



2015-2016 POSITION STATEMENT

September 23, 2015

WYOMING RURAL ELECTRIC ASSOCIATION
2015-2016 POSITION STATEMENT

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OBJECTIVES
of the
WYOMING RURAL ELECTRIC ASSOCIATION

To preserve and enhance the rural electrification program in the State of Wyoming;

To perform those functions through the Wyoming Rural Electric Association (WREA) that can be done better together than individually;

To operate for the benefit of Association members, and through them for the benefit of their member-owners;

To work with federal, state and municipal governments and regulatory agencies in the promotion of rural electrification and rural development in the local communities, state and the nation;

To provide services and educational programs to stimulate local growth and stability, and strengthen the electric cooperative program;

To enhance the general welfare and promote the interests of Association members through regular communication with them and their member-owners, to ensure the safety, stability, security and prosperity of electric cooperatives;

To assist Association members in providing safe and reliable electric energy to member-owners at the lowest possible cost consistent with sound business practices.

ELECTRIC CONSUMER BILL OF RIGHTS

We, the member-owned not-for-profit members of the Wyoming Rural Electric Association, endorse these rights for all electric consumers. We believe this Electric Consumer Bill of Rights represents the standard against which electric utility industry policy proposals at the state and federal legislatures should be measured:

- The right to have access to reliable, affordable and safe electric power.
- The right to join together to establish and operate a member-owned not-for-profit electric utility.
- The right of member-owned not-for-profit systems to be treated fairly and recognized as a unique form of business.
- The rights to elect representatives to manage their member-owned form of business to best meet their needs.
- The individual right to privacy that ensures information about member-owners will not be released without their prior express consent.
- The right to determine the scope of energy services to be furnished through their member-owned not-for-profit utilities.
- The right to use member-owned not-for-profit utilities to provide additional services that meets the needs of their member-owners and communities.
- The right to work in cooperation with other member-owned entities with common goals.

ACTIVE POSITIONS

Active Positions deal with WREA issues currently facing legislators and regulators

ENVIRONMENT

1. RENEWABLE ENERGY RESOURCES

There has been significant interest in Wyoming and the nation in the development of renewable energy sources. The interest spans from Congress and the Administration, to governors and state legislators, to local elected commissioners and interest groups who are looking for new technologies to increase our nation's power supply options and provide more efficient generation.

We support proactive programs to utilize the most up-to-date technology available to provide reliable, cost efficient power to our member-owners. We also support continued development of new viable renewable and energy efficient technologies that are operationally economic and integrate in a positive manner with distribution, generation and transmission.

We believe that public policymakers should not mandate specific technologies of energy production or specifically, a renewable energy portfolio standard, but that the member-owners of Wyoming's cooperatives through their power suppliers should make the decisions with respect to power supply choices.

2. ACCIDENTAL WILDLIFE ELECTROCUTION

Recent interpretations of the Migratory Bird Treaty Act (MBTA) have asserted that accidental electrocution (or death by collision) of raptors and migratory bird species is a deliberate "taking" of wildlife by electric utilities. In addition, the MBTA is a

“strict liability” law, which means that the U.S. Fish and Wildlife Service (USFWS) only has to show that the birds were killed by the activities of an individual or business. The MBTA does not require that the USFWS prove that there was intent to kill, only that the bird was “taken.”

Severe penalties have been assessed and proposed against utilities whose systems have experienced such contacts and mid-flight collisions. In addition, the USFWS is strongly advocating that rural electric cooperatives enter into Memorandums of Understanding (MOUs) to eliminate migratory bird mortality due to electrocution on transmission/distribution lines and associated equipment. We urge balance in the federal government’s approach to development of MOUs for the USFWS.

Rural electric cooperatives have prevented countless avian electrocutions by installing equipment on lines or creating attractive perches away from dangerous locations. However, it is impractical and prohibitively expensive for lines, poles, and aerial equipment to be converted to underground or to be retrofitted to eliminate impact to avian species. Preventative measures taken to protect avian electrocutions should not be construed as an admission of guilt.

We urge Congress to get involved in the issue if the USWFS fails to establish a rule by changing two provisions in the MBTA to implement the following two principles (1) modifying and tempering the language that treats in-flight electrocution or contacts by avian species as an intentional “taking” of protected avian species, and (2) a reevaluation of the “strict liability” standard for utilities that have implemented avian protection measures.

In 2013 the U.S. Fish and Wildlife Service adopted a rule allowing for bird deaths due to wind farms to be allowed for 30 years without penalty. We urge the USFWS to treat accidental electrocutions and bird deaths caused by caused by wind farms equally.

3. ENDANGERED SPECIES

Wyoming is experiencing the listing or potential listing of several endangered or threatened species, which will have a devastating impact on our existing economy and future development

Congress is in the process of reauthorizing the 1973 Endangered Species Act (ESA), one of the nation's most stringent environmental laws. Although the Act is vital in the protection of many threatened species and ecosystems, it does not take into account the balance between human requirements and the goal of biological diversity. This imbalance has the potential to cause severe economic instability.

We support amendments to the ESA that focus on finding the proper balance for the accommodation of economic activities, which include:

- Landowner compensation for land use restrictions;
- Providing for good science on listing all species;
- Citizen participation (in listing and recovery plans);
- Incentives to conserve habitat through shared burdens of federal, state and private parties;
- Cost-effective recovery plans;
- Equal access to the courts;

We support the efforts of the National Endangered Species Act Reform Coalition and efforts that provide for greater state authority in the recovery of the species.

Furthermore we support the recent actions taken by the Western Governors Association to improve the effectiveness and efficiency of the Endangered Species Act.

4. SAGE GROUSE

Listing of the sage grouse under the Endangered Species Act would be detrimental to the cooperative electric utilities, and their member-owners, by adding another layer of rules and regulations developed by people not familiar with Wyoming and our land management practices.

The WREA supports any efforts so long as the end-results achieve the following:

- Avoid conflict with one another;
- Take into account the impacts that any management plan would have on the co-ops, and the costs associated with any mitigation plan;
- Account for mitigation measures already being taken by both the public and private sectors and ensure that the affected cooperatives be included in any discussions regarding habitat management; and
- Conclude the process once and for all.

5. GLOBAL CLIMATE CHANGE

Electric cooperatives face growing uncertainty over what the future of US climate change policy will be and how that future policy would affect the ability of cooperatives to provide reliable, affordable, and safe electric power. Policies to address climate change, both nationally and at the state level, will have substantial negative impacts on electric cooperative consumers. Policies should be thoughtfully developed using accurate cost-effectiveness evaluations to determine merit of the proposed policy with regard to CO2 reduction.

Furthermore, soils, through plants, can capture carbon from industrial carbon dioxide emissions and reduce atmospheric levels of greenhouse gas. Agriculture and forestry management practices can lower greenhouse gas concentrations in the atmosphere through the use of biological sinks.

These biological sinks are achieved through implementation of minimum till practices, maintenance and restoration of wetlands, riparian areas, rangelands, and forest lands. The biological sinks have the potential to offset emissions and subsequently attain a market value.

At the national level the WREA will support the development of responsible policies to address climate change that meet the following principles:

- Any plan should equitably cover emissions from all sectors of the economy, not simply electricity generation, and should include provisions to ensure that other nations, including both developed and developing, are enacting policies to address this issue within their own borders.
- Any climate change proposal and any revenues derived from any direct or indirect tax on carbon should only be used to maintain fuel diversity and encourage not only the use of renewable fuels but also fund research and development of clean coal technology, carbon sequestration technology, and nuclear energy.
- An economic safety-valve, to protect the US economy from significant negative impacts of any climate change proposals should also be included in any plan.
- A national energy plan should be crafted prior to any climate proposal to address future reliability, availability and affordability.

At the state level the WREA will work with all state agencies and the Governor's office to ensure that whatever state plan is adopted in accordance with the Clean Power Plan, to minimize the impact on Wyoming's rural consumers.

6. CLEAN AIR ACT IMPLEMENTATION

In 1990, the U.S. Congress passed extensive Clean Air Act amendments requiring the implementation of many complex regulatory programs by the Environmental Protection Agency (EPA). The EPA is now implementing many of these amendments as regulatory programs. These programs include: the National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter, regulations reducing air toxic emissions including mercury, toxic release inventory requirements, and regional haze. More recently carbon dioxide (CO₂) has been added as a pollutant under jurisdiction of the Clean Air Act. The EPA has developed a series of rules which are referred to as the Maximum Achievable Control Technology (MACT) Rules. These rules and associated programs have some very adverse economic impacts on electric utility operations and costs without a clearly definable benefit to public health or safety. The strictness and timing of these rules also greatly limit the choices of energy for new electrical generation development because affordable technology has not yet been developed to allow the use of some energy sources for new generation requirements. This will limit the ability of electric utilities to grow fast enough to meet the country's needs, and may actually force the closure of some electric generation facilities that are currently operational. This could actually lead to electrical power shortages with the associated repercussions.

Each of the energy sources used by electric utilities for power generation has their beneficial aspects and their negative impacts on our environment. Therefore, if we wish to continue to have affordable, reliable electricity for use in our daily lives, we must urge Congress and the Administration to work with electric utilities, the EPA, and other Federal Agencies to carefully evaluate the trade-offs between these energy sources in terms of their cost-effectiveness, their environmental impact, and where they may best serve us. It would be our hope that Congress would carefully evaluate this nation's available energy sources and develop a long range strategy for Power Generation and Transmission that would allow the country to be a

competitive player in the world economy and provide us with affordable, reliable power for all public and private use.

In the meantime until this strategy is resolved, we request that Congress and the Administration ask the EPA to cease in the implementation of these rules and programs until their full impact is carefully evaluated in relation to this Long Term Strategy. We will then support the implementation of these rules and programs when they are in accordance with this strategy and protect the interests of our member-owners, are cost-efficient, sensible, and address scientifically demonstrable and significant environmental problems while achieving the necessary air quality standards.

We urge the EPA to implement these regulations and programs only after considering and minimizing the impact on the nation's electric consumers, after establishing mechanisms to allow utilities as much flexibility as possible; and after addressing utilities' obligation to provide the public with economic and reliable power.

In addition, we urge Congress, as it considers reauthorization of the Clean Air Act, to ensure that the interests of electric cooperative member-owners are protected. Congress must recognize that as it establishes incentives and requirements for electric utilities in the reauthorization of the Act, electric cooperative member-owners must be treated equitably. In addition we urge Congress to recognize the global responsibility for air quality.

On August 3, 2015 the Environmental Protection Agency (EPA) released a prepublication version of the final Clean Air Act 111(d) rule, commonly known as the "Clean Power Plan". The Clean Power Plan (CPP) sets performance standard "goals" for states and utilities to reduce carbon dioxide (CO₂) emissions from the power sector by approximately 32 percent from 2005 levels by 2030. The CPP is extremely complex and contains many significant changes to what was originally

proposed and significantly changes the reduction levels for Wyoming. Given that the CPP ignored our principles laid out in the previous position statement (Global Climate Change) the WREA opposes the implementation of CPP.

Furthermore given that the Supreme Court found that the EPA's Maximum Achievable Control Technology (MACT) Rule was illegal after many utilities had already taken the drastic steps of either closing power plants down or spending millions of dollars to meet the illegal rule, we support the passage of H.R. 2042 the Rate Payer Protection Act in Congress that would extend the rules compliance dates pending judicial review.

7. CLEAN WATER ACT REAUTHORIZATION

A balanced and reasonable approach to any future reauthorization of the Clean Water Act must include:

- No expansion of federal jurisdiction beyond the federal/state balance currently in place or any future attempts to change the definition of navigable waters;
- Retention of the thermal waiver provision that allows for "once-through cooling" for electric generators;
- Adequate time for a variety of approaches for non-point source regulation to be analyzed on a regional basis, while recognizing different geographical regions;
- Recognition of the need for technology transfer in order to help ensure that the most economic, cost-effective method is used.
- The WREA opposes the EPA's proposed Waters of the United States.
- We support those courts who rule against the EPA and the Waters of the United States rule.

We support a balanced and reasonable approach in the reauthorization of the Clean Water Act. Further, we support the adoption of provisions allowing for utilities to have emergency access to wetlands, without permit, to repair and/or construct transmission and distribution lines.

8. BARK BEETLE INFESTATION

The current bark beetle infestation occurring in the forested areas of public lands (Federal and State) will negatively impact several of the WREA Member Systems. Those negative impacts are defined as follows:

- A financial burden associated with the additional clearing requirements along power line right-of-ways mandated by the governing agencies;
- Reliability issues associated with providing electric service via power lines that traverse forested areas.
- An implied liability by the U.S. Forest Service that Cooperatives are responsible for trees outside the confines of their special use permits.
- Wildfires resulting from increased fuels within forested lands due to bark beetle infestation.

We encourage the governing agencies (Federal and State) in Wyoming to work closely with our member systems to mitigate the costs associated with the mandated clearing requirements created by the unprecedented bark beetle infestation, which will in turn insure those member systems will be able to continue reliable electric service through the forested areas.

We also ask that the U.S. Forest Service provide documentation as to their legal interpretation that Cooperatives are liable for those trees outside the special use permits. In their attempts to mitigate the impact of the bark beetle infestation on their power lines, member systems should not be held liable as they work through the burdensome, time consuming and bureaucratic requirements of the Forest Service.

GENERAL

9. RURAL ELECTRIC SAFETY ACHIEVEMENT PROGRAM

We believe safety is essential to the operations of all rural electric cooperatives. Therefore, we urge every member system to participate in the Rural Electric Safety Achievement Program as administered by National Rural Electric Cooperative Association, which is recognized by industry and government alike as one of the most effective voluntary safety programs in existence. Insurers writing coverage on rural electric cooperatives are commended for their continuing contributions to the Rural Electric Safety Achievement Program; other insurance companies that do not are encouraged to do so.

Rural electric cooperative safety coordinators make an effort to meet the dual requirements of providing safety and training for employees and complying with federal regulations in the workplace.

Federal safety regulations continue to become more comprehensive and more complicated. Safety program area administrators, rural electric system managers, and system safety coordinators recognize that compliance with new safety regulations is ever more difficult and cooperatives require assistance and support identifying, interpreting and complying with regulations.

By utilizing the rural electric network of safety personnel to develop a comprehensive training program, NRECA is able to provide cooperatives across the nation with the tools needed to provide safety training for our most important resource, our employees.

In order to best shape emerging legislation, regulation, and industry policy on safety issues, rural electric cooperatives must monitor the activities of and interact appropriately with Congress, regulatory agencies, and private industry groups.

We urge NRECA to:

- Expand its work in those arenas to ensure that the safety and training interests of rural electric cooperatives are best served;
- Expand its work with member systems to develop NRECA's expertise in monitoring, assessing, commenting and acting on the broad range of safety issues of interest to rural electric cooperatives;
- More aggressively promote the Rural Electric Safety Achievement Program to electric cooperatives and their employees, through coordination of data and resources; and
- Place more scoring emphasis on site visits and co-op compliance with safety manuals and safe work habits than on the regulatory compliance application; and
- Where appropriate, develop coordination with the Touchstone Energy brand in promoting public safety awareness.

We encourage member systems to participate.

10. TERRITORIAL INTEGRITY

Rural electric distribution and generation & transmission systems have undertaken the obligation of the Rural Electrification Act to provide low cost, reliable electric service to rural America. Funding to build electric facilities required to meet the obligations have been provided through mortgage agreements with RUS and other lenders with all electric facilities being pledged as security under the mortgage.

In order for a rural electric system to continue to meet its obligations to its member-owners and lenders, it must have the right to serve those territories that have been certificated to them by law or receive adequate compensation for its loss of connected electrical service and potential load growth.

We object to arbitrary and unfair acquisitions of any rural electric territory including publicly funded that ultimately decreases a system's ability to accomplish

the purpose of the Act and meet its mortgage obligations and, the obligation to continue to serve its remaining member-owners.

The Public Service Commission established certificated service territories over 70 years ago which delineates where utilities are allowed to serve. Short of passing a law that would not allow these boundaries to ever change we (the cooperatives) would like to see the following addressed in any legislation:

- When an annexation occurs and a city or town expands their boundaries into a cooperatives certificated service territory, that cooperative would be given the option to continue to serve that area if they meet the standards set forth by the governing body. The cooperative service territory would not expand under this scenario; only maintain what was laid out by the Public Service Commission.
- If the governing body conducts any type of proceedings to determine if the cooperative can meet their standards, those proceeding shall be subject to the Wyoming Administrative Procedures Act.
- Notification to utilities of an annexation takes place before the annexation occurs, rather than after. We would recommend 120 days prior notification.
- Certain factors be taken into account when considering granting a franchise, such as the public convenience and necessity, avoiding the wasteful duplication of facilities; and avoiding unnecessary encumbrances on the landscape.
- Having gone through this process and the cooperative is still denied a franchise and all appeals have been exhausted and the transfer of territory takes place the cooperative will be entitled to damages based on such factors, but not limited to 1) future gross revenues; 2) appraised plant values, 3) wholesale power requirements.
 - If the parties are unable to come to an agreement on damages then pursuant to W.S. 37-2-205(g) the matter will be submitted to the Public Service Commission for arbitration.

- Until all matters of boundary changes and damages are agreed upon the incumbent utility will continue to serve the newly annexed area.

ECONOMIC DEVELOPMENT

11. RURAL DEVELOPMENT FUNDING

Electric cooperatives play a vital role in community and economic development in their service areas. Properly implemented, some of these federal programs can provide much needed capital for local and regional projects to help deliver vital rural developmental assistance.

We urge NRECA to continue working to ensure the Rural Economic Development Loan and Grant (REDLG) program remains fully implemented and is administered in a timely fashion.

We also urge Congress to provide realistic and workable levels of funding for other community and economic development programs initiated or continued under the Farm Bill legislation, and to provide USDA with maximum flexibility and adequate staffing to implement the program and streamline the processing of project applications rapidly.

In addition, we urge NRECA to continue advocating for and support of legislation that would establish significant new levels of equity capital available and affordable for the purpose of starting, preserving, and expanding business development in rural areas. This equity assistance should supplement existing rural development or rural development loan programs.

The REDLG program is an excellent way for cooperatives to help their communities. However we feel that because of the red-tape and complicated application process, the program is being under used. Therefore in order for

cooperatives to take full advantage of the REDLG program, we urge NRECA to work with the USDA on developing a more user friendly application process.

LEGISLATION - STATE

12. INDIVIDUAL RESPONSIBILITY

The electric utility industry has many standard operating procedures to ensure linemen's safety and the safety of the general public. We believe that an electric utility should be indemnified and held harmless when an individual member of the general public gets within 10 feet of an overhead power line regardless of voltage. This statement of individual responsibility is consistent with state law in Colorado, Kansas, and Texas.

We support modification of the Wyoming Statutes to return this individual responsibility to the general public.

13. ELECTRIC GENERATION TAX

As a result of vast coal resources, responsible planning and development, Wyoming currently enjoys an economic advantage in the electric generation market, with costs below the national average.

Our member systems and their respective member-owners receive the electricity generated by self generation and three generation and transmission (G&T) companies, also cooperatives, which are owned by the Wyoming's rural electric co-ops. A generation tax would be assigned directly to the G&T, would need to be passed on to the electric cooperatives and then collected from the retail member-

owner. Such a tax could cause negative economic impact, and would discourage development of additional electric generation in Wyoming.

It will be impossible to apply the generation tax in an equitable manner. Member-owners along the borders of Wyoming, receiving retail services supplied by out-of-state generators, would not be subject to the tax. Member-owners with industrial loads, who are very important components of Wyoming's economy, will be particularly hard-hit by a generation tax. Cooperative member-owners and non-cooperative consumers in states other than Wyoming would pay a tax for which they have no representation and no choice.

We believe the premise that the majority of the generation tax will be applied to electric customers outside Wyoming is unconstitutional pursuant to the "Commerce Clause" U.S. Constitution, Article 1, Section 8. This type of reasoning could encourage other states to devise taxes that would impact Wyoming citizens in a like manner.

We oppose hidden, or implicit, taxation that is not fairly applied and that would appear to increase our member-owners electric rates.

14. SUBDIVISIONS

Many developers are subdividing and marketing large-lot tracts without coordinating with affected utilities.

Without a requirement by the county for developers to plan for and install "backbone" utility systems, utilities are faced with the time consuming prospect and expense of dealing with each individual lot owner in developing a cost sharing methodology for the placement of the backbone system within the land development.

As electric utilities serving mostly rural areas, members of the Wyoming Rural Electric Association welcome and appreciate growth in our service areas. We also strongly respect, and wish to protect, a landowner's ability to sell or gift individual parcels of land.

We support county planning regulation that would require developers to provide to the county board of commissioners:

- Evidence that the developer has met with all affected utilities and adequate/agreed upon utility easements are in place prior to any lots being sold; and
- Binding utility easements from all affected adjoining property owners that conform to applicable codes and rules, for power lines or other utilities; and
- Developers be required to install at a minimum the backbone utility systems, adjacent to each lot and readily accessible to the purchaser of said lot, the cost of said backbone system will be included in each individual lot price.

15. EMINENT DOMAIN

Rural cooperative utilities (co-ops) are unique and different from other utilities in that the people that benefit from our services are also the owners of the company. Therefore co-ops naturally have a close relationship with their member-owners, many of whom are landowners, and are better equipped to deal with rights-of-way issues that could involve condemnation. A majority of the co-ops have never, or very rarely, had to exercise their rights of condemnation. That is not to say that we do not need this right, but only that we use it as a method of last resort to accomplish our obligation to serve.

Because of the relationship co-ops have with their membership there is a common understanding of how to approach and deal with landowners with the respect they deserve. This understanding includes giving advance notice before any action will

be taken by the co-op on someone's property, and working with the landowner on a consistent basis, and in good faith, when discussing such issues as siting, access, and maintenance. That is not to say that there have not been or will not be instances where the co-op and the landowner disagree on an issue and would cause the co-op to initiate condemnation proceedings, which is why we oppose any diminishing of our eminent domain rights.

16. SMALL RENEWABLE ENERGY PROJECTS

Wyoming cooperatives support and assist our member-owners choice to install small renewable energy facilities (25 kw or less) under the current net-metering law. However we oppose the state subsidizing or using state tax dollars to fund or promote these facilities at the expense of our existing member-owners.

LEGISLATION - FEDERAL

17. RURAL UTILITIES SERVICE FINANCING

Electric cooperatives maintain nearly half of the nation's electricity distribution lines in order to serve 12 percent of our nation's electric consumers. These distribution lines span 75 percent of the nation's land mass. Installing, maintaining and replacing infrastructure in areas that include some of the most remote areas in this country is a difficult and expensive job, for both the distribution cooperatives as well as the generation and transmission cooperatives, that is made possible by the co-op partnership with the U.S. Department of Agriculture's (USDA) Rural Utilities Service (RUS)

Generation & Transmission (G&T) eligibility for RUS loans and loan guarantees has traditionally been tied to the purposes of the RE Act without regard to the

status of a G&T's member systems as RUS or non-RUS borrowers. Further, RUS has traditionally used a once-rural-always-rural standard to protect the federal investment in electrical infrastructure. NRECA should take such steps as are necessary to preserve the RUS's traditional once-rural-always-rural tests for borrower eligibility.

Electrical distribution cooperatives are eligible for four types of loans from the USDA RUS: municipal rate loans; loans based on "hardship" criteria, and FFB and Treasury Rate loans.

We urge Congress and the Administration to take the following steps with regard to this important loan program:

- Continue a commitment to long-term financing for Wyoming's electric cooperatives;
- Keep RUS direct loans to levels adequate to meet current requirements and to authorize sufficient loan guarantee levels;
- To support RUS in their efforts to facilitate processing loan applications in a more timely fashion.
- Restore Funding to provide loans for all base load generation projects regardless of fuel choice.

18. G&T AND DISTRIBUTION COOPERATIVE REFINANCING

We support the refinancing, with a continuation of RUS guarantee, or repayment of the generation & transmission and distribution cooperative loans from the Federal Finance Bank (FFB), without penalty, which have interest rates above the market rate. The federal regulations should be consistent with the intent of Congress.

19. USE OF TAX EXEMPT FUNDING

Municipal utilities have long had the benefit of tax-exempt financing to serve their customers. Municipal utilities now seek the benefits of such financing for private use in a competitive marketplace. These benefits go beyond the original Congressional intent for tax-exempt financing and could be used to the detriment of RUS borrowers or rural electric systems.

We urge the Congress to grant tax-exempt funding for competitive purposes only if it provides that such funding not be used to adversely acquire electric load or service territory from a rural electric system borrower of the RUS or a rural electric system with certificated service territory granted under the jurisdiction of a state utility or service regulatory body.

20. CLEAN RENEWABLE ENERGY BONDS (CREB's)

New renewable generation capacity is significantly more expensive to install than conventional gas or coal generation. Accordingly, federal Production Tax Credits (PTCs) have been made available for over a decade to investor-owned utilities and private developers for the purposes of bringing down the price of renewable generation. Electric cooperatives can not utilize the PTC because we are not-for-profit and therefore have no federal tax liability from which to deduct the tax credit. To address this inequity, the Energy Policy Act of 2005 established the Clean Renewable Energy Bond (CREB) that electric cooperatives, et al, could take advantage of using.

Congress developed CREBs as an incentive tailored to the unique characteristics of cooperatives. The program enables the nation to tap the full potential for renewable generation within the not-for-profit utility sector, thereby accelerating the push for the technology needed to make renewable generation more economical.

The WREA supports efforts by Congress to extend the CREBs program into the future and to increase the annual authorization to \$1 billion with at least \$375 million set aside specifically for electric cooperatives.

21. BREACHING OF DAMS

Hydropower is vitally important to meeting the existing needs and growing demand for electricity in the United States. Most Wyoming retail electric customers are served by utility systems that depend on hydropower generation resources.

Proposals to breach or remove dams pose an alarming threat to the generation of clean, renewable, hydroelectric power. Such proposals have been advanced in several major river systems, and would have significant negative impacts to the nation's power supply.

Removing the dams would lead to serious, adverse environmental and economic consequences through the loss of clean, renewable hydropower generation. Other renewable power generation alternatives are often more expensive, less environmentally benign, and in many cases not available on a timely basis.

Removal or breaching of dams would have severe consequences for municipal water supply, agriculture, flood control, navigation, recreation, and other water supply needs, impacting millions of people throughout the nation.

Removal of federal dams would negatively impact the federal debt repayment obligation associated with such dams.

We urge Congress and the states to reject these proposals. The vast benefits of the nation's multipurpose water storage projects and the associated hydropower facilities far outweigh any result from removal or breaching of dams.

POWER SUPPLY

22. FACILITATION & USE OF DOMESTIC FUELS FOR NATIONAL ENERGY POLICY & SECURITY

Constantly shifting United States energy, environmental and regulatory policies over the last half-century have dramatically affected the nation's mix of fuels used for electricity generation.

The United States must continue to develop domestic fuel resources and additional fuel options if it is to preclude substantially increased dependence on these foreign petroleum sources.

NRECA should continue to pursue appropriate legislation to facilitate the use of domestic coal, oil and gas resources, nuclear energy, and renewables, giving proper and appropriate recognition to the potential impact on the environment while also recognizing the positive impact of these resources on national energy security and the nation's economy.

NRECA should urge the Congress and the Administration to ensure that appropriate funding is available for research and development and incentives to fully utilize domestic resources including renewable energy. Information on the economic and technical viability of renewable energy generation should be made available to policymakers and the membership. These programs should be made available to all segments of the industry on an equitable basis.

23. HYDROELECTRICITY -- A RENEWABLE RESOURCE

Hydroelectric power facilities have for decades provided economic, reliable, and environmentally friendly, renewable energy resources for many consumers

throughout the country. Defining renewable resources becomes crucial to electric utilities as the federal government and others look at mandated resource portfolio standards.

Hydroelectricity often is being rejected as a classifiable renewable resource by some federal agencies and other groups for political reasons, even though a definition of renewable energy is a perpetual, naturally occurring form of energy that can be successfully harnessed to produce electric power without the creation of waste, emissions or byproducts. Clearly, electricity generated by the force of falling water meets this definition.

We urge Congress and the Administration to take action to classify hydroelectric power from projects large, small, existing, and future as a renewable resource and be treated equal to other forms of renewable energy such as that produced from wind and solar. Furthermore we urge Congress and the Administration to support locating clean renewable hydroelectric facilities at existing dams on federal land where the disturbance has already taken place.

24. SALE OF POWER MARKETING AGENCIES

The availability of cost-based hydropower is a valuable resource that serves member-owned systems. Preference customers have made repayments in accordance with the law and we believe the continuation of the preference principle is essential to the maintenance of member-owned rural electric cooperatives and municipal utilities.

We oppose the sale of power marketing agencies by the federal government unless the sale:

- Improves the efficiency of federal hydropower operations;
- Protects the equity interest of preference customers;

- Preserves their competitive stance;
- Prevents unjustifiable increases in electric rates to our member-owners;
- Retains federal power customers' first right to purchase such facilities;
- Of power to the utilities continues on cost based pricing.

In addition, we oppose any legislative effort toward market based rates, altering existing repayment schedules and any changes that would allow the private development or alteration of the operations of hydropower resources at federal facilities for other than the benefit of existing customers.

TAXATION

25. LOSS OF TAX REVENUES

Reductions of federal tax revenues are having detrimental effects on working citizens—young and old—in communities throughout the nation. The problem lies in the vast tracts of land the federal government owns; while the federal government owns no more than 14 percent of the land in each of the states situated primarily in the east, no less than 27 percent of the land is federally-owned in western states, and in four western states (AK, ID, NV, and UT), 62 percent of the land is federally-owned. In Wyoming approximately 50 percent of the area is federally owned.

The states cannot assess property taxes on federal lands and federal lands are less likely to be developed, reducing the potential for royalty revenues to accrue to the states. Western states are harmed by federal land ownership in a number of ways:

- As states grapple with education funding, reductions in rural school districts located on federal lands can have more dramatic effects. The loss of a single teacher can mean the loss of curriculum offerings or, at a minimum, create a greater burden on the remaining faculty than in urban districts where such cuts can be spread across a wider variety of programs, teachers, and student

population. As educational opportunities decline, young people leave rural high schools less prepared to compete in a global economy, and their ability to contribute to the economic vitality of their local communities is eroded.

- When timber harvesting is reduced on federal lands nationwide there is a corresponding reduction in federal payments to rural communities causing a reduction or elimination of essential community services. The alternative, imposing excessive taxes on residents and businesses in these counties, creates an undue hardship on these citizens, many of whom are member-owners of electric cooperatives.

We support policies that adequately compensate western or rural states for public education, timber harvest, and other essential services resulting from the large amounts of non-taxable federal lands in those states.

We urge NRECA to continue supporting policies that address these tax revenue losses and which provide a process for developing long-term solutions in accord with a definition of a sustainable forest management. This definition must provide that ecological, economic and other social factors receive equal consideration in the management of national forests.

26. TAXATION-WYOMING

We believe all property in the State of Wyoming should be assessed for property tax purposes as equitably as possible in order to meet the needs of the state and its political subdivisions now and in the future.

We support the following positions and encourage the legislature to recognize them as part of Wyoming's tax policy:

- Any tax formula used for electric distribution facilities must recognize the relatively low revenue per mile generated by rural electric cooperatives;

- Pollution-control equipment on power plants should continue to have tax-exempt status.

We support a state system of reasonable and equitable taxation of Wyoming's mineral resources.

We oppose federal limitations on the state's ability to tax its own resources.

27. ENERGY TAXES AND EXTERNALITY COSTS

There have been numerous federal revenue proposals in recent years on energy and energy sources. Due to their regressive nature and potential negative impact on rural residents, we oppose any new federal tax on energy or energy sources that unfairly burdens rural electric member-owners or negatively impacts national economic growth.

We also oppose any federal tax that punitively targets coal, as compared with the taxation of other fuels used to generate electricity, and the use of special state or local levies or fees on electric utilities and their member-owners that do not fairly and equitably distribute the burden over all taxpayers.

In addition, proposals to tax environmental externalities, i.e. costs assigned to residual environmental impacts of a generation resource that remains after the resource has complied with all existing federal and state environmental standards, are extremely subjective and do not apply to all sources. Therefore, we oppose the imposition of externality costs that would affect the marketing of power from existing facilities that already meet the federal and state standards.

We believe an energy tax is highly regressive, inflationary and detrimental to the nation's economy and urge Congress and state and local policy makers to consider this in proposals to increase taxes or raise revenues.

CONTINUING POSITIONS

Continuing Positions are ongoing issues affecting WREA and its membership

AGRICULTURE

1. FEDERAL LAND MANAGEMENT

Lands in Wyoming are approximately 50 percent federally owned. Management of this land directly affects Wyoming's economic future. Wyoming and other public land states should have a greater role in decisions regarding the management of federal lands.

The United States Congress and the Administration, as well as the federal-lands states involved, have argued strenuously regarding proposals to change the regulations and grazing fees applied to multiple use on public lands.

Range land reforms must provide a fair compromise regarding all multiple use issues, including the preservation of water rights for the states and the leaseholders that use them.

We believe that principles established to maintain open range on public lands will best preserve those lands for wildlife and other multiple use purposes and that private lands intermingled with public lands will likely be converted into residential development if the economic basis for grazing is upset.

We urge Congress, the Department of the Interior and the Department of Agriculture to implement grazing and logging techniques to reduce fuels on federal lands to help mitigate the possibilities of future wild land fires. Furthermore, new regulation or fee increases should not create an economic hardship on either individual or state economies.

2. STATE LAND MANAGEMENT

Agriculture is an important asset to the economic well-being of Wyoming and provides a strong base for future economic growth. State lands are an integral physical and economic component of many Wyoming farms and ranches. In addition, agricultural operators use state leases as part of their base to borrow operating funds.

The current system of preferential rights of the lessee for either the lease or purchase of state trust lands is fair and equitable, does not violate the trust responsibility, allows for economic stability and should be continued. We believe that prior to the sale or lease of state lands to another party, the Director of State Lands and Investments should consider the following factors:

An evaluation of the long-term stewardship provided by the current lessee such as:

- Physical improvements to the range and its structures;
- The implementation of range management practices have increased the value of state lands and improved the habitat for the wild game populations;
- The local agricultural lessee represents the state's interests by providing on-site protection and management of these lands.

3. WATER DEVELOPMENT

The importance of water to Wyoming's future cannot be overstated. Protecting the State's authority to manage its water resources is critical to our agricultural base, our wildlife, our industries, and our communities. Administration and ownership of water is one of the most important States rights issues that we face, and we oppose any legislation that seeks to federalize Wyoming's water through such things as the "Clean Water Act."

We also oppose any efforts by the National Forest Service to adopt misguided and top-down regulatory actions (such as the “Roadless Rule”) that heighten the risk of catastrophic forest fire and that will result in the destruction of our watersheds.

4. MANAGEMENT OF FEDERAL LANDS TO ABATE WILD FIRE CONCERNS

Many of our Member-Owned Electric Cooperatives have electrical distribution and transmission facilities on and within the bounds of Federal Lands. Cooperatives strongly support and appreciate the continued use of these existing power line right of ways and the approval of new right of ways as they are needed, however; recent wild fires on these Federal Lands have damaged Cooperative facilities resulting in a significant financial burden to the Cooperative and its Member-Owners. Cooperatives are extremely concerned that Federal Land Management Personnel, in their efforts to address and mitigate the multiple lawsuits applied by environmental groups, have reduced the multiple use component of these Federal Lands which has in the past has proven to be a key element in managing these lands for their continued health and well-being.

Noted changes in land management practices in recent years such as; reduced livestock grazing and timber harvest have lead to a significant increase in the available fuels on the ground within these Federal lands which has further led to an experienced increase in wild fire danger.

We urge Federal Land Management Officials to revamp their current management strategies, to include a return to the livestock grazing and timber harvest practices that worked well in the decades leading up to the current management plan...which is simply not working.

GENERAL

5. RURAL HEALTH CARE

Small Wyoming communities cannot always support a full-service hospital. Rural health care needs can, however, be met in a variety of ways, including facilities to provide preventative care, long-term care, emergency and stabilization services. It is critical that these facilities qualify for maximum reimbursement payments. Rural electric systems have a vital interest in health care in their communities. The well-being of member-owners and employees and the economic viability of our communities depend on access to affordable, quality health care.

Telemedicine technology can provide a vital link for rural health care providers to medical specialists in distant cities. This technology can also provide diagnostic and other outreach programs for rural communities.

A key component of rural health care, considering the great distance between hospitals in Wyoming, are the excellent state-sponsored emergency medical treatment teams who act in those critical minutes following an accident or sudden illness.

To maintain their effectiveness, these mostly volunteer EMTs must receive annual training to earn and maintain their certification.

We commend and support the efforts of the State of Wyoming and the Wyoming Congressional delegation in recognizing the needs of our rural state and enhancing rural health care in Wyoming.

6. ELECTRIC RESEARCH AND TECHNOLOGIES

In a rapidly changing and complex industry, scientific and technological advances enhance the ability of electric cooperatives to supply reliable and affordable electricity. Electric research and technology development can play a leading role in energy conservation, environmental protection and enhance economic development in the rural areas.

Research and development programs such as those put together by the Cooperative Research Network (CRN) and the Electric Power Research Institute (EPRI) will continue to be a key for resource for cooperatives in the development of electric technologies to keep cooperatives competitive.

We support efforts that continue research and development of and efforts that promote the increased use of electric technologies for the betterment of our member-owners.

POWER SUPPLY

7. PREFERENCE AND FEDERAL POWER CONTRACTS

The federal hydropower system administered by Department of Energy power marketing administrations has provided the rural electric cooperatives a reliable supply of electricity at a price that reflects what it costs to produce and deliver power at cost-based rates.

In addition, current Power Marketing Administration policy allows cooperatives to have first-purchase rights to federal hydropower. The ability to provide comparable rates and reliable power supply for Wyoming rural electric member-owners depends on the continuation of contracts to present customers and acquire a proportional share of output of any new capacity.

Allocations of preferential power should not contain provisions for duplicative conservation activities or penalties beyond appropriate statutory authority.

We support cost-based pricing and current power marketing policies and urge the preservation of those policies.

8. PAYMENT OF NON-REIMBURSABLE COSTS

Charges for power and water from federal multipurpose water projects historically have been based on reimbursable costs -- the cost of providing service. The other costs incurred in operating these projects are to be paid for by the general public through federal appropriations. However, in recent years administrative changes have been made to include some non-reimbursable costs in power costs as well.

Reimbursable costs are defined as power investment with interest, irrigation investment without interest and municipal and industrial investment with interest. These are to be repaid by project beneficiaries, including power and water customers. Power investments are repaid through contracts for power sales. Irrigation investments are repaid through supplemental revenues from power sales. Municipal and industrial revenues are set to pay their allocated operations and maintenance and investment costs.

Non-reimbursable costs are defined as flood control, navigation, recreation, fish and wildlife, and miscellaneous. These are repaid out of the Federal Treasury without reimbursement by a project beneficiary.

Power and water consumers accept and agree with the historic division of costs and repayment structure. Power and water users are required to pay for those costs and investments allocated to their specific benefit, and are not required to pay those costs which benefit the general public -- like recreation, fish and wildlife, etc.

We oppose any administrative changes or legislation that requires payment of non-reimbursable costs at federal multipurpose water projects by power and water consumers, including, any additional costs for security that are incurred for the benefit of the general public.

9. SUPPORT FOR RUS WHOLESALE CONTRACT POSITION

We urge the Rural Utilities Service and the Department of Justice to actively oppose the sale of any rural electric system that has not satisfied its contractual obligations for wholesale power.

10. POWER SUPPLY

As the western United States moves towards an increasingly competitive wholesale market for electric supply, it is vital that adequate amounts of power and energy are available to rural consumers. Current energy supply and reserves are being fully utilized and energy supply for future growth and development is becoming a crucial need. It is important to the Western U.S. that adequate supplies continue to be developed to provide for growth and development.

We believe the following supply options should be advanced:

- **Fossil Fuels:** We support the present and future use of fossil fuels for the generation of electricity. Fossil-based generation is a reliable, low-cost power supply for rural electric cooperatives and will continue to be needed as the West grows. We pledge our full support to the operations and development of these important power supply projects to meet the needs of Wyoming rural electric systems.
- **Hydroelectric:** We support the continued availability of Federal hydroelectric resources for use by cooperatives and municipal systems. Hydroelectric power

facilities provide a vital part of the power supply for cooperatives and are a vital renewable resource. We support the research and development of additional hydroelectric facilities. We also support efforts to improve the efficiency and availability of hydroelectric facilities, including efforts to have customers help finance critical projects. Further, we urge the Secretary of the Interior and the Secretary of the Army to fully comply with all applicable legislation, contractual commitments, and federal regulation before changing the operating criteria on any federal reservoir.

- **Other:** We support efforts to develop other economically viable renewable power resources in Wyoming. (Refer to Renewable Energy Resources)
- **Wyoming Infrastructure Authority:** We support the efforts of the Wyoming Infrastructure Authority to diversify and expand the Wyoming economy through improvements in the state's electric transmission infrastructure and to facilitate the consumption of Wyoming energy by planning, financing, constructing, developing, acquiring, maintaining and operating electric transmission facilities and related supporting infrastructure.

We support the following elements of the powers of the Infrastructure Authority in exercising the rights and powers vested to it through Wyoming Statute to:

- Plan, finance, construct, develop, acquire, own, maintain and operate within and outside the state of Wyoming, property, structures, equipment, facilities and works of public improvement necessary or useful for the accomplishment of the purposes for which the authority was created, including the obtaining of permits and the acquisition of rights of way;
- Investigate, plan, prioritize and establish corridors for the transmission of electricity, including DOE corridors;
- Enter into partnerships with public or private entities;
- Do any and all things necessary or proper for the development, regulation and accomplishment of the purposes of the authority; and
- Efforts to promote clean coal technologies.

The ability to continue to have all of these resource options available in the future will be critical to rural electric member-owners.

REGULATION

11. UNFUNDED MANDATES

Congress has historically passed legislation that has resulted in costly regulation on state and local government and its citizens.

We urge that all legislation including federal and state mandates be fully funded.

12. RIGHTS-OF-WAY ON PUBLIC LANDS

The placement of electric facilities on state and federal lands is a benefit, not a hindrance, to the State of Wyoming, its citizens and the lessee. The extended time period to acquire the necessary permits, and the burdensome requirements, are economically detrimental to all parties concerned.

We urge the public agencies involved to review and develop procedures that will provide for the approval of right-of-way applications in a timely and cost effective manner.

If we properly maintain our rights-of-way cooperatives should not be held liable for external factors beyond our control. We support reasonable right-of-way agreements/widths appropriate to each application.

Furthermore we urge the BLM and the RUS to live up to the language of the Memorandum of Understanding that both agencies adopted in 2014 that would allow

for timely approval of both renewal and new requests of ROW's as well as immediate approval of the cooperative rent exemption status.

13. HIGHWAY RIGHTS-OF-WAY

Highway rights-of-way must necessarily be managed with highways as the top priority. They are, however, public facilities and the Department of Transportation should manage them to accommodate other public services, particularly utilities, to help keep consumer costs as low as possible.

We believe that if the relocation of any utility facility is necessitated by the construction of a project on the federal-aid highway system, upon completion of the relocation the Department of Transportation, after determining the cost of the relocation, should be required to pay to the utility any and all such expenses.

TAXATION

14. FEDERAL MINERAL ROYALTIES

We support efforts to restore Wyoming's share of federal mineral royalties from deduction of administrative costs of the federal government.

We support a more equitable method of determining the value of all mined coal on which the federal royalty is calculated. Such costs as the reclamation fees, abandoned mine tax, black lung tax and severance tax should be deducted from the value of coal prior to calculating the federal royalty.

SPECIAL RESOLUTIONS

1. HONORED ROLL CALL

This year has seen the loss of good friends and fine leaders in the rural electric industry. We are appreciative of the contributions made by these workers during their lifetime and acknowledge our debt to them. In recognition of the example they have set for all of us, we join now in a moment of silence.

Robert “Bob” Shockley:

Bob Shockley passed away on December 29, 2014. Bob served on the NEA board from 1977-2012 representing Niobrara Electric Association’s Nebraska district.

Earl Christensen:

Earl Christensen, the man who is credited for launching and later saving the electric cooperative that would become Powder River Energy, passed away at the age of 95 on January 31, 2015. Earl was an original board member from 1945 – 1958 when he gave up his seat and was elected to the Wyoming State Senate where he continued his work on behalf of Wyoming Cooperatives for 24 years.

Terrell Wiekhorst:

Terrell “Terry” Wiekhorst was born in 1932 and passed away on April 4, 2015. He worked for High West Energy, formally known as the Rural Electric Company, for 19 years.

Lyle Shaw:

Lyle Shaw was 86 years old when he passed away on February 6, 2015. He was a board member of High West Energy from 1981-1984.

Arva Steege:

Arva Steege was 73 years old when she passed away on June 15, 2015. She worked off and on for High West Energy for 10 years.

STATEMENT OF APPRECIATION

The Wyoming Rural Electric Association's 74th annual meeting was held in Torrington, Wyoming on September 22 – 23, 2015.

The Wyoming Rural Electric Association would like to especially thank the Board of Directors and employees of Wyrulec for acting as host of the annual meeting.

The Association expresses appreciation to the WREA Suppliers' Group for hosting the annual banquet hospitality hour, for supplying generous door prizes, and for their support of other WREA activities involving the Managers Group, the Operations Managers and the Office Managers throughout the year.

The Association wishes to thank the Rendezvous Center for the accommodations.

Whereas, the WREA Board and Staff have produced an excellent meeting in support of the current needs of Association members, the membership of WREA hereby expresses sincere gratitude and appreciation for a job well done.

CERTIFICATE

I hereby certify that I am Secretary-Treasurer of the Wyoming Rural Electric Association, and that the foregoing is a true and correct copy of a Resolution adopted by the Membership of the Wyoming Rural Electric Association at its annual meeting held September 22-23, 2015 in Torrington, Wyoming.

Dick Clifton, Secretary-Treasurer