

2011 Continuing Resolutions
of the
Minnesota Rural Electric Association



Minnesota Rural Electric Association
11640 73rd Avenue North
Maple Grove, Minnesota 55369
763-424-1020

TABLE OF CONTENTS

BUSINESS & OPERATIONS

Res. 1	Focus on Energy	1
Res. 2	Cooperation among States (S)	1
Res. 3	Educational & Safety Programs - The Community (S)	1
Res. 4	Capper-Volstead Act (F).....	1
Res. 5	Support for the National Rural Telecommunications Cooperative (F).....	1
Res. 6	Diversified Services (F/S).....	2
Res. 7	Farm and Rural Economic Development (F).....	2

UTILITY & REGULATORY

Res. 8	Neutral-to-Earth Voltage (S).....	2
Res. 9	Federal Support to Electrify Rural America (F)	3
Res.10	Rate Regulation and Over-Regulation (S)	3
Res. 11	Service Territory Integrity (S)	3
Res. 12	Nuclear Energy(S)	4
Res. 13	Transmission Access and Pricing (F)	4
Res. 14	Electric Power Reliability and the Environment (S).....	5
Res. 15	Coal Rail Transportation (F).....	5
Res. 16	Economy and Rate Impacts (F).....	5

ENERGY & ENVIRONMENT

Res. 17	Coal Energy (S).....	6
Res. 18	Renewable Energy (S)	6
Res. 19	Average Retail Rate Payments and Net Metering (S)	6
Res. 20	Integrated Resource Planning (S)	7
Res. 21	Ethanol, Biodiesel, and Renewable Fuels (F/S).....	7
Res. 22	Electric and Magnetic Fields (F/S)	7
Res. 23	Energy and Capacity Conservation (S).....	8
Res. 24	Disposal of Spent Nuclear Fuel (F)	8
Res. 25	Multi-Emissions (F)	9

TABLE OF CONTENTS

Res. 26	Plug-in Vehicles (F/S).....	10
---------	-----------------------------	----

FINANCES, TAXES & FEES

Res. 27	Low Income Energy Assistance (S).....	10
---------	---------------------------------------	----

Res. 28	Personal Property Taxes (S).....	10
---------	----------------------------------	----

Res. 29	Climate Change (F).....	11
---------	-------------------------	----

(S) = State activity or issue

(F) = Federal activity or issue

(F/S) = Federal and State activity or issue

Revision completed March 4, 2011

NOTE: The use of the name “Minnesota Rural Electric Association” or its acronym “MREA” means the *membership* of the Minnesota Rural Electric Association.

RESOLUTION No. 1: Focus on Energy

The Minnesota Rural Electric Association (MREA) strongly urges both local and national staff to focus their time and resources on issues which pertain to core electric energy issues. Other matters of *interest* to cooperatives should be monitored but not elevated to the detriment of the core agenda. All resolutions, both local and national, should reflect this priority.

RESOLUTION No. 2: Cooperation Among States

The MREA supports states sharing and developing energy resources, and urges government and business leaders to develop and promote closer cooperation in commerce, industry, and energy that best serves the interests of cooperatives and their member-owner consumers.

RESOLUTION No. 3: Educational & Safety Programs - The Community

Informational programs, contacts with the public, and visible and active participation in the community are important to the successful operation of electric cooperatives.

The MREA is also concerned with injuries and fatalities resulting from contact with energized electric lines.

All electric cooperatives should conduct programs designed to educate the general public to the potential dangers and safety procedures involved in providing electricity. The MREA shall make available information and resources in this area to its member systems.

RESOLUTION No. 4: Capper -Volstead Act

The Capper-Volstead Act provides that agricultural producers may act together in collectively “processing, preparing for market, handling, and marketing” their products. This 1922 law provides anti-trust protection to cooperatives working in concert to market their products.

The MREA supports the act. The anti-trust provision is a mainstay for cooperative operations.

RESOLUTION No. 5: Support for the National Rural Telecommunications Cooperative

The National Rural Telecommunications Cooperative (NRTC) was formed by NRECA, CFC and cooperative electric systems in 1986 to provide telecommunications services and support to its members and their area consumers. The MREA supports the efforts of NRTC to provide telecommunications and utility programs and services.

RESOLUTION No. 6: Diversified Services

The MREA supports the right of cooperatives to participate in business activities that meet the interests of the co-op membership.

RESOLUTION No. 7: Farm and Rural Economic Development

Many parts of Minnesota suffer from stagnant or declining local economies and a decrease in population.

The MREA supports the efforts of the USDA Rural Business-Cooperative Service with its rural utility service and rural community development divisions. MREA encourages the agency to work in partnership with electric cooperatives and state programs to stimulate economic development and retention of existing business and farms.

RESOLUTION No. 8: Neutral-to-Earth Voltage

Electric cooperatives, the Minnesota Public Utilities Commission (PUC), the Midwest Rural Energy Council, and others have worked to address neutral-to-earth voltage issues through training, research, investigations, consumer education, and an inter-utility task force. The inter-utility task force has published and distributed stray voltage testing and mitigation guidelines to be used by utilities until the PUC adopts rules.

The PUC's 1998 Science Advisors final report concludes:

- It had not found credible scientific evidence to verify the specific claim that currents in the earth or associated electric parameters such as voltages, magnetic fields and electric fields, are causes of poor health and milk production in dairy herds.
- There is no basis for altering the PUC-approved standards by which electric utilities distribute power to or in the vicinity of individual dairy farms.
- There are numerous well-documented, non-electrical factors which cause production problems including poor nutrition, poor cow comfort and hygiene, and other factors which should always be addressed by those who want to improve performance of dairy herds.

The PUC science advisors' report continues to be relevant and established science and its findings collaborated in a study conducted by the Minnesota Department of Health.

The MREA supports the PUC's final science advisor team report which provides a scientific basis for decision making. Any legislation should be based on the PUC standards. The MREA also supports the technical training and educational programs conducted by the Midwest Rural Energy Council.

RESOLUTION No. 9: Federal Support to Electrify Rural America

Congress has long embraced the principle of assisting electric co-ops through loans and developing public water resources for the public benefit. Consumer-owned utilities have had preference rights for hydro-electric power generated by federal irrigation projects since at least 1906.

More than 30 federal statutes now require preferential treatment for public bodies and rural electric cooperatives.

There have been serious attempts to weaken the preference principle. More than 600 rural electric systems, including 27 Minnesota member systems, obtain part of their power supply from the federal power marketing agencies authorized by the principle provisions contained in federal law.

The MREA supports the Preference Principle and cost-based pricing of federally generated power, encourages the development of broad public understanding and congressional support for the Preference Principle clause, opposes the privatization of federally-owned hydroelectric generating facilities, and supports federal appropriations, which are repaid, to repair and upgrade federal hydro facilities.

MREA supports continued access to an appropriately funded RUS loan program and restoration of loan funds for coal, natural gas and nuclear generation. The MREA supports ensuring that all hydroelectricity is statutorily regarded as a renewable resource.

RESOLUTION No. 10: Rate Regulation and Over-Regulation

The MREA opposes any state legislative attempt to place any electric cooperative in Minnesota under rate regulation without its consent, and opposes any provision which would result in burdensome procedures and unjustifiable cost increases.

RESOLUTION No. 11: Service Territory Integrity

Sections 216B.37 through 216B.47 of the Public Utilities Act provide for assigned service areas, large load extensions, and municipal service territory extensions and compensation.

These service areas were assigned to ensure stability and predictability in the industry and to avoid uneconomical duplication of expensive capital facilities.

Electric cooperatives should have the right and responsibility to continue serving those areas in which they initiated service. The loss of service territory clearly has an adverse economic impact on the remaining members of a cooperative.

The MREA strongly supports just compensation for cooperatives affected by municipal acquisitions and will actively support appropriate efforts to protect the interest and investment of electric cooperative members.

RESOLUTION No. 12: Nuclear Energy

The MREA supports nuclear energy and calls on the State Legislature to rescind the moratorium on the building of nuclear plants in Minnesota. Nuclear energy should be considered an energy resource within the constraints of Minnesota energy policy to give power producers another option in reducing carbon emissions.

RESOLUTION No. 13: Transmission Access and Pricing

The MREA encourages the National Rural Electric Cooperative Association (NRECA) to continue efforts at the Federal Energy Regulatory Commission (FERC), in the courts and Congress, to ensure that:

- Electric transmission rates and tariffs should, when appropriate, mitigate cost shifting and take into account the specific needs and characteristics of each affected region, including costs of production, operation, debt and other expenses. Whatever test is used to determine which facilities are deemed transmission facilities for rate purposes in a particular region should be applied consistently to all transmission-owning entities in that region, to both existing and new transmission facilities.
- On a regional basis, bulk high voltage facilities that provide benefits in reliability and economy to a broad region should be included in a region-wide average rate for all customers. Transmission facilities which provide local delivery services to a sub-regional area should be included in a secondary transmission rate within that area. This methodology should be applied to fairly allocate the cost of both new and existing transmission. There should not be a blanket requirement that new generators fund all new transmission required for their operation.
- Access to the interconnected transmission system continues to provide the most efficient and economical development and use of the bulk power supply system.
- Such access is not unconditional but is provided under reasonable terms and conditions and for reasonable compensation on a nondiscriminatory basis.
- Stranded or shifted costs are recognized.
- Wholesale transmission service is provided under a framework of joint planning and coordinated operations, which does not sacrifice reliability and safety.

- The rights of distribution cooperatives to use the transmission system of a generation and transmission (G&T) cooperative are protected along with the right to serve such systems' load growth; such rights should not be auctioned or go to the highest bidder.

RESOLUTION No. 14: Electric Power Reliability and the Environment

The MREA believes it is imperative that generation, transmission, and distribution facilities be built in a timely fashion to meet the needs of the consumers.

The MREA realizes the need for an adequate supply of reliable electric power as well as the need to protect and enhance our environment. Except for licenses to cross unnamed waters, MREA does not object to filing for permits and approvals, but strongly feels prolonged and extensive delays are unnecessary and can be avoided.

The MREA membership applauds the 2001 state energy reliability law and the 2005 state CAPX 2020 law. MREA supports legislation that will streamline the handling, in a timely fashion, of permits and licenses which are required for the construction of generation, transmission, and distribution facilities.

RESOLUTION No. 15: Coal Rail Transportation

Bulk commodity shippers such as coal-burning electric utilities and grain producers are very often captive to railroads because of their lack of economic transport alternatives.

The MREA urges the Administration, the Congress, and the Surface Transportation Board to consider the captive nature of utility coal and other rail movements, and to protect those with no economic transport alternatives from monopolistic pricing practices. We further recommend Congress repeal the railroads' anti-trust exemption, direct the Surface Transportation Board to promote rail competition, require railroads to quote rates to shippers upon request, facilitate a shipper's access to a competing railroad, remove the unnecessary market dominance showing in captive rail cases at the Surface Transportation Board and require the Surface Transportation Board to review all rules covering rate complaints by small shippers. The MREA also supports the expansion and upgrade of new and existing infrastructure that leads to lower rates, enhanced service, and increased competition.

RESOLUTION No. 16: Economy and Rate Impacts

In recognition of the economic slowdown impacting Minnesota and the nation, MREA opposes legislation that would increase electric rates or regulations that would further put Minnesota at an economic disadvantage compared to other states. MREA requests NRECA work to ensure the economy is not disadvantaged by actions taken by Congress or Federal agencies (i.e., EPA) which could impact the cost of electric service to our members.

RESOLUTION No. 17: Coal Energy

MREA supports amending the Next Generation Energy Act of 2007 so that it no longer restricts any utility's ability to build or import coal based electricity.

RESOLUTION No. 18: Renewable Energy

The MREA supports continued research, development, and use of cost effective renewable energy sources where practical. The use of renewable energy sources is dependent upon their cost, reliability, technical feasibility, and environmental effects. MREA considers renewable energy as energy produced from wind, solar, hydroelectric, biomass, recovered energy, and geothermal. MREA supports a national renewable energy standard that is less aggressive and more flexible than the current Minnesota standard.

MREA supports local economic development through renewable energy development, such as Community-Based Energy Development (C-BED), but C-BED and similar programs must be balanced with other factors and should not singly determine statewide energy policy.

MREA supports the current legislative policy of allowing market forces to determine which renewable technologies are adopted to meet Minnesota's aggressive 25% renewable energy standard (RES). MREA opposes carve-outs and feed-in tariffs which are designed to force consumers to subsidize non-competitively priced renewable energy projects.

MREA's renewable energy support also includes other resources, including conservation, efficiency, coal, nuclear, natural gas, and others. Diversity and flexibility of resources is paramount in providing the reliability, safety, affordability, and environmental stewardship our members expect.

RESOLUTION No. 19: Average Retail Rate Payments and Net Metering

Electric cooperatives serve about 28 percent of the people in the state, many in areas of economic hardship. Co-ops also provide about 18 percent of the kilowatt-hours sold in the state, yet have 64 percent of the small power producers under 40 KW on their lines. This results in a disproportionate impact on electric co-op members since far fewer small wind generators and no methane digesters are installed within municipalities' service areas.

State law and regulations provide the average retail energy rate of each electric utility be paid on a net metering basis to small power producers under 40 KW capacity.

The MREA strongly opposes an increase in the 40 KW level for applying the average retail energy rate and net metering and opposes a state renewable energy payment through a special assessment on all electric utilities.

RESOLUTION No. 20: Integrated Resource Planning

The goal of integrated resource planning is to assess various demand and supply options to meet customer energy needs at the lowest economic and social cost.

Integrated resource planning explicitly includes conservation and load management programs as energy and capacity resources; considers environmental and social factors and direct economic costs, and involves public participation.

The MREA, therefore, urges the Public Utilities Commission, acting under Section 216B.2422, to carefully evaluate the effectiveness of demand-side options.

RESOLUTION No. 21: Ethanol, Biodiesel, and Renewable Fuels

The MREA supports programs for ethanol, biodiesel, and renewable transportation fuels. The MREA also encourages all members and affiliated associations to consider the use of biofuels in their fleets.

RESOLUTION No. 22: Electric and Magnetic Fields

Generation and transmission cooperatives are committed to generating and transmitting electricity in a way that protects the health and safety of the public.

Extensive scientific research on the health effects of electric and magnetic fields (EMF) has been conducted during the past two decades. Scientific findings from completed research have been reviewed by several national and international science commissions. These commissions found no conclusive scientific basis of adverse health effects from exposure to power frequency electric and/or magnetic fields. Some studies report no association and others a weak association between EMF and health impacts. The inconsistencies in the research lead most scientists to agree a cause-and-effect relationship has not been established.

A six-year Congressionally mandated study on the “Health Effects from Exposure to Power-Line Frequency Electric and Magnetic Fields” was issued in 1999 by the National Institute of Environmental Health Sciences (NIEHS). The study concluded the evidence for a risk of cancer and other human disease from (EMF) around power lines is weak.

During 2000 - 2002, various state, national and international scientific communities and the Minnesota Department of Health concluded current evidence does not show exposure to EMF is a health hazard.

The MREA encourages ongoing field research supported by the Electric Power Research Institute (EPRI) and supports the development and distribution of educational and

communication material to provide factual information about this issue and refute statements which have caused unnecessary concern.

RESOLUTION No. 23: Energy and Capacity Conservation

The Minnesota Next Generation Energy Act of 2007 requires electric co-ops beginning in 2010 to have an annual energy savings goal of 1.5 percent of gross annual retail energy sales. This goal may be modified by the Minnesota Office of Energy Security (OES) to no less than 1.0 percent based on a co-op's historical conservation investment experience, customer class makeup, load growth, a conservation potential study, and other factors. Safety valves in the law to help protect ratepayers are the cost effectiveness of programs, the rate at which the co-op is increasing its energy savings, and the rate of increasing expenditures. The safety valves at present are weak and MREA supports changes in the administrative process and additional time for OES CIP working groups to complete their work.

MREA supports the inclusion of load management to meet the requirements of the law if it reduces the demand for, or increases the efficiency of, electric services. Load management is valuable to cooperatives and reflects considerable investment by their consumer members delaying the need for additional expensive power plants by conserving available power-generating capacity.

Electric co-ops will take concerted actions to accomplish the annual energy savings goal and be watchful of the costs of this mandate on its consumer-owner ratepayers.

RESOLUTION No. 24: Disposal of Spent Nuclear Fuel

The federal government's failure to formulate and implement specific programs for the processing of spent nuclear fuels and for the permanent storage of nuclear wastes is inconsistent with policies in place when rural electric cooperative nuclear generating facilities were built. Federal law has named Yucca Mountain as the site of the nation's spent fuel repository, but due to politics, progress on the Yucca Mountain project has been brought to a standstill. This policy change has burdened utilities, such as Dairyland Power Cooperative, with substantial unexpected costs of prolonged storage of high level radioactive waste and spent nuclear fuel. Dairyland currently incurs \$6 million of annual expenses to safeguard the LACBWR facility which has been shut down since 1987.

The MREA urges the Department of Energy, Congress, and the President to fulfill their obligation under federal law to open a federal repository in a timely fashion and work on creating a reprocessing option. Until a permanent storage facility or reprocessing option is available, our federal elected officials should work with utilities to develop alternatives, including public or private centralized interim storage for spent nuclear fuel – giving special consideration to those nuclear facilities that are shut down, particularly nuclear power demonstration facilities such as Dairyland Power Cooperative's La Crosse Boiling Water Reactor (LACBWR).

RESOLUTION No. 25: Multi-Emissions

Several Congressional “multi-emissions” proposals call for increased control of multiple emissions of sulfur dioxide (SO₂), nitrogen oxides (NO_x), and mercury from electric utility power plants, as well as Carbon Dioxide (CO₂). Any of these proposals would significantly impact the ability of generation and transmission cooperatives (G&Ts) to provide their member-systems with the lowest possible electricity rates.

A uniform, “one size fits all” emission reduction requirement could significantly disadvantage certain G&Ts.

Any new "multi-emission" legislation must provide regulatory certainty and stability, increase compliance flexibility, reduce compliance costs, consider cost-benefit ratios, and maintain coal-based generation as part of the electricity supply mix.

"Multi-emissions" proposals that would simply impose additional requirements without removing or reforming existing requirements would expand regulatory complexity and uncertainty and would increase costs.

MREA urges its congressional delegation to include the following elements to any changes in the nation's air emissions standards:

- Programs should take into account regional differences.
- Programs should be flexible and include emissions trading to minimize the costs on individual sources and the nation.
- The timing and magnitude of emissions reductions for any program or combination of programs should not impair fuel diversity needed to provide affordable and reliable electricity.
- Programs to reduce emissions should incorporate adequate future regulatory certainty that the recovery of the cost of capital investments and the cost of additional major changes in power plants would not be threatened.
- Mandatory programs to mitigate CO₂ utility emissions should only be considered at the federal level and should pre-empt state requirements.
- Programs should allow sufficient lead times and phase-in periods for installation of additional pollution controls.
- Programs incorporating the trading of emissions credits, including a modified SO₂ allowance program, should be equitably structured and should consider regional distinctions in regards to allocations.

- Any "multi-emissions" program should result in the elimination of New Source Review requirements relative to modifications at existing units.
- Provisions for government/private sector research and development collaboration to promote combustion and pollution control technologies should be incorporated into any new "multi-emissions" legislation.
- Programs that incorporate emissions trading should be structured to ensure no potential adverse effects on emissions credit pricing or emissions credit availability due to discriminatory market power.

In light of the impending implementation of national mercury reduction standards, MREA opposes state imposed mercury reduction standards which would be redundant and increase utilities' regulatory burden.

RESOLUTION No. 26: Plug-in Vehicles

Electric miles produce lower carbon dioxide emissions than gasoline miles, even when the electricity is produced from coal.

Plug-in hybrids and plug-in all electric vehicles have far fewer total energy losses than a gasoline-fuelled system, and they can be charged overnight without the need to build additional electric generation capacity.

Electric vehicles are simply cleaner and greener, and the cleaner the electric grid gets, the cleaner the plug-in hybrids and plug-in all electric vehicles get.

The MREA supports the rapid development and deployment of plug-in hybrids and all electric vehicles.

RESOLUTION No. 27: Low Income Energy Assistance

The MREA believes low-income energy assistance, like other human service programs, should be financed through general tax revenues.

RESOLUTION No. 28: Personal Property Taxes

The 2001 Minnesota Legislature significantly revised the property tax law, including the tax on utility personal property, to the benefit of electric cooperatives and their member-owners. The MREA continues to oppose any state legislation which would result in a cost shift caused by a change in the personal property tax.

RESOLUTION No. 29: Climate Change

MREA strongly supports the position that any regulation addressing the issue of climate change must be specifically directed by Congressional action and not through rulemaking of any federal agency. Legislation must be fair, affordable and achievable.