



## MEMORANDUM

April 12, 2013

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

FROM: Jo Ann Emerson, Chief Executive Officer

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### ***Notes to Co-op Nation:***

We're reviewing the President's FY14 budget proposal. We're concerned about language on a potential sale of TVA, proposed restrictions on RUS loans and higher pension plan insurance premiums. We've beaten back similar bad ideas in the past.

### ***Win for Co-ops! New Transformer Efficiency Rule Allows Flexibility***

There's great news for electric co-ops in the Department of Energy's (DOE) new final rule on distribution transformer efficiency standards. The standards allow distribution co-ops flexibility in choosing transformers that best fit their situation and to use cost-effective units that help keep electricity affordable for their consumer-members. The tighter standards will allow us to continue buying transformer models produced by electric co-ops.

### ***Making Progress on House RUS Letter, but More Signers Needed***

We're making strong progress on getting House members to sign the RUS Electric Loan Program letter to the House Appropriations Agriculture Subcommittee with just days left before the April 16 deadline. 100 lawmakers (55 Democrats, 45 Republicans) have signed with Reps. Conaway (R-TX), Peterson (D-MN) and Blackburn (R-TN). We're close to surpassing last year's 113. Thanks to all who've reached out to their House members!

### ***Cybersecurity Bill that Electric Co-ops Support Clears House Committee***

The House Intelligence Committee approved a bill (H.R. 624) that would improve cyber threat information sharing between government and industry. We spearheaded a support [letter](#) joined by 10 other electric sector trade groups. We should see the bill on the House floor next week. We also joined two sets of [comments](#) to the National Institute of Standards and Technology highlighting the solid efforts co-ops are making to protect the grid.

### ***Coal Ash Hearing Sets Stage the Next Legislative Push***

Coal ash legislation that electric co-ops support will be introduced in the House next week, Rep. McKinley (R-WV) said at a House Energy and Commerce subcommittee hearing. The bill is similar to legislation that drew bipartisan support last Congress to prevent EPA from regulating coal ash as a hazardous material. We are working to secure bipartisan House and Senate support for this key bill.

### ***Our Message on LIHEAP Funding Goes to Congress Just as President Proposes Cuts***

I'm proud of Co-op Nation's strong support for the Low Income Home Energy Assistance Program during LIHEAP Action Day on the Hill this week. More than 100 utility and community sector leaders highlighted the need for adequate funding. Our message is critical, because the new White House budget plan would cut LIHEAP funds.

### ***Moniz says Hydropower is Renewable, Cost is PMAs' Priority***

Dr. Ernest Moniz, the Energy Secretary nominee, actually made me smile during his Senate Energy Committee confirmation hearing. He said "yes" when asked if hydropower is a renewable resource, which Sen. Murkowski (R-AK) and committee Chairman Wyden (D-OR) called a "good answer." Then came the best part... he said the PMAs' "first priority" is providing lowest-cost power to preference customers. When Sen. Lee (R-UT) pressed further and asked whether Dr. Moniz would push policies that could significantly raise PMA rates, Dr. Moniz said, "No... I think the PMAs and their customers would not and therefore we would not." What a change from this time last year! The Chairman also sent a written question on DOE's water heater efficiency standards, and if Dr. Moniz will work to ensure there is a practical solution that allows co-ops and other utilities to continue and expand their water heater demand response programs. A response is expected in a few weeks.

### ***McCarthy Signals EPA Not Backing Off on Power Plant Regulations***

In her confirmation hearing, Gina McCarthy, the EPA Administrator nominee, made it clear the Administration won't back down from its efforts to issue greenhouse gas emission limits for power plants. She told the Senate Environment Committee the President is committed to addressing climate change and said she would work with lawmakers on those actions. But, she also hinted that EPA may take action on our request to have separate coal and natural gas plant standards. The day before the hearing, acting EPA Administrator Bob Perciasepe told the media that work on GHG rules for existing power plants could start by early 2014. This is why I thought it was critical to form a task force of G&T and statewide CEOs and statewide members to monitor EPA regulation and advise NRECA as we proactively work to tackle this issue.

### ***Co-op Nation Heading to Court on EPA's Rule for Backup Generators***

We're suing EPA over its final RICE rule for small backup generators that electric co-ops use for demand response, peak shaving and emergencies. We're seeking relief in court because EPA's rule doesn't give electric co-ops enough flexibility in using these generators without costly upgrades to existing units. Our lawsuit allows an opportunity to protect what we gained in the final rule and to pursue a legal remedy where we believe EPA came up short. Our case will take several months and faces steep odds, but we'll keep at it.

### ***Our Requests for End-User Reporting Changes Gets CFTC Nod***

We heard more welcome news from CFTC on changes to help end-users like electric co-ops comply with the Dodd-Frank law. CFTC granted our request to extend the deadline for most end-user reporting requirements to August 19. The extension will avoid energy and financial markets disruptions and higher costs for co-op member-owners. CFTC also announced that end-users can report trade options once annually on Form TO and may use existing books and records, saving our members time and money.