



Citizen Lobbyists Play a key Role in Policymaking

By Scott Gates

On a humid summer day in Washington, D.C., a group of electric cooperative employees and directors negotiate Capitol Hill, moments away from meeting with their U.S. representative. Despite a hectic schedule, you can bet the legislator will spare time for them. They know that close contact with voters back home is crucial to their role in Congress.

Legislators listen when those doing the talking are real people. They know they can trust a message delivered from the grassroots.

“Government doesn’t quite work the way history books tell us,” explains Barry Hart, CEO of the Association of Missouri Electric Cooperatives. “An array of lobbyists and special interest groups are constantly vying for policymakers’ attention, all pushing their way as the right way. Many times, politics involves dealing with many points of view from totally committed people and reconciling them. It can be very brutal.”

Efforts by electric co-op leaders like Hart keep national energy policy debates focused on consumer concerns. These efforts work with support from the tens of thousands of grassroots

voices being heard on Capitol Hill as personal letters and emails sent by consumers reach lawmakers. Since electric co-ops operate in a heavily regulated industry where public policy carries far-reaching impacts, consumer involvement is particularly important.

“There’s no question that the plans currently being made by policymakers could double and triple electricity rates and energy costs, easily, over the next decade or so,” stresses Hart. “Consumers are speaking up before that happens, supporting our own efforts as lobbyists. The role of these concerned consumers—these ‘citizen lobbyists’—is key in shaping policy in the electric industry, where the role of government is very, very high.”

The existence of electric cooperatives serves as a prime example. Launched in 1935 with President Franklin D. Roosevelt’s creation of the Rural Electrification Administration (REA), REA helped establish 417 electric cooperatives that were serving 288,000 households within four years. Today, 42 million Americans receive electricity from more than 900 consumer-owned, not-for-profit electric co-ops.



TCEC

GRASSROOTS

Continued on page 2

“Co-ops operate in an environment where a host of laws passed by Congress and state legislatures, and regulations imposed by federal and state agencies, profoundly affect consumers,” Hart comments. “Addressing these concerns takes on great importance.”

Enter the lobbyist. The term “lobby” dates back to at least the 1600s as a place in the British House of Commons where citizens could meet with their representatives. Recognizing its importance, the First Amendment to the U.S. Constitution enshrined lobbying, along with freedom of religion, freedom of speech, freedom of the press, and freedom to protest, as a basic American right.

The National Rural Electric Cooperative Association was formed to provide electric cooperatives with legislative representation on a national level. Most local electric co-ops also

belong to a statewide association that handles lobbying functions at the state level.

“When consumers wake up in the morning, they’re not thinking about whether Congress could be marking up an important measure that could impact their electric bills—people generally don’t track things like that,” says Hart, who works closely with the NRECA staff on legislative issues. “That’s what lobbyists are for. However, our efforts are greatly supported by consumers, who can explain to elected officials what their core issues are. That’s the essence of grassroots: It’s a powerful, persuasive force that most special interest groups just don’t have.”

“Consumers give us credibility when we step into a congressional office,” Hart concludes. “These grassroots contacts really put authenticity into what we’re talking about.”

Federal Emergency Management Agency (FEMA) Disaster Assistance (Federal)

Issue: Electric cooperatives (co-ops) are eligible for reimbursement by FEMA's Public Assistance Program to help reduce the cost of restoring electric power to consumers after severe disasters – such as floods, hurricanes, tornadoes, and ice storms. Congress made FEMA funding available to co-ops to keep electricity costs down and ensure smooth recoveries from major natural disasters for not-for-profit, consumer-owned utilities. Without FEMA assistance, many co-op consumers living in disaster-stricken areas could face significantly higher electric rates.

Background: Under the Stafford Act's Public Assistance Program, when an electric cooperative service territory is included in a Presidentially-declared disaster area, FEMA may reimburse up to 75 percent of the allowed costs of replacing damaged and lost facilities for co-ops. The co-op provides matching funds and is responsible for restoring service to pre-disaster levels. FEMA has several policies in place that guide the use of disaster funds by co-ops and other not-for-profit entities, including Policy 9580.6, which guides electric utility repairs after a storm.

The rule, adopted in 2009, is intended to standardize the criteria for determining when co-op storm--impacted systems are damaged and the appropriate actions to either repair those systems or to rebuild the damaged line sections to current codes and standards.

The policy also sets forth specific visually-observable criteria for determining if the power line is damaged beyond the point where it can be effectively repaired.

Unfortunately, there has been inconsistency in implementation. FEMA rejected requests for assistance because a co-op did not cut three (3) twenty (20) foot sections of line per mile and send them to a lab for testing annually – a practice clearly not envisioned in FEMA's written policy – in addition to testing post disaster in order to be able to prove that co-op's lines were damaged in the storm. There are many reasons why this falls well outside standard industry practice – chiefly the physical damage to the system when cutting out 60 feet of every mile of line annually. Eventually the decision was overturned and the funds received but only after extensive and expensive efforts over assistance other co-ops have always received from similar storms, but with different regional administrators interpreting the policy.

Electric cooperatives recognize the growing fiscal pressures on FEMA programs, and support developing ways to streamline disaster recovery programs while maintaining our commitment to efficient disaster recovery. Turning the lights back on as efficiently and safely as possible is job number one for co-ops after a disaster strikes. Co-op service territories often include the most rugged terrain of any electric utility, and serve consumers across 75 percent of the land mass of the United States. Co-ops also serve only seven consumers per mile of line on average, yet own and operate 42 percent of the distribution lines in the country, meaning that disasters can have a disproportionate impact on electric cooperatives and our member-consumers.

NRECA position: NRECA encourages the Senate to take up S. 2969 and go to conference with the "FEMA Disaster Reform Act of 2015" (HR 1471) to strengthen and re-authorize the program. Further, Congress must carefully weigh any proposals for retooling or overhauling FEMA. The Public Assistance Program is an effective tool and should remain available for enabling electric cooperatives to quickly restore electric service to consumers' homes and businesses.



America's Electric Co-ops Cheer House Passage of Water Resources Bill with Critical Coal Ash Provisions (Federal)

December 8, 2016

ARLINGTON, Va. – The National Rural Electric Cooperative Association (NRECA) today applauded House passage of the Water Infrastructure Improvements for the Nation (WIIN) Act and urged its quick adoption by the Senate.

“The WIIN Act will help electric co-ops provide affordable, reliable electricity to rural America by authorizing and promoting infrastructure projects pertaining to hydro-power, flood control, water supply and emergency management,” said NRECA CEO Jim Matheson. “The bill also injects greatly needed certainty into the regulation of coal ash by giving states clear permitting and enforcement authority and reducing litigation, while providing for its

continued beneficial use. We greatly appreciate the commitment and tireless effort of the House and Senate lawmakers who made reaching a deal on these provisions possible and encourage the Senate to vote on the measure without delay.”

In April 2015, the U.S. Environmental Protection Agency (EPA) published a rule to establish federal requirements for the management of coal combustion residuals, or “coal ash,” as a non-hazardous waste. NRECA supported EPA’s decision to regulate coal ash in this manner, but has sought legislation to codify the agency’s decision and give states clear enforcement authority. The coal ash provisions included in the WIIN Act would provide that clear enforcement authority.

Meet NRECA CEO Jim Matheson



Jim Matheson is Chief Executive Officer of the National Rural Electric Cooperative Association (NRECA), the national service organization that represents the nation’s more than 900 private, not-for-profit, consumer-owned electric cooperatives, which provides service to 42 million people in 47 states.

Jim joined NRECA in July 2016 following distinguished careers in both the public and private sectors.



Prior to joining NRECA, Jim served as Principal, Public Policy Practice for the international law firm Squire Patton Boggs, based in Washington, D.C.

From 2001 to 2015, Jim was elected to serve as a United States Representative from Utah for seven terms. During his tenure on Capitol Hill, Jim was known as a legislator who was able to work with colleagues on both sides of the aisle. Jim also was a member of the House Energy and Commerce Committee, as well as

the Financial Services, Transportation and Infrastructure, and Science Committees.

Prior to entering government service, Jim worked in the energy industry for several years. Jim was born and raised in Salt Lake City, Utah. He received a Bachelor's Degree in Government from Harvard University, and an MBA in Finance and Accounting from UCLA. Jim's wife, Amy, is a pediatrician, and they have two sons, William and Harris.

Q&A With Jim Matheson

Q. What do you see as the core of the electric cooperative movement?

A. In my opinion, the real high ground that the co-op movement occupies is representing the interests of the member. There's no doubt about it. That's our 100 percent focus—what is the right thing to do for our member-consumers? In my opinion, in the policy world, that means co-ops ought to be one of, if not the leading voice when it comes to electricity policy in this country because our motivations are so pure. I'd like to think that whatever the ideology of elected officials, from the right to the left, they all ought to be concerned about what's in the best interest of the member.

Q. How can co-ops cut through the current wave of political polarization to get their message out?

A. One of the great attributes of the electric cooperative community is it has not allowed itself to be pulled into the polarized dynamic that affects so much of our politics today. Co-ops are all about what's right for our members, and we frame our policy efforts through that focus, and stay away from ideological arguments. If you want to be effective in getting things done, that's exactly where you want to be.

The co-ops across 47 states represent a great diversity of thought and circumstances, but we have the capacity to engage on Capitol Hill and with the regulatory agencies without being part of that polarized dynamic that really limits your effectiveness. We are one of the most effective advocacy organizations in Washington because we've kept true to our mission of doing what's right for the member.

Electric Cooperatives Challenge Amendment 2 (State)

Missouri's electric cooperatives have joined a lawsuit to challenge the constitutionality of Amendment No. 2016-007, the amendment passed in November to limit campaign contributions — but it is not because the cooperatives are against the new campaign finance limits set forth in the new law.

“What we are against is one provision in Amendment 2 that would prevent our 47 member-owned, nonprofit rural electric cooperatives from contributing to our political action committee while at the same time allowing other companies and special interest groups that may have anti-co-op agendas to continue to make contributions to their PACs,” said Barry Hart, CEO of the Association of Missouri Electric Cooperatives. “That’s unfair and that’s why we and others believe it’s unconstitutional.”

He added that most people probably never realized that the amendment is a full nine pages long and contains much more than just campaign finance limits when they voted in favor of it.

One section of Amendment 2 allows PAC contributions from businesses formed under Chapters 347 to 360 of the statutes. The problem is that Missouri's rural electric cooperatives were formed under Chapter 394. Others also now barred from making PAC contributions include fraternal benefit societies, mutual insurance companies and credit

unions or any other entities not formed under Chapters 347 to 360.

“Whether this section of the initiative petition was a simple drafting error or whether it was intended to go after some other types of entity, we just don’t know,” Hart said. “We do know that if this measure is not repealed, Missouri’s rural electric cooperatives will be hurt while those with interests adverse to ours will not. Unlike other utilities, rural electric cooperatives are nonprofit and are owned and governed by our members. Fifty percent of our rural electric cooperative members make less than \$50,000 a year and 80 percent are over 45 years old. They should be allowed to participate in the political process just like anyone else.”

The **Association of Missouri Electric Cooperatives** is a state-wide organization headquartered in Jefferson City representing Missouri's 47 Electric Co-ops.

Founded in 1937, our mission is to provide a means for electric cooperatives to work together and accomplish things collectively that they could not do as effectively or efficiently on their own.

New Efficiency Standard for Electric Water Heaters (Federal)

Issue: Over 250 electric cooperatives in 35 states conduct demand response programs using electric resistance water heaters that are able to lower system peaks, store wind and hydro energy during the night, enhance grid efficiency, and most importantly save consumers money. Electric resistance water heaters allow co-ops to reduce demand for electricity during peak hours by remotely turning them off for short periods with no noticeable impact on water temperatures. When these peak periods occur, electricity is produced by the most expensive and least efficient generators. Reducing the peak demand reduces emissions and fuel use, while saving cooperatives' consumer members tens of millions of dollars each year. Through their capacity to store energy like a battery, electric water heaters allow co-ops to integrate renewable wind energy by heating water when the wind blows at night and storing it for use during daytime peak hours. The storage also allows cooperatives to defer building new peaking generation and transmission lines.

In 2010, the Department of Energy (DOE) issued a new energy efficiency standard for large volume electric resistance water heaters that would have eliminated the use of these water heaters that many co-ops use in demand response programs.

In 2014 and 2015, NRECA successfully led an effort to advance legislation to address the DOE standard that threatened our very successful demand response programs. S. 535

(The Energy Efficiency Improvement Act/ "Portman-Shaheen") passed the House and Senate unanimously, and became Public Law 114-11 in April 2015.

Background:

- In 2010, DOE issued a new energy standard requiring nearly 200 percent efficiency for large capacity electric resistance water heaters manufactured starting in April 2015.
- NRECA worked with Members of Congress on both sides of the aisle, and stakeholders such as utilities, water heater manufacturers, energy efficiency and environmental groups, to reach consensus legislative language that became P.L. 114-11.
- P.L. 114-11 permits the continued manufacture of electric resistance water heaters above 75 gallons for use in demand response programs by providing for the production of "grid-enabled water heaters." To prevent water heaters produced for this purpose from being diverted to unauthorized use, the legislation required a specified label, an activation key to be used by the utility operating a demand response program, and annual reporting requirements for manufacturers and utilities.

NRECA position: NRECA thanks Members of Congress for supporting bipartisan legislation (S. 535 Portman-Shaheen; P.L. 114-11) that allows the continued usage of electric resistance water heaters for demand response programs.

Stay Involved



The MO Co-op Nation website is the advocacy hub for Missouri's Electric Cooperatives. Missouri's Electric Cooperatives want you, our member-owners, to be involved in regulatory or legislative issues that could affect the price you pay for electricity. It's more important than ever to band together and promote common sense solutions to the electricity issues facing our nation. Find more detailed information about issues in Missouri at

www.mocoopnation.org.



The Cooperative Action Network is the grassroots arm of the NRECA - the national service organization for more than 900 not-for-profit rural electric cooperatives that provide electricity to more than 42 million consumers across 47 states. Together, rural electric cooperatives serve 75 percent of the nation's landmass and account for approximately 12 percent of total electricity sales in the United States. Find out more about the issues affecting America's Electric Cooperatives at <https://action.coop>.

• • • Contact Us:

Tri-County Electric Co-op

Alexandra Shetler

Member Services & Communication

ashetler@tricountyelectric.org

(660) 457-3733

The most critical component of an effective Grassroots program is having a clear, consistent message. To accomplish this, during the legislative season TCEC will provide you with monthly updates on legislation, floor debates and amendments, and other pertinent information so you are well-informed to take action and be involved in the political process. If you have any questions about grassroots or how you can be more involved please contact us at the information provided.