillac Tax, and defunding Planned Parenthood.

House Republicans are moving fast-track budget "reconciliation" legislation (a budget tool to change funding levels) aimed at those controversial issues. House committees have started moving a reconciliation bill, which needs only a simple majority to pass, to revise spending levels in the FY16 budget resolution passed earlier this year. At the same time, Congress and the White House started talks on a new budget framework that would allow appropriators to change their FY16 spending bills to increase domestic spending. We're working to ensure our core programs are adequately funded in any omnibus package and address co-op concerns with EPA regulations, the Waters of the U.S. rule and Endangered Species Act listings.

House Committee Clears Energy Bill, Co-ops Still Seeking Improvements

We welcome the House Energy and Commerce Committee's vote (32-20) to pass the North American Energy Reliability, Security and Infrastructure Act (H.R. 8). We sent a letter (attached) supporting language to protect utilities from potential environmental penalties and private citizen lawsuits for voluntarily complying with DOE emergency orders. We also support provisions that would protect and improve government and industry cybersecurity information sharing. We worked with the committee to remove a fuel assurance mandate for the PJM capacity markets. The bill also includes an independent reliability impact statement for major proposed or final rules that impact electricity generation. We would like the legislation to go one step further to specify that the North American Electric Reliability Corp. to take the lead on doing impact analyses.

We're still urging other improvements to the bill. While the measure would establish a DOE strategic transformer reserve and resiliency technologies program, we're concerned about who pays the cost of that program. We're pushing to correct costly requirements in the PJM

Interconnection capacity market. We're seeking language that would ensure electric co-ops in Regional Transmission Organization (RTO) capacity markets can "self-supply" their distribution co-ops with their own generation capacity.

House Committee Clears Cybersecurity Bill

We welcome the House Homeland Security Committee passing (voice vote) the DHS Science and Technology Reform and Improvements Act (H.R. 3578) that includes language to include cybersecurity technologies that protect against cyber attacks in the designations and certificates issued under the 2002 law (Support Anti-terrorism by Fostering Effective Technologies Act – SAFETY Act) that provides lawsuit liability protections.

ESA Language Dropped from Defense Bill Conference Report

We're disappointed that language addressing Endangered Species Act (ESA) problems that impact electric co-ops were not included in the final defense authorization bill (H.R. 1735) conference report. The measure now goes to straight "up or down" votes in the House and Senate. The House defense bill would have delayed an ESA listing of the greater sage-grouse for 10 years. The conference report noted the Interior Department decision last month not to list the sage-grouse. Another House provision would have delayed ESA enforcement of the lesser prairie-chicken threatened listing. The defense bill became a vehicle for ESA provisions because endangered species regulations impact military installations.

Attached: Letter to House Energy and Commerce Committee