

Notes to Co-op Nation

October 11, 2013

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

FROM: Jo Ann Emerson

Great Visit with Touchstone Energy® Board at Albuquerque Meeting

I had a great time at the Touchstone Energy® Cooperatives Board meeting and talking with the board members this week in Albuquerque, NM, which coincided with the Albuquerque International Balloon Fiesta. Attached is a photo that I took as balloons lifted off this morning.

Co-op CEOs Highlight Climate Regulation Concerns to Agriculture and RUS Leaders

A big thank you to the G&T and statewide CEO and staff members of NRECA's Carbon Regulations Task Force who came to Washington this week. We discussed technical and public messaging strategies for a strong response to the Environmental Protection Agency's (EPA) proposed and upcoming regulations of power plant carbon emissions. We also met with Agriculture Secretary Tom Vilsack and RUS Administrator John Padalino to explain how the EPA's climate change regulations could hurt electric co-ops and the potential impact on the Rural Utilities Service's electric loan portfolio.

'All-of-the-Above' Campaign Update – Get Resources at Action.coop!

You're off and running on getting co-op folks to go to www.action.coop and send a message objecting to the EPA climate change rules that take coal off the table for future generation. We have a long way to go to reach 1 million messages by the 2014 Annual Meeting. EPA is hearing many messages from environmental groups and we need Co-op Nation's message to come through loud and clear from your employees, directors and consumer-owners. As we outlined during a well-attended [webinar](#) this week, we have many Cooperative Action Network advocacy and policy [tools](#) for you.

Co-ops Support Legislation for Adding Coal Regions in EPA Listening Sessions

We strongly support Rep. Capito's (R-WV) House resolution (H. Con. Res. 59) urging EPA to really listen in its upcoming [listening sessions](#) on climate regulations for existing coal and natural gas power plants. EPA scheduled 11 sessions at its regional headquarters, mostly in major cities. But, that makes it harder for people in rural areas and those who depend on coal-based power to get there. We're working with our statewide associations to get electric co-op views widely aired at the planned sessions. At the same time, we're going to turn up the heat on EPA, urging the agency to bring their listening ears out to Co-op Nation.

Another Win on Electric Water Heater Building Code Proposal; Fighting More Battles

We did it again! We won a major victory in our ongoing battle to continue using electric resistance water heaters! We worked to get the International Code Council (ICC) to reject the Natural Resources Defense Council's proposal to ban electric resistance water heaters in new home construction starting in 2015. An ICC committee rejected a similar proposal earlier this year, but it was reintroduced at the full ICC meeting. This is a big win since ICC model building codes are widely adopted by states and municipalities. We're still fighting to fix problems with the Department of Energy's large electric water heater efficiency standards that go into effect in 2015. We're working on Capitol Hill and at DOE to protect co-ops' continued use of electric resistance water heaters for demand response.

Congressional ESA Forum Focuses on Boosting Effectiveness of Law

We really thank the House Endangered Species Act (ESA) Working Group, led by House Natural Resources Chairman Hastings (R-WA) and Rep. Lummis (R-WY), for holding a stakeholders forum on ways to improve the ESA law. The number of ESA listings is of great concern for electric co-ops and rural America as a whole. We're actively working for targeted legislation to improve the ESA law so it recognizes local species conservation efforts and brings greater transparency to the process for listing species.

Co-ops Considering Path Forward Following BPA Report

We're extremely disappointed in the DOE Inspector General's report findings on the Bonneville Power Administration's (BPA) hiring practices. I stand ready to support the Northwest electric co-ops as they work toward a consensus on the path forward. Despite BPA's personnel mistakes, NRECA will work to ensure a regional approach to the Power Marketing Administrations' core mission of serving preference customers.

Ask The Expert: Cybersecurity Webinar will Highlight Key Issues

Join us for a free "Ask The Expert" cybersecurity [webinar](#) on Monday, October 21, from noon to 1 p.m. (Eastern). Experts on cybersecurity issues will discuss the progress and challenges in keeping your co-ops' systems secure. Sign up now for this discussion on:

- Cyber Legislation - NRECA is showing Capitol Hill that co-ops are one step ahead.
- Cyber Standards - Co-ops work with NERC and FERC, but more agencies are involved.
- Cyber Liability - What are our next steps as insurers decide how to treat cyber risks?

Water Resources Development Act Reauthorization

We joined the American Public Power Association on a letter urging the House Transportation and Infrastructure Committee leaders (attached) to block a Senate provision when Water Resources Development Act reauthorization legislation goes to conference committee. The Senate bill has language that would allow changes to Army Corps of Engineers dam operations, which could adversely affect more than 600 co-ops in 34 states that rely on federal hydropower to keep electric rates as low as possible. The House bill does not include this provision, but we'll have to work hard to keep the Senate language from getting into the final conference agreement.

Co-ops Not Directly Affected by Supreme Court Decision on Pole Attachment Rule

Electric co-ops' pole attachment policies are not directly affected by the U.S. Supreme Court's

decision upholding a Federal Communications Commission's (FCC) rulemaking to lower the pole attachment fees power companies can charge. Co-op pole attachment policies continue to be exempt from FCC oversight. However, we can expect pole attachers to incorrectly argue that the ruling sets a precedent for co-ops, too. The Telecommunications Act is clear – electric co-ops are exempt from federal pole attachment oversight.

Attached: NRECA letter to House committee; Photo at Albuquerque Balloon Fiesta.