

Notes to Co-op Nation

January 24, 2014

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

FROM: Jo Ann Emerson

Watching for Farm Bill and Pension Flexibility Legislation, President's Speech

We could see action on two Co-op Nation priorities after Congress returns from recess next week. Our pension flexibility legislation (S. 1302) could soon move to the Senate floor. The bill eliminates the Deficit Reduction Contribution for NRECA's Retirement Security (RS) Plan, and makes our Pension Protection Act exemption permanent. Without this bipartisan legislation, our RS Plan could see dramatic cost increases, more volatility in employer minimum contributions, and restriction or elimination of current benefits.

Also, conference negotiations on a full five-year farm bill that includes Rural Utilities Service programs could wrap up and move to Senate and House floor votes.

Energy and climate change issues are likely topics in the President's State-of-the Union address next Tuesday. Environmentalists continue to pressure the President on this issue, and sent him a list this week of 200 executive actions the Administration could take to bypass Congress.

He's also just ordered a new Quadrennial Energy Review of national energy infrastructure and appointed an inter-agency task force to oversee the process linked to his Climate Action Plan. Phase one of the four-year review will focus on energy transmission and distribution and is due in January 2015. This effort to coordinate energy and environmental policies and long-term goals includes addressing climate change. We're already talking with Energy Department officials about this process and what opportunities we'll have to give input.

'All-of-the-Above' Campaign Update: Keep Up Grassroots Pressure!

You've collected more than 139,000 comments in our efforts to raise grassroots pressure on the Environmental Protection Agency (EPA) and its climate change agenda. Keep urging your consumer-members, co-op employees and directors to use Action.coop to send EPA a loud and clear message opposing its climate change agenda. Also highlight TellePA.com to your partner organizations and the public as a way to join us. (Action.coop message counts attached.)

We Continue to Push Affordability, Local Control in Organized Wholesale Capacity Markets

We're asking the Federal Energy Regulatory Commission (FERC) to make sure any changes in centralized capacity market rules don't limit electric co-ops' ability to supply their own power to

meet load obligations. Our latest comments on issues raised in a technical conference last September emphasize that co-ops and other load-serving entities wishing to build or contract long-term to meet capacity needs shouldn't have their options limited by the market design. We asked FERC to issue a policy statement or other guidance that centralized capacity markets must allow load-serving entities to be able to use their own resources in meeting their capacity obligations. We joined the American Public Power Association in making similar arguments in a "friend of the court" brief filed today in an appeal raising related issues.

Importance of Affordable, Reliable Power Highlighted in New Report

We're reviewing a new [report](#) on the "Societal Benefits of Fossil Energy" by the American Coalition for Clean Coal Electricity. We'll consider any useful information in our efforts to work with other coalitions and partners to push back on the Administration's climate change agenda. The report highlights the strong relationship between the economy and job growth and affordable energy and electricity. Affordability and reliability are major concerns and messaging points as we work for a fair solution to the climate issue.

Share Information on Your Co-ops' Experiences So Far this Winter

I'm amazed at the tremendous stories of bravery and commitment of about co-op line crews that worked in the unusually cold winter weather to restore power and keep the lights on for their co-op consumer-members. We've heard that some co-ops saw record winter peak demand while dealing with supply issues and spikes in natural gas prices. The need for utilities to ensure reliability and stable energy costs makes an "all-of-the-above" policy even more important when severe weather events happen. The Federal Energy Regulatory Commission and North American Electricity Reliability Corp. staff developed a [report](#) on how the bulk power system performed during last week's extreme cold weather. We'd like to hear how your co-ops coped with the recent cold snaps and your reactions to the FERC report. Send comments to [Pam Silberstein](#), Associate Director of Power Supply Issues.

Attached: Action.coop message count.