

MEMORANDUM

March 8, 2013

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

FROM: Jo Ann Emerson, Chief Executive Officer

The state of play for electric cooperatives...

Congress kept working through the “snowquaster” Wednesday even though federal agencies closed in anticipation of the storm. We didn’t get much snow here, but several of our co-ops in Virginia, Maryland and Delaware did. I highlighted the great job they did on power restoration, with help from several other states in the co-op nation, on my new Facebook [page](#).

The House passed a hybrid spending bill to keep the federal government operating throughout FY13. It keeps the “sequestration” cuts in place for most agencies covered under the general funding extension called a continuing resolution. The Senate takes up the bill next week, and it sounds like the Senate may try to add a few more specific spending bills instead of simply extending last year’s funding levels.

President Obama has started budget talks with key Republicans over lunches and dinners. This strategy is a significant change from his campaign-style speeches to leverage public opinion. Could this be a sign he’s ready to make a real budget deal? We won’t know for a while, but congressional Republicans generally appreciated the new approach.

Senate Focus Turning to Key Cabinet Posts for Electric Co-ops

After the Senate worked through the red-hot disagreements on Cabinet posts like Secretary of Defense and CIA Director, we’re starting to see nominations for “our” agencies come through. At the confirmation hearing for Interior Secretary nominee Sally Jewell, she spoke in favor of an all-of-the-above energy policy, but also talked up the Administration’s climate positions. The rhetoric and reality don’t quite match in my book, but we’ll keep pressing for common-sense energy policies.

Electric co-op issues will also be in the mix during Senate confirmation hearings for the new heads of EPA and DOE. Current EPA Assistant Administrator Gina McCarthy and MIT Professor Dr. Ernest Moniz are well-known in the government and industry sectors and likely to be confirmed. We’ll use this opportunity to remind Ms. McCarthy that EPA’s decisions often raise our member-consumers’ electric bills. And, Dr. Moniz should know that we’ll continue to collaborate with DOE on research, but also push back when agency policies don’t work for the people at the end of the line.

Electric Co-ops Getting Warmed Up for Water Heater Issue

At last count, 15 electric cooperative leaders are coming to Washington next Friday to voice their concerns at DOE's hearing on proposed changes for large electric water heater efficiency standards. DOE swung but missed when it suggested that one-year manufacturer waivers could keep these appliances on the market ... after the agency established onerous efficiency standards that start in 2015. Since many electric co-ops use these water heaters in demand response program, we really need longer waivers. If you can't get here for the hearing, you can still sign up to view it [online](#) and send comments. NRECA is also working to get legislation moving in Congress to resolve this issue.

We Applaud House Bill to Help Co-ops Maintain Rights-of-Way

Rep. Bob Gibbs (R-OH) stepped up for electric co-ops by reintroducing a House bill (H.R. 935) to block overlapping pesticide regulations. The "Reducing Regulatory Burdens Act" would block a new regulation requiring pesticide applicators to get a Clean Water Act permit from EPA on top of the USDA permit that has been required for many years. The federal government shouldn't be making it harder for electric co-ops to maintain rights-of-way. Though he's not listed as a cosponsor, House Agriculture Chairman Frank Lucas (R-OK) issued a statement supporting this bill, which has bipartisan support.

NRECA Continues Fight for PMAs and Preference Customers

The "Chu memo" saga continues. DOE released final [recommendations](#) for shifting the Western Area Power Administration's mission in response to the memo. Fortunately, DOE scaled back from earlier plans in the Chu memo that would have significantly shifted WAPA's mission away from providing hydropower to preference customers at the lowest cost. WAPA was the first Power Marketing Administration to develop the recommendations under last year's memo. The good news... it's uncertain when the next PMA will start this process, because great work by NRECA staff and electric co-ops helped DOE to see the light and scale back its plans.

Note: Starting this week, you will receive a PDF attachment of this document in response to comments I heard at our Annual Meeting in New Orleans.