



Rural Electric Cooperative Governance

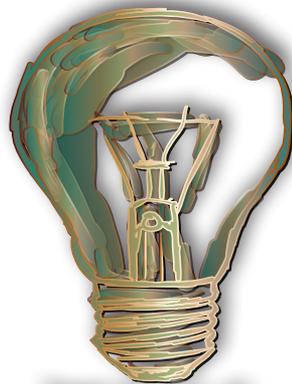
Tri-County Electric Cooperative is not like other utilities. We operate on a not for profit basis and exist solely to serve our members. Our investors and our “customers” are one in the same. Our member-owners govern TCEC by voting annually at the local level for our board of directors.

The cooperative network is organized into three tiers, each with a distinct responsibility. TCEC is one of 47 distribution co-ops around the state of Missouri. We provide electric service directly to your homes, farms and businesses. The second level of the system are the six regional generation and transmission (G&T) co-ops that transmit power from the generator to the distribution systems. In 1961, the six G&Ts joined together to form Associated Electric Cooperative, Inc., (AECI) the system’s third tier and power producer. Throughout the years, AECI has built a diverse generating portfolio and a strong integrated transmission system that provides economical and reliable power to the G&Ts and TCEC.

This three-tiered system is unique to Missouri while continuously providing our member-owners with a self-reliant system and an electric service that is safe and reliable. That is why we strongly oppose any legislation that would take away or infringe upon the rights of our member-owners to locally govern and control their co-op. By being on the TCEC Grassroots

Committee you are helping get our co-op message out there. However, with legislation changing so frequently keeping up-to-date can be tough. With monthly updates from TCEC we hope you stay involved and active within this committee.

Given the vast amount of topics being discussed and constant updates received, our first newsletter will have background of major legislative issues being discussed. More detailed updates will come in the following months with less background information. If you would like to see any specific information or have any questions please contact our Member Services and Communication Rep (*contact information on last page*).



TCEC
GRASSROOTS

“FIP” versus “SIP”

Before the U.S. Supreme Court’s decision to stay on the EPA’s Clean Power Plan, utilities in the state already started analysis and work with DNR to ensure compliance with the rules should the rules have been upheld in court. While the EPA has given each state the flexibility to devise its own approach to compliance with the rule through development of a state plan (“SIP”) the EPA also has established its own model plan at the federal level (“FIP”). If states do not submit their own state plan (SIP) to comply with the rule, the EPA will force its own federal implementation plan (FIP) on Missouri. The FIP would be more onerous and costly to Missouri than a more flexible, Missouri-crafted SIP.

The Association of Missouri Electric Cooperatives (AMEC) is strongly opposed to any actions that would result in implementation and enforcement of these rules by the EPA instead of the state level DNR.

Currently, AMEC is continuing discussions with the industry and DNR about amendments to SB 858 (Senator Romine) that will prevent DNR from taking any action on the EPA rules until the stay is lifted. This bill, with amendments, has been heard in committee and we testified for the legislation with some concerns. That bill was voted out by 7-3 and is on the Senate Calendar and supposedly will be amended with industry agreed-to language during floor debate. The bill was debated on the Senate

floor again (4/12) with a floor amendment. After an hour of debate/filibuster by Senator Holsman, the bill was laid over on the Informal Calendar. There is a possibility that the bill will come up for debate again with an amendment to appease Senator Holsman.

Eminent Domain

As a general rule, co-ops usually do not have to resort to condemnation to acquire easements since the landowners in most cases are also our member-owners. There are, however, times when a co-op must exercise its power of eminent domain in order to provide the electric infrastructure necessary to service it’s members. Balancing the legitimate interests of the landowner with the needs of the rest of the co-op members always has and will be a primary concern of the member-owners who control our nonprofit co-ops. The current law allows co-ops to continue to do just that.

If not very carefully drafted, any change to the current law could disrupt that delicate balance the detriment of the co-ops members. AMEC strongly supports landowner rights but would be forced to oppose any change to the current law that might make it more difficult and costly for the co-op general membership to acquire easements when the use of eminent domain becomes necessary.

Similar Bills to Read

FIP vs. SIP: (HB 1470) (HB 1967) (HB 1980) (HB 2514) (HB 2543) (HB 2582) (SB 593) (SB 796)

Eminent Domain: (HB 1445) (HB 1426) (HB 1820) (SB 1130) (HB 2418)

www.senate.mo.gov · www.house.mo.gov

Currently, several “pro-landowner rights” bills have been filed in response to recent controversial transmission line projects. HB 2418 (Remole) – passed out of House Utility Infrastructure and referred to Select Committee on Utilities. This bill is specific to Clean Line but may need to be tweaked to insure that it does not affect other utilities if it moves forward.

PSC Regulatory Reform (Ameren/Noranda Bill)

In their original versions, SB 1028 and HB 2689 are the compromise intended to help Noranda Aluminum with its electric power costs as well as implement regulatory rate-making reforms for utilities regulated by the Public Service Commission (PSC). It specifies that it is the policy of the state to modernize the regulatory process for electrical corporations to more closely align the interests of electrical corporations and the customers they serve.

We have provided substitute language addressing Noranda’s 3rd Party Transmission contract with AECL that will be apart of the bill(s). It incorporates our amendment to prevent PSC regulation of Noranda’s transmission contract with AECL.

Since co-ops are governed by their members and therefore not regulated by the PSC, these proposed regulatory reforms should not impact co-ops and we would take no position - provided that someone won’t drag us in with a solar/net-metering proposal that affects us. However, the solar industry was

successful in the Senate Committee in adding language regarding net metering and other solar-related mandates. The bill’s proponents have accepted our latest amendment language to take us and Citizens Electric out of the bill.

We are now waiting to see the draft as it comes out of Senate Research. Senate Leadership has stated that the bill will not come up for debate until AMEC gives the “green light”. For the reasons stated above, AMEC will not oppose either bill

Campaign Finance Reform Petition

Another initiative petition that has been approved for signature gathering is billing itself as “campaign finance reform”. While it imposes caps on their own campaign contributions, it also would prevent co-ops (and others) from donating to PACs while allowing IOUs and other businesses to continue to do so. The proponents are actively gathering signatures and we expect that they will succeed on getting this on the ballot. The St. Louis businessman, Fred Sauer, is behind this petition and has contributed a total of \$980,000 to date.

We are working with a broad coalition to oppose the petition and are meeting again this week with a legal expert to strategize our next move. He has advised that we will not have to wait until the petition passes to file suit in federal court. He feels very positive that we will win in court because the language is unconstitutional, especially since one state trial court already has found exactly that.

Get 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:

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The most critical component of an effective Grassroots program is having a clear, consistent message. To accomplish this, 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.