

# **2016 RESOLUTIONS**

**Approved by the  
WECA Membership on  
November 9, 2015**

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## ***2016 WECA Resolutions***

*(Approved by the WECA Membership on November 9, 2015)*

### ***Continuing Resolutions***

#### **C-1 Advanced Renewable Tariff (State)** [est. 2009, revised 2014]

Advanced Renewable Tariffs (ARTs) require payment for all generation at the price needed to provide the investor a “reasonable” rate of return, which is higher than avoided cost and may be higher than retail rates. This premium rate would result in increased costs for other electricity users, many of whom are struggling to cover their existing utility bills, and benefit developers that have other incentives and financial resources available.

Utilities need efficient and predictable sources of energy that are cost-effective and can be reliably interconnected. Advanced Renewable Tariffs provide incentives to develop renewables in areas not necessarily best suited for interconnection of additional generators.

Moreover, because their core principle is specifically to guarantee a return on investment, ARTs destroy incentives to maximize efficiency and minimize costs, encouraging installation of the *least* efficient, *least* predictable, *most* expensive forms of generation, not only driving up the cost of providing power but also impairing, in proportion to its size, a utility’s ability to deliver reliable service with the high levels of power quality demanded by many of today’s electricity users.

Advanced Renewable Tariffs would have significant impact on electric co-ops:

- Because of the rural nature of electric co-op territory, they are likely to see greater interest in renewable projects. Electric co-ops also have fewer ratepayers over whom to spread the higher costs.
- One member would be forced to subsidize another member, which is contrary to co-op philosophy.
- Smaller farms would almost certainly be subsidizing larger ones and certain types of agricultural operations would subsidize other types of operations.
- Depending how it was structured, the PSC could set rates for co-op members, taking away the basic right of self-governance by democratically-elected local cooperative boards of directors.
- ARTs could potentially alter established wholesale power contracts with other investor-owned utilities.
- Co-op members would have to cover costs of additional distribution lines and connections for projects with limited generation.

Advanced Renewable Tariff legislation is redundant from a policy standpoint in light of existing Wisconsin law establishing a renewable portfolio standard. Not only do these mandates for renewable energy exist, grants and tax incentives of various types are available to subsidize renewable project development.

If the purpose of creating ARTs is to increase the use of specific renewable energy technologies and limit carbon emissions to benefit the entire state, then the costs associated with them should be shared by all state residents as well.

WECA opposes PSC rules or legislation creating Advanced Renewable Tariffs intended to provide a profit for investors paid by not-for-profit electric cooperative members.

## **C-2 Global Climate Change** [est. <2001, rev. 2007]

The concerns surrounding global climate change include questions of whether human activities are creating excesses of certain gases with atmospheric heat-trapping characteristics and accelerating the natural “greenhouse effect.” Such activities include fossil-fuel combustion, agricultural operations, industrial activities, and land-use practices throughout the world.

As cooperatives, our main focus is serving our membership. WECA supports policy responses that will positively address the issue with the least negative impact on our ability to deliver reliable and affordable power. WECA supports measures which have the following attributes:

- Cover all sectors of the economy, not simply electricity, and include provisions to ensure that other nations are enacting policies to address this issue within their own borders.
- Make a significant investment in research and development of technologies and demonstration programs to determine how to mitigate or reduce emissions of GHG (greenhouse gas) released from burning fossil fuels.
- Until better technology is available, in the short term emphasize energy conservation, energy efficiency, development of renewable energy sources and reforestation initiatives.
- Are structured to be balanced and fair to cooperatives and rural residents, especially making any incentives available to all segments of the electric power industry, including cooperatives.
- Remove regulatory and other impediments to increasing the efficiency of existing generating units including hydro and nuclear power.
- Recognize that climate change policy and energy policy are inextricably linked, and that climate change legislation can negatively impact our nation’s economy and energy reliability and security. Climate change legislation must include suitable “off ramps” for any plan which threatens energy reliability, security, and/or negatively impacts the economy.
- Develop an appropriate response at the national or international level, avoiding state by state actions as they would be too costly, difficult to administer, and ineffective in the context of global reductions.
- Foster continuing public education programs which objectively address the issue of global climate change.

WECA urges Congress to carefully weigh the potential environmental benefits against the economic impact of any climate change proposal.

## **C-3 Environmental Protection Agency Regulation of Greenhouse Gases, CO2 (Federal and State)** [est. 2010, revised 2014]

The Environmental Protection Agency (EPA) has determined that greenhouse gas emissions, including carbon dioxide, endanger public health and welfare and therefore should be regulated from stationary sources such as power plants. The EPA is using the existing Clean Air Act (CAA) as a tool to enforce new emission rules.

The CAA was enacted to control pollutants on a local and regional scale that cause direct health effects. It was not intended to be used for climate change mitigation.

Without Congressional action or Supreme Court objection to using the CAA, the EPA is empowered to regulate electricity and essentially determine the mix of energy resources used by the states.

The most recent set of rules proposed by the EPA for existing power plants require reductions of CO<sub>2</sub> emissions nationwide by 30 percent from 2005 levels by the year 2030, setting specific goals for individual states based on EPA determined goals. The requirements will greatly reduce the use of coal for electric generation. EPA suggests that current and future energy needs can be met using natural gas, nuclear power, renewable sources and increasing efficiency and conservation efforts. Each state will be tasked with implementation of the rules, varying the impact on different utilities.

For Wisconsin electric cooperatives, there are special challenges to meeting the EPA mandates. Cooperatives have a greater reliance on coal, and in recent years have spent hundreds of millions of dollars updating existing coal plants to improve air quality and lessen impact on the environment. To abandon these plants would create economic hardship for our members. Early adopters of carbon limiting technologies should receive full credit for their efforts in reducing greenhouse gas emissions.

Also, given our rural locations, we do not have ready access to natural gas at our major plant locations. Finally, new nuclear plants are too costly an investment for our small cooperatives and there is a moratorium in the State of Wisconsin prohibiting new nuclear plants.

Electric co-ops have established programs for ongoing utilization of renewable energy sources and successful efficiency and conservation measures in an effort to keep electricity accessible and affordable for rural areas. Utilities should receive credit for purchased renewable resources, regardless of the state or country in which the resource sites are physically located.

The aggressive timeline and reductions in CO<sub>2</sub> emissions needed to meet the 2022 interim goal for Wisconsin is particularly concerning.

WECA resolves to work with the Department of Natural Resources, Public Service Commission and other stakeholders during the interpretation of the requirements and implementation process to protect the interest of electric cooperatives and their member-owners to ensure concerns are voiced to minimize negative economic impact and to allow cooperatives to continue to provide affordable, reliable and safe electricity.

Additionally, WECA supports congressional action to impose regulatory certainty by restricting the ability of the EPA to unilaterally regulate greenhouse gasses.

WECA supports legislative, regulatory or judicial remedies to protect the interests of cooperative members.

#### **C-4 Regulation of Coal Combustion Residuals (Federal) [est. <2001]**

Coal-fired power plants produce fossil fuel combustion residuals such as fly ash, bottom ash, and flue gas desulfurization materials. Currently, the Environmental Protection Agency (EPA) classifies these byproducts as nonhazardous.

Coal ash is used beneficially in a variety of applications including the manufacture of concrete and other construction products.

Recycling coal combustion byproducts minimizes costs and provides a more suitable environmental outcome. Dairyland Power and other Wisconsin utilities have excellent track records of successfully recycling residuals, with the majority of the materials going into cement and road resurfacing. Efforts to relabel coal combustion byproducts as hazardous could impede the ability to successfully recycle these materials, resulting in greater use of landfilling as the only other viable option.

WECA supports legislation making the EPA's non-hazardous designation of coal ash permanent under federal law, ensuring practicable enforcement of federal policies, providing certainty to utilities and stabilizing beneficial reuse markets.

## **C-5 Thermal Cooling** [est. <2001]

Almost half of the electric generating facilities in the nation use river water for condenser cooling. This process is effective and affordable and has minimal impact on natural resources. Since 1972, federal law has allowed utilities to use a thermal discharge limit to regulate the environmental impact while allowing water use. This law has worked well, benefiting the environment and consumers alike.

WECA urges Congress to retain the thermal variance provisions currently existing in Section 316(a) of federal water laws, and not apply any new standards to existing facilities already approved by the EPA.

WECA further asks Congress to support the Best Technology Available (BTA) and site-specific flexibility for utilities to achieve compliance with EPA's interpretation of section 316 (b).

WECA also opposes any state regulatory attempts aimed at restricting the use of river water for condenser cooling at power plants.

## **C-6 Cooperative Education (State)** [est. <2001]

Cooperatives are among the best run businesses in the world. Surveys show the cooperative form of business is popular among its members as well as the general public, and cooperatives continue to be the best possible means of providing rural America with dependable electric service at the lowest possible cost.

In the interest of maintaining the cooperative philosophy, so vital to the existence of rural electric cooperatives and cooperatives of all kinds, and of making certain that this philosophy and the cooperative way is better understood by consumers, patrons, the general public, and children in their formative years, WECA strongly urges:

- Continued cooperative educational programs with greater emphasis on public and private institutional teacher and faculty certification so that knowledge of the importance of cooperatives—their needs, career possibilities, and what they have to offer is known in schools throughout Wisconsin and encourages students to participate in cooperative affairs during at least some part of their lives.
- Increased support, on the part of cooperative boards and management, of programs such as credentialed cooperative director, board leadership, and the management internship program.
- Support of youth programs; director, management, supervisory, employee and consumer educational opportunities;
- Development of programs to help create better understanding of cooperatives among those influencing public opinion.

- Maintenance by cooperative leadership of strong commitment to the seven cooperative principles, quality of service, and financial stability of their cooperative.
- Support other types of cooperatives and the cooperative way of doing business.

Current Wisconsin law requires that in granting certificates or licenses for the teaching of courses in economics, social studies, or agriculture, adequate instruction in cooperative marketing and consumers' cooperatives shall be required. WECA strongly approves of this requirement and opposes any attempt at its elimination.

### **C-7 Cost/Benefit Analysis of Laws Needed (Federal) [est. 2006]**

Federal statutes and regulations are often imposed with the intent to improve the environment, public health, or safety. Many of these statutes and regulations were instituted without the government conducting a comprehensive analysis—such as risk assessment to determine the extent of the risks faced by the public or the costs that would be incurred to achieve the desired results. At the same time, in an effort to deal with budget deficits and changes in administrative goals, successful programs have been eliminated or underfunded without considering the benefits or positive outcome they achieve.

As a consequence businesses, industries, and individuals affected by these laws are required to comply with statutes and regulations that have minimal beneficial effect but are extremely costly. Appropriate risk assessment and cost/benefit analysis should be brought into the decision-making process. This will help to ensure that costs do not exceed benefits and also that effective programs are not unjustly eliminated.

WECA urges that appropriate analyses be incorporated into all legislative and regulatory initiatives.

### **C-8 Tax Exempt Financing (CREBS) (Federal) [est. <2001]**

At present, some NRECA members are publicly owned rural electric systems and are eligible to issue tax-exempt bonds. In addition, generation and transmission cooperatives can offer tax-exempt bonds for pollution control facilities and renewables. Tax-exempt financing should be pursued as an option for those co-ops that can best serve their members by utilizing this alternative.

In the Energy Policy Act of 2005, Congress created Clean Renewable Energy Bonds (CREBs) which are tax incentives tailored for electric cooperatives and municipal utilities. These incentives, comparable to those provided to other electricity generators, make renewable generation more affordable for co-ops.

WECA urges Congress to continue tax-exempt financing for electric cooperatives and provide adequate and permanent funding to the CREBs Program and other incentives.

### **C-9 Electric Heating [est. 2006]**

In many rural areas, electric heating offers comfort, safety, cost reduction, efficiency, access to renewable energy, and versatility surpassing that of all other available systems. In addition, advances in technology allow electric heat systems to utilize geothermal or air-source heat pumps, radiant heating panels, thermal storage and other means of heating.

WECA believes consumers should be allowed to choose their heating system rather than have it dictated by a governing body or a code committee such as the International Energy Conservation Code (IECC) Council.



WECA supports fair treatment of all fuel sources and encourages fuel diversity and conservation. WECA urges state regulators to accurately credit electric heat systems when determining code compliance.

WECA opposes any legislative or regulatory restrictions on the use of electric heating systems.

### **C-10 Electrician Licensing / Farm Wiring Inspections (State)** [est. <2001]

Wisconsin farmers and rural residents deserve the highest quality professional electric services; therefore, WECA supports the continuation of a statewide program of electrical inspection for farm, commercial, and industrial businesses. WECA also supports a requirement that all electricians and electrical contractors be licensed by the state.

WECA asks state legislators to authorize adequate staffing and sufficient funding for state wiring inspection and electrician licensing programs.

### **C-11 FERC Authority and Net Metering (Federal)** [est. 2006]

While electric cooperatives support many renewable energy projects, Federal Energy Regulatory Commission (FERC) rulings (such as the Midland Power Cooperative case) are extremely detrimental to electric cooperatives. FERC does not have the authority to dictate that electric cooperatives must use a single meter for metering distributed generation. Similarly, FERC does not have jurisdiction to determine what an electric cooperative's avoided cost is, nor does it have the authority to order an electric cooperative to pay more than avoided cost to a member for power.

WECA strongly urges the staff of NRECA and Cooperative Finance Corporation (CFC) to continue and increase their efforts to appeal rulings such as the one in Midland Power Cooperative, including, if necessary, seeking redress in the federal courts and with federal legislation.

### **C-12 Maintaining Federal Financing Programs (Federal)** [est. <2001]

The Federal Financing Bank (FFB) has served to coordinate and facilitate government credit activities in an efficient and advantageous manner. The Rural Utilities Service (RUS) has been the primary source of funding for rural electric programs. RUS funding is mutually beneficial to the government and to the borrowers, and it should be continued.

WECA commends Congress for mandating the availability of the funding for RUS loan guarantees and oppose any effort to restrict FFB participation. WECA urges the Administration's continued support for the RUS loan program for distribution cooperatives and Generation & Transmission cooperatives.

WECA urges Congress to continue to authorize adequate levels of RUS direct and guaranteed loans as specified in the Rural Electrification Loan Restructuring Act of 1993. WECA strongly supports continuation of RUS funding for essential base load generation projects including nuclear power plants.

WECA supports the expansion of designated rural areas eligible for RUS loans to preserve participation by many rural communities.

WECA opposes rules and regulations that restrict any co-op system utilizing federal financing.

WECA asks Congress and the President to provide adequate funding and administrative resources for RUS to allow the agency to efficiently process loans and to effectively and promptly perform necessary functions.

### **C-13 Industry Restructuring** [est. <2001, revised 2014]

State and national movements to “deregulate electricity” throughout the 1990s led to many examples of devastating results affecting electric reliability and causing great harm to ratepayers. In many cases, deregulation of markets has actually led to higher rates, increased power shortages, and blackouts; leaving long-term investment in transmission lines, power generation facilities, and upgrades uncertain. In “successful” areas of deregulation, the benefits usually accrue to a few larger customers, or disappear over time for customers.

In addition to deregulation, other efforts to “restructure” the electric industry continue at the state and federal level, with proposals arising in legislative and administrative agency bodies alike.

Because there is a risk that deregulation and the transition to competition will benefit a few large customers at the expense of other consumers, increase electric rates, and decrease reliability, Wisconsin electric cooperatives oppose deregulation of electric systems.

### **C-14 Federal Locks and Dams (Federal)** [est. <2001]

The locks and dams on the nation's inland waterways are an integral part of the nation's transportation infrastructure. Dairyland Power Cooperative and other utilities in the Midwest have historically utilized commercial barges to move coal to plant operations along the Mississippi River. Waterway transportation is an efficient form of freight transportation with significant environmental benefits, since a single 15-barge tow is equivalent to 225 rail cars or 870 tractor-trailers on our highways. In addition, waterways provide competition to rail transport.

The majority of the locks and dams operated by the Corps of Engineers on the Mississippi River are over 50 years old, approaching the end of their design lives and in dire need of modernization or rehabilitation, but efforts to improve the lock system have met opposition from those who hope to eventually end the use of the river for transportation purposes.

WECA supports a multi-purpose use of the Mississippi River, including a balanced approach that appreciates the value of environmental, energy generation, recreational, and commercial purposes as well as lock modernization and, when necessary, lock expansion, to ease traffic congestion, streamline shipping procedures, and ensure continued use of the river for the next several decades.

WECA urges congressional action to give a fair share of funding for the inland waterway system, reflective of the monies contributed by inland users and of the importance of this system to our nation's economic health and security.

### **C-15 Low Income Home Energy Assistance (Federal)** [est. <2001]

A significant number of rural electric members experience difficulty paying their energy bills. Many rural electric systems' member assistance programs refer distressed members to agencies that administer the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP). In addition, some rural electric cooperatives have established a voluntary consumer fund and/or contribute funds to help leverage LIHEAP funds.

LIHEAP serves as a safety net for low-income households. WECA believes that LIHEAP funding should be maintained and that any proposal to limit the availability of LIHEAP funds to particular regions or states should be rejected.

Further, LIHEAP, as authorized by Congress, includes an incentive program to award greater amounts of LIHEAP dollars to those areas that leverage LIHEAP funds with capital from other sources. WECA urges every rural electric system to consider establishing a voluntary fund or providing financial support to leverage LIHEAP funds.

### **C-16 Nuclear Fuel Reprocessing and High Level Nuclear Waste Disposal (Federal)** [est. 2013]

The federal government has failed to keep its commitment to remove spent nuclear fuel from America's electric utilities in a timely fashion. Progress on Yucca Mountain has been brought to a halt because of politics. No interim storage or reprocessing option exists, ensuring added costs to those consumers served by utilities with closed or operating nuclear generating facilities.

Dairyland Power Cooperative is one such owner of a facility. The La Crosse Boiling Water Reactor (LACBWR) was built by the federal government as a demonstration project, sold to Dairyland in 1967 and permanently closed for economic reasons in 1987.

President Barrack Obama appointed a Blue Ribbon Commission on America's Nuclear Future which addressed the issue of spent fuel. They recommended creation of consolidated interim storage with highest priority given to fuel from shutdown reactors. The Department of Energy has proposed construction of such a facility by 2021, with plans for a new national repository by 2048.

WECA urges the Department of Energy, Congress, and the President to work diligently to fulfill their obligation to remove spent fuel in a timely fashion and to work on creating a reprocessing option, as well. WECA supports the recommendations of the Blue Ribbon Commission to give highest priority to shutdown reactors and development of a consolidated interim storage site. Until such a solution can be found, and spent fuel moved, WECA supports the federal government keeping its contractual obligation to provide funding to ratepayers to cover the expenses of current storage of spent fuel.

### **C-17 Nuclear Power (State)** [est. 2003]

The State of Wisconsin depends on a variety of energy sources to meet much of its daily demand for electricity and nuclear power plants have been a critical component of Wisconsin's generation mix for decades, during which they have compiled an admirable record of safe and efficient operation.

The U.S. nuclear power industry has similarly provided emissions-free generation with exemplary reliability, without any incident involving loss of life connected with power plant operations at any time throughout its history.

Present Wisconsin law effectively prevents even the consideration of developing new nuclear generation capacity, potentially to the detriment of a balanced energy mix and greater self-reliance.

Wisconsin's electric cooperatives strongly support the regulatory and safety standards needed to ensure continuation of this nation's decades-long record of safely transporting nuclear power plant materials, a record unblemished by any incident involving a release of radiation.

Without endorsement of any specific nuclear power plant project any entity may propose, or to imply that any cooperative intends or desires to construct such a facility, WECA supports legislation to repeal the statutory provisions blocking consideration of new nuclear generation, and urges all Wisconsin legislators and the Governor to support the proposed repeal.

## **C-18 Rail Transportation (Federal)** [est. <2001]

Bulk commodity shippers, such as electric utilities and agricultural producers, often are “captive” to the railroads because of the lack of economically viable alternatives. Railroads also enjoy anti-trust protection under current law, making it difficult to challenge their activities. Recent actions by a number of rail companies have dramatically driven up rates for rail shipping, while at the same time quality of service has deteriorated.

WECA supports all legislative, judicial, and administrative remedies that would reduce the economic power of the railroads against captive shippers. In particular, WECA believes the Surface Transportation Board (STB) must be held accountable by the President, needs to be given resources and authority, and must exercise that authority to protect shippers from unfair economic actions by the rail companies. Congress and the Administration should review STB policies, procedures and outcomes to reform the organization to streamline the process of challenging excessive rates and uncompetitive policies.

WECA believes Congress should repeal the anti-trust protection of the rail companies and, along with the STB, require minimum service standards in order to meet the public interest of reliable and affordable rail service.

## **C-19 Renewable Energy** [est. 2006]

Americans today are strongly supportive of increased production of renewable energy. High oil, gasoline, and natural gas costs; our use of foreign fuel sources located in often unstable parts of the world; improved technology making it easier to use renewable energy sources; interest in boosting rural economic conditions and increasing concern over greenhouse gas effects are among the reasons the public supports development of new domestic energy sources, especially those which are renewable.

Cooperative members, boards of directors, management, and employees share this interest in renewable energy. WECA has led or participated in a number of renewable energy projects through our wholesale power providers. Cooperatives have several renewable projects operating as part of our generation mix or in the planning stages, utilizing hydro, wind, biogas, biomass, and solar power.

Cooperative members also participate in an aggressive conservation program involving direct control of member loads at peak energy periods, and support a variety of incentives for energy conservation.

Cooperatives have supported responsible legislative efforts to expand conservation and renewable energy in a fashion that does not threaten system reliability or dramatically increase rates for our members. For example, WECA participated in the development and supported passage of Wisconsin’s landmark 2006 Energy Law which includes a mandatory Renewable Portfolio Standard (RPS) of 10% by 2015. WECA believes this Wisconsin law challenges all electric utilities to aggressively develop additional renewable resources, while not putting ratepayers in an uncompetitive position or making our electric system unreliable.

Aggressive goals, such as the 25x25 proposal where 25% renewable energy is produced by the year 2025, are challenging for the electric industry due to issues relating to the following factors:

- A limited number of suitable locations for certain types of renewables, such as landfill gas or wind, and a concern about the impact on the scenic landscape and wildlife if large-scale development of renewable facilities occurs.
- A lack of proven, reliable, easy to install and operate technologies for many of the biofuels applications.
- The ongoing challenge of rate impacts for construction and operation of new energy sources and energy delivery infrastructure.
- Impacts on electric reliability from sources such as wind or solar, which often provide negligible output during times of peak energy needs, requiring costly and duplicative backup power systems.
- Technical system difficulties for controlling widely distributed energy sources in a reliable and consistent fashion in order to protect system reliability.
- Legislative and administrative restrictions on development and efficient use of hydropower, one of our region's most affordable and clean renewable resources.
- Prices driven up by all utilities chasing limited manufacturing capacity and skilled labor resources for new renewables.

Due to these challenges, WECA does not favor immediate state or federal initiatives that would significantly change mandates for production of renewable energy beyond existing requirements.

WECA supports research initiatives, such as those underway at the Electric Power Research Institute (EPRI) and the Cooperative Research Network (CRN), that focus on the advancement of conservation and renewable energy technologies and participate in the National Renewable Cooperative Organization, which offers electric cooperatives an opportunity to participate in the nationwide development of renewable projects where those projects make economic sense. WECA looks forward to improved technology to help us grow our renewable sources in the future and will continue to explore options for renewable energy development.

## **C-20 Siting of Electric Facilities (State) [rev. 2013]**

Electric energy reliability requires constructing generation facilities and transmission lines as needed in order to meet the real energy needs of our region and our nation. Various state and federal agencies have enacted legislation and/or adopted rules which prohibit or severely restrict the construction of generation and transmission facilities. Such regulation makes siting electric facilities more difficult and expensive, ultimately adding to the cost of providing electric service.

WECA feels it is important to recognize that electric cooperative lines and facilities should be placed in the most economically feasible locations possible while minimizing negative impacts with thorough planning, community involvement, and environmental consideration and mitigation.

WECA welcomes the opportunity to work with elected officials and agencies to develop proposals that allow the placement of necessary facilities in the most environmentally sound manner possible. New proposals should consider overall needs and allow flexibility in placement of electric facilities.

WECA opposes legislation and/or regulation prohibiting or unnecessarily restricting the siting of electric facilities. WECA supports legislation that will allow for siting in the most practical and economically feasible manner possible, while minimizing negative impacts in order to meet the electric energy and economic needs of the residents of this region and our nation.

## **C-21 Tax Policies to Encourage New Generation (State) [est. 2006]**

There is a need throughout our region for construction of additional generation and transmission facilities to meet the growing demand for power. One barrier to construction of new plants can be tax laws at the state and federal levels, which can result in unfair situations such as double taxation or lack of incentives to the communities being asked to host power plants.

In Wisconsin, in recent years state revenue support for communities hosting plants has held steady or declined, effectively decreasing the state's commitment to those communities, and only a small portion of the gross receipts tax paid by Dairyland Power Cooperative and other utilities is actually returned to the communities hosting power facilities.

WECA supports state and federal tax policies, which promote the construction of new power facilities; provided that such tax policies do not competitively disadvantage cooperatives or add significantly to our administrative burdens. WECA also supports state government providing a fairer share of revenues collected from utilities to those local communities with existing plants, and in particular, recommend a higher level of payment to communities hosting base-load plants, funded through the current gross receipts tax mechanism.

WECA opposes any effort to place electric cooperative facilities on the local property tax, preferring the administrative simplicity of the current mechanism to minimize costs and paperwork for our organizations.

## **C-22 Territorial Integrity and Loan Security [est. <2001]**

WECA reaffirms the right and responsibility of all rural electric systems to serve those areas in which they initiated service, and WECA will defend this right against the taking or pirating of territory and consumers by any other electric system.

Rural electric systems have historically undertaken the obligations to provide electricity to rural America; therefore, any condemnation or taking of portions of a borrower's system decreases its ability to repay any financing incurred to meet the obligation by decreasing the prospective revenue stream projected for the loan contract.

WECA strongly objects to the hostile acquisition of rural electric territory or consumers through the exercise of municipal condemnation or other powers.

Entities taking cooperative utility assets must have consent of the cooperative utility and provide equitable compensation, paid to all affected cooperatives reflective of the economic loss suffered over future years and for all facilities constructed to serve present and future customers in the affected area.

WECA strongly urges that, upon threat of hostile acquisition of any rural electric system territory or consumers, WECA and member systems give full support and assistance to the threatened system.

## **C-23 Third Party Ownership (State) [est. 2014]**

Third Party Ownership (TPO) refers to a business arrangement where renewable energy generating equipment and technology is financed, owned or leased and maintained by an entity that uses it to produce energy which is then sold directly to the host property owner or occupant.

Legislative proposals have been considered to legalize the ability for a TPO entity to sell energy directly to the public without appropriate regulatory oversight. It is unclear whether a business offering TPO arrangements is acting as a public utility as defined by current law.

WECA supports necessary and equitable oversight of TPO arrangements, ensuring safe installation and proper interconnection of the generating equipment, as well as adequate liability insurance. Any TPO arrangement needs to prevent subsidization and rate increases on remaining utility customers and co-op members, include proper reimbursement for utility infrastructure and reliability, provide compensation for any energy added to the grid that is fair and reasonable to both the seller and buyer, and assure adequate consumer protections concerning safety, contractual and legal obligations.

## **C-24 User Fee Assessments** [est. <2001]

Federal, state, tribal, and local governments and infrastructure-owners have, increasingly, instituted user fees and assessments to fund operations. Electric cooperatives are concerned about such changes to the extent they must be passed on to consumers in the form of higher electric rates. WECA generally opposes user fee increases that:

- 1) Are for services already paid for by general tax revenues;
- 2) Are not cost-based and/or cost justified;
- 3) Are not competitively neutral;
- 4) Are punitive, duplicative or unnecessary;
- 5) Are for placement of utility property in public right-of-way.

## **C-25 Water Heater Efficiency Mandate (Federal)** [est. 2010]

Cooperatives actively promote load management programs for members as a cost saving measure and as a means to reduce electric load during peak times. Furthermore, electric cooperative members are seeking ways to enhance the integration of intermittent renewable distributed generation into utility programs. These efforts help postpone construction of new power facilities. Water heaters are a critical part of these programs whether by reducing peak demand or by serving as energy storage mechanisms for intermittent resources.

The Department of Energy (DOE) had implemented rules which would have negated the benefits of these successful programs by banning the manufacture of water heaters over 55 gallons in capacity unless they were heat pump models. Cooperatives were part of a successful lobbying effort to pass legislation, signed into law by the President, to allow the continued manufacture of larger electric resistance water heaters as long as they are part of a demand-response load management program.

WECA supports this legislation and appreciates the efforts by many of our elected officials to pass it. We urge the DOE to work with stakeholders to quickly develop effective policies for water heater manufacturers that are simple and easy to follow so the congressional intent can be followed and we can keep large electric water heaters as a core part of our current load management and future smart-grid programs.

# *Standing Resolutions*

## **S-1 Defense of Cooperatives and Cooperative Principles** [est. 2005]

The future of cooperatives is increasingly threatened by conversions of cooperatives to investor-owned businesses. WECA supports the right of member-owners to exercise democratic control of their cooperatives including the right to restructure or sell the cooperative. However, in any sale, acquisition, merger, or restructuring of a cooperative, members are entitled to transparency, honesty, and full disclosure of the terms of the proposed transaction. The net worth of cooperatives belongs to the members and should remain with them; there should be no unjust enrichment of directors or senior management upon sale or conversion.

WECA believes that creating or maintaining a cooperative business model should be the first choice in the formation, administration, sale, acquisition, merger, or restructuring of a cooperative business unless it can be clearly demonstrated that another business structure would be in the best interests of members. WECA will publicly and vigorously defend the cooperative form of business and the seven cooperative principles of:

- 1) Voluntary and Open Membership
- 2) Democratic Member Control
- 3) Member Economic Participation
- 4) Autonomy and Independence
- 5) Education, Training, and Information
- 6) Cooperation Among Cooperatives
- 7) Concern for Community

## **S-2 Efficient Utilization of Energy**

Energy efficiency continues to be a top priority of our rural electric systems, which have been leaders in the development of innovative energy-efficiency programs for the benefit of their consumers and in support of the national commitment to more wisely use our national resources.

The Rural Utilities Service of the U.S. Department of Agriculture has also been supportive of this effort. RUS has taken a bold step forward by developing an energy-efficiency policy and related recommendations that help ensure that a "reasonable effort" will be made by rural electric cooperatives.

RUS guidelines present an opportunity for rural electric systems to individually develop sound and innovative programs for the benefit of their members and enhance their standing with consumers in anticipation of the increasingly high cost of energy. These energy-efficiency programs have the potential for lessening future capacity needs from the distribution transformer to the power plant.

WECA urges each member system to continue its own energy-efficiency programs; to continue to offer energy audits and weatherization programs; and to continue to provide input to RUS and NRECA to ensure that rural electric cooperatives keep in the forefront of consumer responsiveness and efficient utilization of energy.



### **S-3 Emergency Disaster Assistance**

WECA believes that the Federal Government has an obligation to provide assistance for uninsured losses in the event of catastrophic natural disasters.

WECA supports the continued eligibility of rural electric cooperatives for disaster assistance without unnecessary and restrictive eligibility standards. This is needed in order to ensure that facilities needed to serve rural areas are fully restored without undue impact upon consumers.

### **S-4 Federated Youth Foundation [est. <2001]**

Federated Youth Foundation, Inc., (FYF) was originally created by Wisconsin electric cooperatives to receive gifts and forfeited unclaimed funds and use those funds for scholarships to students. Membership in the FYF has been expanded to include participation of all Wisconsin cooperatives. Since Wisconsin law permits forfeited unclaimed funds to be used for charitable purposes as well, FYF has developed procedures to use the funds for educational and charitable purposes as a service to cooperatives, to aid in the implementation of a cooperative's program in assisting students, and in the enhancement of the cooperatives' charitable contributions. WECA supports its objectives and urge all cooperatives to consider becoming members of FYF.

### **S-5 Gratitude for Service Members and Their Families [est. 2004]**

WECA expresses our sincere gratitude to all members of the U.S. armed services and their families for their sacrifices on behalf of our nation.

### **S-6 Resolutions Committee General Memorial**

During the course of the past year, the rural electric program has seen the loss of good friends and fine leaders. WECA is 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, WECA will hold a moment of silent prayer at each annual meeting.

### **S-7 Support for Rural Development Activities**

Rural electric systems recognize and support the important contributions made by the following organizations in promoting the development of our rural communities:

- 1) The National Rural Utilities Cooperative Finance Corporation (CFC)
- 2) The Farm Credit System and CoBank
- 3) Rural Business-Cooperative Service
- 4) National Rural Electric Cooperative Association (NRECA)
- 5) Rural Utilities Service (RUS) which now includes Rural Housing Services & Rural Development Authority.
- 6) Cooperative Extension Service U.S. Department of Agriculture
- 7) Dairyland Power Cooperative (DPC)
- 8) National Rural Telecommunications Cooperative (NRTC)
- 9) Federated Rural Electric Insurance Exchange (FREIE)
- 10) Rural Housing, Inc.

These organizations have consistently supported the interests of our end-user members, fostered lower costs and improved services.

## **S-8 Transmission**

WECA is committed to maintaining reliable and reasonably priced electric service to our member cooperatives and the ultimate consumer. Because of this commitment, WECA supports improvements, expansion and interconnectedness of the electrical transmission grid in the Midwest.

WECA will continue to encourage the wise use of energy, while recognizing that conservation initiatives alone cannot adequately solve our supply problem especially with increasing demand for electricity and expanded use of renewable sources of energy.

Electric cooperatives own and operate thousands of miles of transmission and distribution lines. In many cases, cooperatives have provided these lines and service to rural residents for over 75 years. WECA supports a state policy to recognize that incumbent transmission providers should maintain the "Right of First Refusal," or ROFR, giving the incumbent provider the first right to own and/or construct new transmission facilities within its service territory before others may initiate such projects.

WECA resolves to work with legislators, regulators, and the general public toward achieving the most responsible outcome that will result in an electric supply system that meets the demand for reliable and affordable electric power.

## **S-9 Support for *Wisconsin Energy Cooperative News***

The ability to maintain a strong rural electrification program, at both the state and national levels, depends on a coordinated flow of information to the grassroots membership, which has always been the main source of strength of the rural electric program. Statewide membership publications now reach more than five million subscribers, many of them new members of their respective rural electric cooperatives with little or no background in the problems their rural electric cooperative faces in providing them with reliable, affordable electric service.

The *Wisconsin Energy Cooperative News*, with a circulation of nearly 164,000 members and their families is the medium through which such information reaches members of Wisconsin's rural electric cooperatives. Publications such as the *WEC News* have long been recognized as effective and efficient vehicles for communicating important issues to rural electric consumers, and they have proven themselves time after time to be a key factor in state and national legislative accomplishments. The fact that political leaders are aware of these important and widespread contacts between electric cooperatives and their members is a vital source of strength. Furthermore, through use of local cooperative center pages, there is provided an economical forum for contacting members to inform them about their individual cooperative and the forces that affect it.

WECA urges all WECA member cooperatives to give top priority to subscribing, maintaining, and improving the statewide publication.