

Notes to Co-op Nation

October 18, 2013

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

FROM: Jo Ann Emerson

Regions 7-9 Regional Meeting Keeps Momentum High Going into Final Stretch

Thank you to Regions 7 and 9 and the Oregon co-ops for a great regional meeting at Portland! There was a lot of engaged discussion on environmental, hydropower, renewable energy policy and other issues. We're heading to the Region 8-10 session in San Antonio next week and a strong finish for this year's successful Regional Meetings.

Supreme Court to Hear Challenge on EPA GHG Permitting Rules

I am very pleased the U.S. Supreme Court will hear our challenge to the Environmental Protection Agency's (EPA) misguided 2010 regulation to require greenhouse gas (GHG) permits for large industrial facilities including power plants. The court will decide if EPA has authority under the Clean Air Act to require GHG permits for power plants and other industrial facilities, a requirement EPA says was triggered because it was setting limits for automobile emissions. The court will take several months and likely give a decision by early summer.

Our challenge, filed with the Utility Air Regulatory Group, focuses on EPA's untested approach for industrial source permits regulating carbon emissions. So far, EPA is getting away with taking a very aggressive legal stance on climate regulations under the Clean Air Act. EPA even says its regulation, when in full effect, will be "unrecognizable to Congress." We're asking the court to pull EPA back from its unrealistic approach. We're disappointed the court will not review a lower court ruling in favor of EPA's 2009 GHG endangerment finding, meaning the endangerment decision will stand.

Our case does not impact EPA's current proposal to establish New Source Performance Standards (NSPS) permits for new power plant carbon dioxide emissions. The case challenges the so-called "Prevention of Significant Deterioration" permit program under the Clean Air Act, which has no direct impact on NSPS.

'All-of-the-Above' Campaign Update – We Need to Ramp Up Grassroots Pressure on EPA

No matter what the Supreme Court does, we need to ramp up our grassroots pressure on EPA and its power plant carbon regulations now. Grassroots opposition to EPA's plan will also bolster co-op friends in Congress who understand our concerns. Keep urging your co-op employees, directors and consumer-members to visit www.action.coop, and send a loud and clear message opposing EPA's climate change agenda and urging it to withdraw its GHG regulations. It's a long way to our goal of 1 million messages to EPA by the 2014 Annual

Meeting. Use the Cooperative Action Network advocacy [tools](#) to help get them engaged.

Federal Government Reopens; Short-Term Agreement Leaves Little Time to Clear Issues

It's a relief to see Congress and the Administration finally got it together on legislation to end the two-week government shutdown and raise the debt limit so the Treasury can keep paying bills. But, the deal is only good for about 90 days. Federal agencies are only funded into mid-January and the debt limit extends to February 7. That's a very narrow window for Congress to get a long-term agreement and there's already talk that another shutdown could happen. S&P economists say this past shutdown had a \$24 billion hit on the nation's economy.

Co-op Highlights Benefits of Water Heater Demand Response Program

A big thank you to Jeff Springer, Dairyland Power's Manager of Energy Efficiency and Tech Services, for his great presentation at the National Summit on Integrating Energy Efficiency and Smart Grid. Jeff carried the message that electric co-ops are committed to safe, affordable and reliable service and emphasized the multiple benefits electric water heater demand response programs provide to consumers. He highlighted Dairyland's innovative pilot projects using energy stored in residential water heaters to further increase power grid efficiency and reliability.

Farm Bill Conference Talks Starting

Formal House and Senate farm bill (H.R. 2642) conference talks are starting now that the House named conferees (list attached). Agriculture Committee leaders kicked off negotiations and staff-level discussions have started, but we may not see much progress for a couple of weeks. Our top priorities are to: allow RUS loans for baseload generation, improve energy efficiency and broadband programs; prevent lawsuits over RUS lien accommodations; fix duplicative pesticide permit requirements; and update a rural transportation study.

Water Infrastructure Bill Moving to Floor Debate

House floor action on a water programs bill (H.R. 3080) that affects federal hydropower facilities is likely next week. We're pushing to ensure electric co-ops continue to have access to low-cost federal hydropower. We're working with lawmakers to oppose Senate bill language allowing changes to Army Corps of Engineers dam operations that could impact over 600 co-ops in 34 states that rely on federal hydropower to keep rates as low as possible.

FCC 'Robo-calls' Rule Unclear

We're concerned that a Federal Communications Commission (FCC) rule for autodial calls (robo-calls) to wireless phones may cause confusion about electric co-ops using robo-calls for utility debt collection and reporting outages. We'll work to minimize any burden for co-ops created by the rule. A message sent to your attorneys and financial staff is attached.

Co-op Agrees to Settlement in Capital Credits Lawsuit

Cobb EMC agreed to settle a capital credits class action lawsuit filed by current and former members (see press release). Cobb will set aside about \$34 million to retire, in full, remaining capital credits allocated from 1957 through June 1988, and about \$64 million to retire, on a voluntary discounted basis, capital credits allocated from July 1988 through December 2012.

Attached: Farm bill conferees, message on robo-call rule, Cobb EMC press release.