

Notes to Co-op Nation

May 17, 2013

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

FROM: Jo Ann Emerson

Off to Good Start in Farm Bill Debate as Co-op Provisions Advance

We're off to a really good start with House and Senate Agriculture Committee action on legislation reauthorizing a five-year farm bill. We sent letters (attached) to both committees supporting the bills (S. 954, H.R. 1947), which differ significantly due to the political realities in each chamber. The Senate version has language we like, authorization for RUS to provide energy efficiency loans, reauthorization of the RUS Guaranteed Underwriter program and a study of railroad pricing abuses. But, we oppose some language that would harm the RUS broadband program by creating layers of red tape that would make it more costly and burdensome for co-ops.

The House committee went further to also restore baseload lending for RUS and clarify that RUS lien accommodations should not trigger major environmental studies. H.R. 1947 contains a different approach to RUS energy efficiency and railroad reform language, but the intent is similar. The bill's broadband language is more workable for electric co-ops, but we still need changes to benefit rural areas. The House bill also includes a provision we support to clarify that pesticide applicators, like electric co-ops, don't need to get a Clean Water Act permit on top of existing regulations, which is based on H.R. 935 by Rep Gibbs (R-OH). We've still got a lot of hard work ahead as both bills move to floor debate and we'll keep pushing for improvements.

Keeping Pressure On! 91 Sign Letters Urging DOE to Address Water Heater Issue

At last count, Co-op Nation has 91 signers (attached) on House and Senate letters to DOE led by Sens. Chambliss (R-GA) and Pryor (D-AR) and Reps. Barrow (D-GA) and Mulvaney (R-SC). 76 representatives (65 Republicans and 11 Democrats) and 15 senators (10 Republicans and 5 Democrats) signed the letters in a strong showing for our request that DOE provide a workable waiver so electric co-ops can continue using large water heaters for demand response. With energy efficiency legislation likely to move soon, we're also seeking language to address this issue. Thank you for helping to keep the pressure on! And, if any House and Senate members not on our list later express an interest on the issue, they can still send a letter to DOE supporting our position.

House Bill Misses the Mark to Protect Utilities Responding to Reliability Orders

We want to improve House legislation that attempts to protect electric utilities from EPA

finances and private lawsuits for breaking federal environmental laws while complying with Department of Energy (DOE) orders to keep power flowing on the grid during an emergency. The House Energy Committee approved the Resolving Environmental and Grid Reliability Conflicts Act (H.R. 271) by voice vote. The bill's intent is spot-on, and we just need to make the protections airtight. We sent a letter (attached) raising concerns about bill language that allows federal courts to nullify DOE emergency orders, which would remove the intended protections for utilities. Our next opportunity to solve this problem is during Senate debate.

Senate Confirms Moniz as Energy Secretary; Committee OKs McCarthy for EPA Post

We look forward to working with Ernest Moniz, who the Senate confirmed as Energy secretary on a 97-0 vote. We'll continue to collaborate with DOE on research, and push to ensure agency policies work for people at the end of the line. Gina McCarthy's nomination for EPA Administrator cleared the Senate Environment Committee on a 10-8 vote after several Republican committee members ended their boycott. Her nomination now goes to the full Senate, but timing for the confirmation vote is uncertain.

EPA's Drastic Clean Air Act Proposal Won't Improve Air Quality

We sent comments this week urging EPA to withdraw its proposal to force 36 states to rewrite thousands of Clean Air Act permits to redefine compliance during startups, shutdowns and malfunctions (SSM). While EPA approved all of the permits in question years ago, the agency now says SSM have not been properly addressed in those permits. NRECA noted that EPA's actions would do nothing to improve air quality and are unsubstantiated and unlawful.

NRECA Active on Several Matters at FERC

We've alerted FERC on electric co-op concerns about a request by Enterprise TE Products Pipeline seeking to terminate its services in Missouri and Arkansas, which will negatively impact several co-ops. We're also preparing to challenge FERC's ruling that an Iowa distribution co-op may not terminate backup service for a wind turbine owner without FERC permission even if the owner has not paid his electric bills. NRECA is separately challenging FERC for failing to show the effect of certain proposed reliability rules on small entities like most co-ops. We're also reviewing a new FERC final rule that directs NERC to develop reliability standards on geomagnetic disturbances.

Great Ideas Shared at Connect '13, Visit with Northeast Co-ops Association Members

I enjoyed meeting with 500 of our co-op communicators at the successful Connect '13 Conference and hearing their great ideas for telling the marvelous stories about electric co-ops and their community efforts. Social media is a key part of efforts to highlight Co-op Nation. I also had a great visit with Northeast Association of Electric Cooperatives members for their annual meeting in Vermont and enjoyed wonderful hospitality.

Attached: NRECA farm bill letters, House-Senate DOE letters list, NRECA grid conflicts bill letter.