

*Summary*  
**Protection for Rural Consumers and Federal Assets**  
**May 2011**

- 1) **Limit the Environmental Protection (EPA) Agency from Regulating Carbon**  
Benton REA supports congressional legislation establishing reasonable regulations addressing carbon emissions that prevents EPA from carbon enforcement. (10-G-7)
- 2) **Rural Utilities Service Funding -**  
The Benton REA urges Congress to support increased federal funding for the development of base load generation through the Rural Utilities Service (RUS) program. (06-D-5)
- 3) **Rural Utilities Service “Rural” Re-qualification -**  
Benton REA urges Congress not to support the “rural” re-qualification of electric cooperatives as part of any new RUS loan qualification requirements. (04-D-4)
- 4) **Rehabilitation of Hydropower Facilities -**  
Benton REA is asking Congress to fully fund the rehabilitation of hydropower facilities producing clean renewable emissions-free electricity in the federal power system. (08-H-2)
- 5) **Protection for Electric Cooperative Assets Involved in Municipal Annexation -**  
Benton REA believes that it is appropriate for Congress to take action to protect electrical infrastructure assets that have been pledged as security for Rural Utilities Service (RUS) Loans from loss through municipal annexation. (92-D-11)
- 6) **Re-Authorization of the Federal Telecommunication Act -**  
Benton REA urges Congress not to include provisions that override state rights establishing the statutory authority for entities within their jurisdiction as part of any changes to the Federal Telecommunication Act. (05-K-2)
- 7) **Global Climate Change -**  
We urge Congress, as part of any national legislation addressing climate change, to establish an off ramp or safety valve in the legislation to recognize significant financial impacts that could occur given that proven commercial technology for carbon sequestration has not been developed or successfully tested, and to include language that would pre-empt the Environmental Protection Agency from applying provisions of the federal clean air act to CO-2. (10-G-4)

**8) Strict Liability on Federal Lands Rights-of-Way (Forest Service No Fault Liability) -**

Benton REA requests that Congress urge the Secretaries of Agriculture and the Interior to waive the strict liability clause for fire suppression in utility easement agreements issued by their respective agencies, and further that Congress enact legislation to change the current strict liability standard on electric utility easements crossing federal lands to one of ordinary negligence. Given that forest fires contribute significantly to green house gasses, we urge Congress to instruct the Forest Service to more aggressively manage the public interest, and allow adequate clearing of all utility right-of-ways. (02-H-3)

**9) Budget Deficit Reduction Taxes -**

Benton REA urges Congress to oppose any new federal taxes ether directly or indirectly on energy or energy sources that unfairly burdens rural electric consumers or negatively impacts national economic growth. (09-D-4)

**10) Future Base Load Generation**

Benton REA urges Congress to support the development and financing of base load generation including nuclear power to support the continued integration of intermittent renewable generation and to maintain system reliability. (07-D-1), (10-G-4), (10-G-5)

**11) Carbon Allowance Allocation for the Northwest**

Benton REA urges Congress to support fair and equitable carbon allowance allocation to northwest utilities in recognition of new high cost carbon based resources that will need to be constructed to replace the lost hydro-power generation due to federal mandates and endangered species requirements. (10-D-1)

**12) Crane Operator Certification Exemption**

Through NRECA, Benton REA supports changes to federal law concerning crane operator certification that extends the exemption for electric utility workers to include all work done with utility equipment by electric utility workers while in the course of their work for the utility.

*Summary*  
**Role of Bonneville Power Administration in 2011-2012**  
**May 2011**

- 1) **Additional Borrowing Authority for the Bonneville Power Administration –**  
Benton REA does not support any proposal that would accelerate debt repayment or utilize revenues from the sale of surplus energy as mechanisms to increase BPA borrowing authority. (09-H-1)
  
- 2) **Utilization of Stimulus Money for the Bonneville Power Administration Transmission –**  
Benton REA urges congress to provide necessary oversight of the stimulus money targeted for the expansion of BPA transmission facilities to ensure that the utilization of the stimulus money is prioritized first to reduce existing transmission constraints and then to integrate new renewable generation. (10-G-3)

*Summary*  
**The future role of the BPA post 2012**  
**May 2011**

- 1) **BPA Service to Direct Service Industries (DSIs) -**  
Benton REA does not support the BPA Administrator's recent decision to enter into contracts with the DSIs. BPA has no statutory responsibility or legal grounds to continue to subsidize the operations of DSIs at the expense of ratepayers throughout the Northwest.
  
- 2) **Dilution of Preference Power Benefits Post 2012 -**  
Benton REA opposes changes in the allocation or sale of federal preference power (BPA power) including capacity, energy, and flexibility from the federal hydro-system that would reduce the economic value of, and benefit to, preference customers. (09-H-2)
  
- 3) **Fish and Wildlife Programs Costs -**  
Benton REA strongly supports the precept that IOU customers that are receiving the BPA residential exchange benefits need to share in the cost of all regional fish and wildlife programs funded through BPA Rates.
  
- 4) **BPA Conservation and Renewable Discount -**  
Benton REA urges BPA to maintain the current BPA Conservation and Renewable Discount Program as the primary driver for conservation implementation by BPA customers post 2012.
  
- 5) **Non-Federal Power Supply**  
Benton REA urges Congress to ensure that BPA provides support services and transmission services (firm access) for a non-federal resource in a non-discriminatory manner similar to those provided by the Agency for federal resources.

# Protection for Rural Consumers and Federal Assets

May 2011

- 1) **Limit the Environmental Protection (EPA) Agency from Regulating Carbon** – given the broad impact that any program or effort to regulate carbon emissions will have on many sectors of industry, and the significant financial impact that such programs or efforts will likely have on local economies and our nation’s ability to compete in the global market, we believe that Congress is the proper venue to establish national policy on regulating carbon not the Department of Environmental Protection. The NRECA resolution 10-G-7 addresses this issue.

*Benton REA supports congressional legislation establishing reasonable regulations addressing carbon emissions that prevents EPA from carbon enforcement.*

- 2) **Rural Utilities Service (RUS) Funding** - Given the increasing demand for new generation and aging power systems, the electric cooperatives will need to borrow significant funds from the RUS for the development of base load generation and transmission facilities. We support continued funding of the RUS core mission, which includes building essential electric infrastructure through financing of generating resources, electric transmission and distribution lines and other facilities needed to furnish affordable and safe electric service. The RUS’s core mission for financing new and maintaining existing electric infrastructure in rural America must be maintained. It is this long-term partnership between the RUS and the electric cooperatives that has built electric infrastructure that includes 2.3 million miles, or 43 percent, of the nation’s electric distribution lines, spanning 75 percent of the nation’s land mass in 47 states. The NRECA resolution No. 06-D-5 addresses this issue.

*The Benton REA urges Congress to support increased federal funding for the development of base load generation through the Rural Utilities Service (RUS) program.*

- 3) **Rural Utilities Service (RUS) “Rural” Re-qualification** - Electric cooperatives provide a valuable service to rural communities. In some cases traditionally rural areas served by electric cooperatives have transformed into urban areas. However, we do not support administrative or legislative efforts to eliminate an electric cooperative’s ability to access the RUS funding to maintain or expand the electrical infrastructure because these rural areas have now become urban areas. Electric cooperatives maintain nearly half of the nation’s electrical distribution lines in order to serve 12 percent of our nation’s electric consumers. Re-qualification of electric cooperatives could prevent electric cooperatives from securing loan funds from RUS to maintain or expand the electrical infrastructure in more urban areas. This would result in higher and unstable electric rates for all cooperative members including consumers in the more sparsely populated parts of the country. The NRECA has a continuing resolution No. 04-D-4 regarding this issue.

*Benton REA urges Congress not to support the “rural” re-qualification of electric cooperatives as part of any new RUS loan qualification requirements.*

**4) Rehabilitation of Hydropower Facilities** - The costs associated with rehabilitation or efficiency improvement in the federal hydro system will be fully recovered through revenues collected from BPA electricity sales. The federal hydropower projects are aging, and in many cases have not been upgraded with new efficiency improvements. As such, they are not operating at their optimum generating capacity. As the country struggles to reduce carbon emissions and integrate intermittent renewable resources, the generation efficiency of federal hydropower projects is paramount. The National Rural Electric Cooperative Association (NRECA) has a resolution No. 08-H-2 regarding this issue

*Benton REA is asking Congress to fully fund the rehabilitation of hydropower facilities producing clean renewable emissions-free electricity in the federal power system.*

**5) Protection for Electric Cooperative Assets Involved in Municipal Annexation** - All electric cooperative assets financed through the Rural Utilities Service (RUS) program are included in the lien for federal loan security. Subsequent loss of cooperative assets through municipal annexation impacts the security of these federal loans. Benton REA urges Congress to consider legislation that recognizes that any electrical infrastructure pledged for security of federal loans which are subsequently lost through municipal annexation threatens loan security. Benton REA urges the passage of Federal legislation that will protect electrical infrastructure that is pledged as security for federal loans from loss through municipal annexation. The NRECA resolution No. 92-D-11 addresses this issue.

*Benton REA believes that it is appropriate for Congress to take action to protect electrical infrastructure assets that have been pledged as security for Rural Utilities Service (RUS) Loans from loss through municipal annexation.*

**6) Re-Authorization of the Federal Telecommunication Act** - The provisions of the Federal Telecommunications Act should not be used to provide state entities flexibility to embark on telecommunications activities that they have otherwise not been able to secure or are precluded from by virtue of state authority. The NRECA has a continuing resolution No. 05-K-2 regarding this issue.

*Benton REA urges Congress not to include provisions that override state rights establishing the statutory authority for entities within their jurisdiction as part of any changes to the Federal Telecommunication Act.*

**7) Global Climate Change** – Benton REA is working with other utilities to reduce the carbon footprint of utility operations. Benton REA is a member of the National Rural Electric Cooperative Association (NRECA) that has established a National Renewable Energy Cooperative. The National Renewable Energy Cooperative will develop renewable generating resources throughout the U.S., and in so doing enable cooperatives with little or no renewable resource options in their geographic location to participate and meet Renewable Portfolio Standards (RPS) requirements in their respective state. We believe that any Climate Change legislation must pre-empt the Environmental Protection Agency (EPA) from implementing the provisions of the federal clean air act with respect to CO-2. The NRECA has a continuing resolution No. 10-G-4 regarding this issue.

*We urge Congress, as part of any national legislation addressing climate change, to establish an off ramp or safety valve in the legislation to recognize significant financial impacts that could occur given that proven commercial technology for carbon sequestration has not been developed or successfully tested, and to include language that would pre-empt the Environmental Protection Agency from applying provisions of the federal clean air act to CO-2.*

**8) Strict Liability on Federal Lands Rights-of-Way (Forest Service No Fault Liability) -**

To serve the needs of rural America, electric cooperatives construct, operate and maintain power lines across vast distances of federal lands including those of the U.S. Forest Service. Benton REA provides electrical service to remote areas on the Wenatchee National Forest Service. The U.S. Forest Service has included a “strict liability” feature in the special use permits pertaining to the electrical facilities that address fire suppression cost recovery. This means that fires on the utility rights of way can subject the cooperative membership to fire suppression costs of up to \$1 million without recourse. We feel that the inclusion of this feature is unfair, particularly where the providing of electricity is a public service not unlike the services provided by the U.S. Forest Service. We also urge the Forest Service to more aggressively manage the nation’s forests from a fire prevention perspective by allowing clearing of utility rights-of-ways. The huge increase in wildfires on national forest land has significantly added to the level of green house gases. The NRECA has a continuing resolution No. 02-H-3 regarding this issue.

*Benton REA requests that Congress urge the Secretaries of Agriculture and the Interior to waive the strict liability clause for fire suppression in utility easement agreements issued by their respective agencies, and further that Congress enact legislation to change the current strict liability standard on electric utility easements crossing federal lands to one of ordinary negligence. Given that forest fires contribute significantly to green house gasses, we urge Congress to instruct the Forest Service to more aggressively manage the public interest, and allow adequate clearing of all utility right-of-ways.*

**9) Budget Deficit Reduction Taxes -** Given the magnitude of the national deficit and the apparent depression that we are currently in, we are concerned that utilities will be looked upon as the vehicle to overtly collect taxes without voter recognition or approval. The NRECA has a resolution No. 09-D-4 regarding this issue.

*Benton REA urges Congress to oppose any new federal taxes ether directly or indirectly on energy or energy sources that unfairly burdens rural electric consumers or negatively impacts national economic growth.*

**10) Future Base Load Generation -** given the significant amount of generation support services required to integrate and follow intermittent renewable generation, much of the flexibility of existing base load generation such as that provided by the federal base hydroelectric system of BPA has been exhausted. In order to continue to integrate intermittent renewable resources, Benton REA urges Congress to support the development of base-load generation necessary to accommodate load growth and for the integration of renewable resources. The base load generation must be capable of being controlled and scheduled as needed to “fill in” around the intermittent periods of renewable resource generation. The NRECA resolutions No. 07-D-1, 10-G-4, 10-G-5 address this issue.

*Benton REA urges Congress to support the development of base load generation including nuclear power to support the continued integration of intermittent renewable generation and to maintain system reliability.*

**11) Carbon Allowance Allocation for the Northwest-**As Congress debates cap-and-trade legislation and allowance allocation issues, Northwest electric cooperatives are not advocating for a disproportionate share of allowances. No utility should be provided a disproportionate share of allowances. Northwest cooperatives support a fair, equitable allowance allocation proposal that protects our ability to meet future load growth and addresses replacement of lost renewable hydropower, while mitigating the impact on electric cooperatives that have a heavier reliance on coal. However, it would be unfair for the Northwest to be disadvantaged on carbon allocations, and then forced to build carbon based facilities because of shifting federal policies on hydropower generation. (10-D-1)

*Benton REA urges Congress to support fair and equitable carbon allowance allocation to northwest utilities in recognition of new high cost carbon based resources that will need to be constructed to replace the lost hydro-power generation due to federal mandates and endangered species requirements.*

**12) Crane Operator Certification Exemption**

The intent of the Proposed OSHA-2007-0066 Rule appears to be to exclude electric utilities in circumstances where utility focus and expertise ensures safe operations. The Proposed Rule does this through a confusing patchwork of exclusions and partial applications. The simpler, more understandable, and easier-to-comply-with alternative is to clearly exclude electric utility work entirely. Excluding electric utility work entirely comports with other exclusions in the proposed rule, which already excludes tree trimming and tree removal work, 1926.1400(c)(13), stacker cranes, 1926.1400(c)(7), forklifts, 1926.1400(c)(8), and, in certain situations, mechanics' trucks with hoisting devices, 1926.1400(c)(9). The justification offered for each of these exclusions is that the otherwise covered activity or item would only very infrequently trigger the Proposed Rule. This justification also applies to excluding electric utility work not already excluded.

*Through NRECA, Benton REA supports changes to federal law concerning crane operator certification that extends the exemption for electric utility workers to include all work done with utility equipment by electric utility workers while in the course of their work for the utility.*

## **Role of Bonneville Power Administration in 2011-2012**

May 2011

- 1) **Additional Borrowing Authority for the Bonneville Power Administration** - If the need for additional BPA borrowing authority is justified, it should be sought through the normal congressional appropriations process and not through an increase to power rates to benefit the transmission system users. The National Rural Electric Cooperative Association (NRECA) has a resolution No. 09-H-1 regarding this issue.

*Benton REA does not support any proposal that would accelerate debt repayment or utilize revenues from the sale of surplus energy as mechanisms to increase BPA borrowing authority.*

- 2) **Utilization of Stimulus Money for the Bonneville Power Administration Transmission** - Billions of dollars of taxpayer funds are being targeted to programs to provide jobs and stimulate the failing economy. While Benton REA does not have a position regarding the stimulus package overall, it does urge congress to ensure that the taxpayer funds are administered and utilized in a manner that is prudent and offers the best chance of accomplishing the objective of recovery. With regard to stimulus funding for electrical infrastructure, it is imperative that solving existing transmission constraints encountered by load serving utilities be a priority over construction of new infrastructure to integrate intermittent renewable generation. The National Rural Electric Cooperative Association (NRECA) has a resolution No. (10-G-3) regarding this issue.

*Benton REA urges congress to provide necessary oversight of the stimulus money targeted for the expansion of BPA transmission facilities to ensure that the utilization of the stimulus money is prioritized first to reduce existing transmission constraints and then to integrate new renewable generation.*

## **The future role of the BPA post 2012**

**May 2011**

- 1) **BPA Service to Direct Service Industries (DSIs)** - BPA should terminate support to the DSIs (aluminum companies) at the end of the current contract period (September 2011). BPA has no statutory responsibility to continue to subsidize the operations of DSIs at the expense of ratepayers throughout the northwest. The continuation of DSI benefits that are subsidized by northwest ratepayers, while the ratepayers in the northwest are facing increased costs of tiered rates, and difficult economic times themselves is counter intuitive.

*Benton REA does not support the BPA Administrator's recent decision to enter into contracts with the DSIs. BPA has no statutory responsibility or legal grounds to continue to subsidize the operations of DSIs at the expense of ratepayers throughout the Northwest.*

- 2) **Dilution of Preference Power Benefits Post 2012** - With the current national efforts to reduce green house gasses, Benton REA is concerned that existing federal resources, such as the generation and transmission provided by the Power Marketing Agencies (PMA), will be pirated to support and promote development of intermittent renewable generation such as wind and solar. Such uses of the energy and transmission system of Power Marketing Agencies will likely violate the historical and statutory "preference" enjoyed by PMA customers including those of the Bonneville Power Administration. Unless such uses of the generation and transmission of the PMAs are adequately and accurately compensated for, many rural customers will be disproportionately disadvantaged. NRECA has adopted resolution No 09-H-2 regarding this matter.

*Benton REA opposes changes in the allocation or sale of federal preference power (BPA power) including capacity, energy, and flexibility from the federal hydro-system that would reduce the economic value of, and benefit to, preference customers.*

- 3) **Fish and Wildlife Programs Costs** - Benton REA recognizes that the 1980 Regional Power Act (Act) provides Bonneville Power Administration federal system benefits to qualifying customers of the investor owned utilities (IOUs) through the Residential Purchase and Sales Agreement. However, while these benefits are provided through the Act, Benton REA also believes that the IOUs should participate in the obligation regarding fish and wildlife restoration that is also mandated under the Act. Benton REA does not believe benefits of the BPA system should be enjoyed without proportional participation in corresponding obligations.

*Benton REA strongly supports the precept that IOU customers that are participating in the BPA residential exchange benefits need to share in the cost of all regional fish and wildlife programs.*

- 4) **BPA Conservation and Renewable Discount** - Benton REA supports cost-effective conservation measures. Benton REA has spent, on average, \$250,000 per year for the last five years to achieve conservation measures to benefit its 10,000 members. These conservation measures have been implemented in conjunction with the Bonneville Power Administration (BPA).

*Benton REA urges BPA to maintain the current BPA Conservation and Renewable Discount Program as the primary driver for conservation implementation by BPA customers post 2012.*

- 5) **Non-Federal Power Supply** – Under the post 2012 BPA Tiered Rate Contracts, utilities will be developing and utilizing non-federal resources to meet their above high water mark needs. The development of non-federal resources is consistent with the direction identified as part of the regional dialogue. Absent a level playing field with regard to transmission access and necessary support services, the development of non-federal resources is greatly hindered and disadvantaged.

*Benton REA urges Congress to ensure that BPA provides support services and transmission services (firm access) for a non-federal resource in a non-discriminatory manner similar to those provided by the Agency for federal resources.*