

Notes to Co-op Nation

March 7, 2014

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

FROM: Jo Ann Emerson

Spirit of Co-op Nation Shines at Annual Meeting in Nashville

I had an awesome time with you at Nashville! The stories of outstanding achievement by electric co-ops and their leaders were inspiring. I enjoyed the excitement of [Electric Cooperative Youth Tour Day](#) with the Youth Leadership Council and visiting the 100 [co-op volunteers](#) who joined in the Tennessee electric co-ops project to build two local Habitat for Humanity homes. Thank you for the thoughtful work on the NRECA [Resolutions](#). Annual Meeting highlighted the tremendous work so far this year and I'm looking forward to celebrating more of your successes.

'All-of-the-Above' Campaign Update: Call to Action!

You've got more than [302,000](#) comments on Environmental Protection Agency's (EPA) climate change agenda through the combined effort of your grassroots on [Action.coop](#) and local allies on [TellePA.com](#)! Your 8,100 comments this week set an Annual Meeting record! But, EPA needs to hear a loud and clear grassroots voice. So, I [challenged](#) the 9,600 Annual Meeting participants to get others back home on [Action.coop](#) and [TellePA.com](#) to tell EPA why we oppose its climate change agenda. Check out the Ohio statewide's three-step "[Advocacy Ladder](#)."

House Passes Legislation to Fix Water Heater Efficiency Standards; Work Ahead in Senate

We applaud the bipartisan House vote (375-36) to pass [legislation](#) (H.R. 2126) that would fix the Energy Department's large electric water heater standards (vote attached). Thank you to Reps. Whitfield (R-KY), Latta (R-OH), Matheson (D-UT), Welch (D-VT) and McKinley (R-WV) for championing our provision to help ensure co-ops can keep using large electric resistance water heaters in demand response programs. Our effort returns to the Senate. A revised energy efficiency bill (S. 2074) by Sens. Shaheen (D-NH) and Portman (R-OH) has a similar provision. It's the language from a stand-alone bill sponsored by Sens. Hoeven (R-ND) and Pryor (D-AR).

House Passes Bill to Protect Affordable, Reliable Electricity

We appreciate the House keeping pressure on EPA's power plant carbon emissions plan by voting 219-183 to pass a bill (H.R. 3826) that would require any new unit standards to be based on achievable and commercially viable technology. The White House issued a veto threat and a Senate companion bill (S. 1905) is unlikely to see floor debate.

Co-op Concerns in President's Budget Proposal Similar to Previous Years

Electric co-ops face renewed threats in the Administration's FY15 budget plan, which is very similar to its previous budget proposals. While it includes \$5 billion for the Rural Utilities Service (RUS) Electric Loan Program, it would once again limit loans to renewable energy projects and environmental upgrades for existing plants – leaving no lending for traditional distribution and transmission projects. We'll work with Congress to stop this proposal, just like we did in FY14 Agriculture appropriations.

The plan also proposes to end federal ownership and management of the Tennessee Valley Authority (TVA). Options include turning control over to state and local stakeholders. That is different from past proposals by the Administration and policy groups to privatize TVA, which didn't move in Congress. Swift reactions from key lawmakers this week suggests this proposal is also unlikely get traction. It's important to remember that Congress has the final say on which budget proposals become law. This budget will be used as political football by both sides and we'll work to protect co-op priorities during those debates.

EPA Issues Final Wastewater Guidelines for Construction and Development

In a win for electric co-ops, EPA's final rule on wastewater guidelines for construction and development, including linear projects, includes changes we sought. It takes effect on May 5, 2014. We worked with the Utility Water Act Group to challenge the proposed rule, and negotiated with EPA and the Justice Department to get revisions that largely address co-op concerns about impacts on transmission and distribution line projects.

EPA Should Consider Cost Impacts of PCB Rule Changes

We sent comments urging EPA not to change polychlorinated biphenyls (PCBs) regulations that would force co-ops to remove electric sector equipment containing PCBs and contaminated porous surfaces (i.e., concrete). EPA should consider cost impacts of any rule change. We're recommending any rule change allow continued use of equipment with PCBs for the service life and porous contaminated surfaces that are secure and marked to prevent unreasonable risk.

Supreme Court won't Hear Challenge on MISO Transmission Upgrade Cost Allocation

The U.S. Supreme Court refused to review appeals on the Federal Energy Regulatory Commission's (FERC) approval of a tariff scheme to allocate costs of new high-voltage lines to connect renewable resources in the Midwest. Hoosier Energy REC and Southern Illinois Power Cooperative were among parties that challenged FERC's approval of the Midcontinent Independent System Operator proposal to allocate these line costs to all utilities on its system. FERC found the transmission construction and upgrades would improve overall grid reliability and benefit the entire system. The 7th Circuit Court of Appeals agreed.

Decker Joining NWPPA Team

We're pleased that Anita Decker will become Executive Director of the Northwest Public Power Association on April 1. Anita is the former Bonneville Power Administration Chief Operating Officer and brings more than 30 years of experience. She has served as Western Area Power Administration acting administrator and in several management positions at PacifiCorp.

Attached: H.R. 2126 vote.