

### **Energy Policy**

A prosperous American economy requires a dependable, adequate, affordable, diverse and domestic supply of We must promote domestic energy, with the goal of energy independence. We also support environmentally friendly programs and policies which will promote energy security, including comprehensive planning, research and development of new energy technologies, renewable energy, and energy efficiency and conservation.

### **Coal Policy**

#### **1. Coal resources**

Coal provides one third of electrical power generation in the United States. It is a resource that is abundant in our state and region and accounts for nearly 80% of North Dakota's electrical generation. Coal has provided cooperative customers cost effective power that is not subject to large fluctuations in price. To provide affordable energy in the future, our national energy policy must include a path forward for coal as an indispensable source of domestic energy.

#### **2. Support for new clean coal technologies**

The RECs have provided the investment for almost 90 percent of the lignite coal burned in North Dakota. The lignite-fueled energy industry has provided low-cost electricity, jobs and revenues for the benefit of all of North Dakota and continues to be of great value to the region as well.

As North Dakota's existing electric power plants age, new technology is developed, and increased environmental regulations take effect, it is important to meet the challenges ahead. We believe that North Dakota co-ops should continue to take an active role in developing and implementing new technology that will improve the efficiency and environmental operation of North Dakota's existing electric generation plants.

#### **3. Support of Great Plains Synfuels Plant**

We believe the operation of the Great Plains Synfuels Plant is in the best interest of our national security and energy independence. A sound, national energy policy demands we continue research and development of coal by-products. The Synfuels Plant is leading the way to understanding carbon capture and storage and the beneficial use of carbon dioxide in enhanced oil recovery.

We urge the federal and state governments to adopt incentives to promote carbon capture, utilization and storage and to stimulate the use of carbon dioxide in enhanced oil recovery. We also support Basin Electric's decision to proceed with a project to make urea fertilizer at the plant.

#### **4. Federal Coal Leases**

We believe the federal coal leasing program is intended to fairly value an important public resource that is sold at auction and generates substantial revenue. Increased royalty rates that negatively impact coal production will result in less return for the taxpayer, as well as increase electricity prices and potentially impact reliability.

In North Dakota, federal coal consists mostly of small parcels (in most cases less than five percent of the mine area) comingled with private and state coal resources. Coal producers pursue federal parcels in order to provide a more efficient, continuous mine plan. The federal coal parcels need considerable environmental analysis under the National Environmental Policy Act before they can be leased or renewed. We are concerned that while the Bureau of Land Management might be solely focused on royalty rates, there is a greater need to reform the process behind federal coal leasing to ensure appropriate return for taxpayers and contribute to a low-cost and reliable fuel for electric power generation.

### **Hydropower Policy**

#### **5. Hydropower development**

Our nation's resources must be used wisely. Our energy future depends, in part, on our ability and willingness to use this nation's hydropower resource efficiently. Hydropower is a renewable resource and should be treated as such with respect to federal and state energy policy. The federal government should continue and enhance its efforts to maintain and repower the hydropower generators to maximize the production of this renewable generation.

#### **6. Support for preference clause**

The principles establishing the preference clause for the disposition of federal hydropower are as sound today as they were when initiated. We will oppose any efforts to weaken the preference clause.

We strongly oppose changes in the allocation of federal preference power that would expand rights to this power to investor-owned utilities or power marketers. Any such proposed changes would have the unintended consequence of seriously upsetting an already delicate balance among many interests.

We also believe the ability of private for-profit investor-owned utilities to obtain increased access to federal preference power through lease arrangements unintentionally encourages the export of low-cost private power resources in one region to customers outside the region. Such exports could easily threaten the stability of regional rates.

## **7. Hydropower rates**

We oppose increasing rates beyond cost-based pricing of hydropower. Any such attempt would be unfair and would play into the hands of those who seek to unjustly profit from this nation's energy needs.

We support cost-based pricing of hydropower, and strongly oppose any violation of the long-standing covenants between the government and its citizens which clearly provide hydropower be sold at the lowest possible cost, consistent with sound business principles.

## **8. Power Marketing Administrations**

We believe Power Marketing Administrations (PMAs) should not be sold. Selling federal assets to reduce the national debt is not sound fiscal policy. Likewise, we oppose the privatization of power marketing agency maintenance contracts for federal dams. We believe the federal government is best suited to provide the maintenance for the dams they run and can provide the maintenance for a lower cost than private contractors.

The power we receive from PMAs remains a vital component in continuing to ensure universal electric service at the lowest price possible.

## **9. Pick-Sloan benefits**

We recognize the water development benefits promised to Upper Missouri Basin states to compensate for Missouri River bottom land flooded to provide down-stream flood control as part of the Pick-Sloan Plan (1944 Flood Control Act).

Any changes from the original authorization for these federal projects should not jeopardize this region's hydroelectric users. We oppose changing preference clause provisions or raising hydroelectric rates to pay the debt obligation of the dams presently assigned to irrigation.

We urge the U.S. Congress to strongly resist any attempts to provide for repayment assistance to municipal and industrial water systems in hydropower rates contrary to the reclamation law. We oppose any attempt to alter the benefits to preference customers which would increase hydropower rates to subsidize an investment which is not the responsibility of hydroelectric consumers. We believe the federal government should bear the costs of protecting federal hydropower and delivery facilities from acts of terrorism, and power customers should be responsible to pay only their obligations under the Safety of Dams Act.

### **Other Energy Policy**

#### **10. Domestic oil and gas exploration and transmission**

, We support responsible exploration, development and transmission of our domestic oil and gas reserves. In particular, we urge the U.S. Congress, the governor and the legislature to take an active role in promoting rail safety and additional pipeline and refinery capacity to bring North Dakota's oil and gas production to market safely and without discount or excess transportation charges.

#### **11. Nuclear power**

Nuclear power is the world's largest source of carbon-free electric energy. NDAREC supports the use of nuclear power in a safe and responsible manner, and urges the U.S. Congress and federal officials to ensure plant safety and security; to develop secure, long-term storage of nuclear waste; and to develop the domestic capacity to reprocess spent nuclear fuel.

#### **12. Renewable energy and new technologies**

We support expanded research and greater development of renewable energy resources such as wind, water, solar, biomass, biofuels, recycled energy and geothermal. We also support more research and development of improved methods for power generation, transmission and distribution.

We believe the electric industry should continue to respond to consumer interest in renewable energy and other electric technologies without the need for government mandates, such as renewable portfolio standard (RPS) proposals. Should an RPS be considered, however, we believe that exemptions to the RPS should be based on utility size rather than type of utility ownership.

We also believe that federal hydropower should be credited as a renewable form of energy for any RPS requirements. At a minimum, federal hydropower should not be counted against preference customers when determining the amount of renewable power needed to meet future RPS requirements.

We challenge our member cooperatives to continue to lead the electric industry in the promotion and development of our renewable resources based on sound economics.

We believe that any federal or state incentives that may be offered to promote renewable energy development should be offered on an equivalent value basis to both consumer-owned and investor-owned utilities.

### **13. Support for 25x'25 Alliance**

The North Dakota Association of Rural Electric Cooperatives shares the vision of the 25x'25 Alliance that America's farms, forests and ranches will provide 25 percent of the total energy consumed in the United States by 2025 from renewable resources such as solar, wind, hydroelectric, biofuels and biomass. We pledge to work toward making the 25x'25 Vision part of the energy policy of our nation.

### **14. Support for recycled energy systems**

North Dakota law defines recycled energy systems as systems producing electricity from unused waste heat resulting from combustion or other processes.

We believe this type of energy is renewable and qualifies for renewable energy credits. These types of generation systems, such as those added at natural gas compressor stations in North and South Dakota, Montana and Minnesota, capture energy that would otherwise be wasted, while creating no harmful emissions or other environmental problems.

### **15. Support of biofuels**

We support federal, state, and industry initiatives to promote the increased production and use of biofuels. We believe biofuels use promotes America's energy independence, protects the environment, and offers an additional market for our agricultural producers. We support programs which will achieve a 20 percent level of ethanol usage and a 2 percent level of biodiesel usage within the state. We strongly reject the Environmental Protection Agency's proposal to lower the Renewable Fuels Standard for blending of ethanol and biodiesel into gasoline below congressionally mandated levels.

### **16. Use of ethanol and biodiesel**

We urge all our member cooperatives to use ethanol and biodiesel in their vehicles whenever such fuels are available, and encourage their employees and members to do the same. We also urge all our member cooperatives, when purchasing new vehicles, to purchase flexible fuel vehicles.

### **17. Support for Electric Vehicles (EV) and Plug-in Hybrid Electric Vehicles (PHEV)**

To help produce a cleaner environment and reduce carbon emissions, NDAREC supports development and deployment of many different technologies, including electric vehicles (EV) and the plug-in hybrid electric vehicle (PHEV). The costs of electricity to power an EV or a PHEV is also only about one-quarter of the cost of the equivalent amount of gasoline power. We believe EV and PHEV owners should pay a fee to support highway construction and maintenance to recoup lost gas tax revenue. We support the development of infrastructure of charging stations for electric vehicles.

### **18. Natural Gas Extension**

We encourage the extension of natural gas service to unserved areas, however we do not believe state tax dollars should be used in providing such extensions. We do not support legislation that seeks to divert state tax dollars to create better profit margins for investor owned utilities who provide natural gas. If the state does provide incentives and assistance towards extending natural gas service, we believe that cooperatives should be allowed within their enabling acts to provide natural gas to its member owners as well.

### **19. Utility joint planning**

We encourage and commend joint planning and construction of utility transmission lines, gas and oil pipelines, water diversion pipelines and telecommunications services whenever possible. To this end we pledge to work with others in the utility industry.

### **20. Load management**

We encourage cooperative innovation in developing member electric use incentive programs compatible with load-management techniques. We should, however, pursue a balanced approach which combines load-management objectives with the need to market surplus power, so plants can run efficiently.

We further support NRECA Cooperative Research Network efforts to develop appropriate load-management and smart grid technologies.

### **21. Net metering**

We oppose government mandated crediting owners of solar electricity systems through net metering of consumer-produced electricity for rural electric cooperatives whose rates and terms of service are established by consumer elected boards of directors. Member-elected boards of all electric cooperatives will continue to establish rates and terms of service that are fair and equitable to all members and member classes. We oppose efforts to mandate the shifting of costs from consumers who do install distributed generation at their residence or place of business onto the utility's other consumers.

## **22. Energy conservation and efficiency**

We urge co-ops to continue and expand their efforts to educate consumers about energy conservation options and the advantages of switching to more energy efficient lighting, appliances, and other technologies to reduce energy demand and save on energy costs. In particular, we urge cooperatives to strongly promote the Touchstone Energy® Cooperatives' TogetherWeSave campaign. We urge the North Dakota Legislature to take a leadership role in incentivizing energy efficiency for consumers and promoting energy efficiency in publicly built and owned facilities.

## **23. Energy assistance program**

We encourage and support, Low Income Home Energy Assistance Program, a program funded through general taxes and administered by a government agency to help those consumers in financial need.

## **24. Security of electric infrastructure**

Electric generation and transmission facilities are vulnerable to acts of terrorism or cyber-attacks.

Electric utilities are responsible for ensuring the security of the most critical electric infrastructure and cyber networks. The electricity sector is the only critical infrastructure sector with mandatory and enforceable cybersecurity standards in place through the North American Electric Reliability Corporation (NERC). As the Department of Homeland Security, the United States Congress and the states look at other ways to protect critical public services from terrorist and cyber-attacks, we urge them to ensure they do not duplicate existing requirements and ensure affected industries are included in the development of any proposed security standards, including better information sharing between the federal government and industry regarding potential threats.

## **25. North Dakota One Call law**

We support the strengthening of the North Dakota One Call Law. We believe the law is important in promoting safety and maintaining reliable electric service to our members. We support efforts to enhance compliance with the North Dakota One Call law and promote active representation by cooperatives among One Call stakeholder groups.

### **Electric Industry Policy**

## **26. Electric Service on Indian Reservations**

We recognize that providing electric service on Indian reservations has, from time to time, resulted in territorial disputes between utilities and jurisdictional issues involving state and tribal authorities. We urge NDAREC and its member cooperatives to work with tribal leaders, legislators, state officials and other utilities to develop and support policies that promote fair and predictable electric utility regulations on Indian reservations. We also support working toward greater educational efforts and maintaining and improving relationships between cooperatives and the tribes.

## **27. Strengthening transmission grid**

Building and maintaining adequate electric transmission is an integral part of North Dakota's economic development. The North Dakota Transmission Authority should play an especially pivotal role in the development of our lignite, oil, gas, solar and wind resources. We urge state policy-makers and state regulators to work to expedite the transmission line siting process on a regional basis.

A national priority should be strengthening the region's transmission network and upgrading the transmission grid throughout the country. Additional transmission capacity is necessary to increase reliability and security of the electrical system, reduce constraints in the wholesale electric energy market, increase economic development, and promote national defense and homeland security through greater energy independence.

## **28. Public Service Commission jurisdiction**

As consumer-owned organizations, we oppose any attempts to place North Dakota rural electric cooperatives under rate and service jurisdiction of the North Dakota Public Service Commission. PSC regulation would duplicate the oversight already provided by democratically-elected co-op boards of directors, impose on co-ops unnecessary regulatory compliance costs, and undermine local consumer control of co-op rates and service.

We believe the PSC should still be the watchdog for consumers who get their power from for-profit stock companies or other sources in which the consumer is not a member/owner.

## **29. Territorial Integrity Act**

We believe the North Dakota Territorial Integrity Act serves the best interest of both rural and urban consumers and electric power suppliers.

The Territorial Integrity Act is needed to ensure orderly development of the state's electric infrastructure to deliver electricity without wasteful duplication. The Act is fair and it has worked well since it was passed in 1965. It

has minimized disputes over service areas. NDAREC will strongly oppose any legislative, regulatory, or other effort to abolish or weaken the provisions of the Territorial Integrity Act.

### **30. City franchises**

North Dakota's Constitution gives the governing boards of cities the right to franchise public utilities and similar services. We support the right of city governing boards to make such franchise decisions, provided they do not cancel or revoke existing franchise rights without cause or unreasonably deny franchise applications. In granting franchise rights, cities should avoid unnecessary duplication of utility investments in expensive electric infrastructure.

We commend those electric cooperatives and investor-owned utilities that have entered into service area agreements authorized by section 49-03-06 of the North Dakota Century Code, and we encourage efforts to negotiate additional agreements to better serve the public.

### **31. Willing buyer/willing seller legislation**

North Dakota law limits the right of electric cooperatives to serve consumers in parts of cities that were receiving central station service before the formation of the co-op. Likewise, the law places limits on consumer membership in electric cooperatives. At such time as it may become necessary, we support legislation to amend current law to allow electric cooperatives to serve such consumers as members if this is done in conjunction with the purchase of facilities from another utility on a willing buyer/willing seller basis.

## **Financing**

### **32. Balanced Rural Utilities Service (RUS) financing program**

We call upon the U.S. Congress and the administration to continue a commitment to a balanced approach to long-term financing for the nation's electric cooperatives including hardship loans (for those systems meeting strict eligibility requirements), Federal Financing Bank and Treasury rate loan guarantees.

The need for capital to build new facilities and/or renew existing plant continues at a level that clearly justifies a well-funded loan program. Nationally and in North Dakota, investor-owned utilities and municipal power systems serve many times more customers per mile of line than do electric cooperatives. This makes the need to continue RUS funding as important as ever.

Over the years, RUS staffing levels have consistently declined, leaving RUS today at crisis staffing levels. We call upon the Administration and Congress to restore staffing levels to allow RUS to meet its obligations to the federal government and to all electric cooperative borrowers.

### **33. G&T eligibility for RUS loans**

G&T eligibility for RUS loans and loan guarantees has traditionally been tied to the purposes of the Rural Electrification Act, without regard to the status of a G & T's member systems as RUS or non-RUS borrowers. Further, RUS has traditionally used a once-rural-always-rural standard to protect the federal investment in electric infrastructure. We urge RUS to preserve the agency's traditional once-rural-always-rural tests for borrower eligibility. We also strongly oppose limiting the availability of RUS funding for much needed baseload generation to meet energy demands in the future.

### **34. Rural Utilities Service support**

The North Dakota Association of Rural Electric Cooperatives believes any buyout or withdrawal of G&T or distribution cooperatives from the RUS should incorporate an extensive and exhaustive study which incorporates not only the potential long-range financial implications, but the regulatory and political implications as well.

### **35. RUS Debt Limit Interpretation**

The Rural Utilities Service will not approve a loan to an electric cooperative that exceeds the debt limit established by the cooperative. In interpreting this debt limit, the Rural Utilities Service applies the entire original amount of an outstanding RUS loan against the debt limit, even when most of the principal has been paid off. For example, if a co-op took out a \$40 million loan and has only \$5 million of principal remaining unpaid, RUS considers the debt as \$40 million instead of \$5 million. RUS's interpretation has required numerous co-ops to change their bylaws to raise their debt limit in order to qualify for a new RUS loan, even though their actual debt remained far below the existing debt limit.

Rather than requiring co-ops to periodically amend their bylaws, the North Dakota Association of Rural Electric Cooperatives calls upon RUS to change its interpretation to construe debt to mean the outstanding principal balance of a loan and not the original amount of the loan.

## **Environmental/Water Policy**

### **36. Protecting the environment**

We believe in clean air, clean water, good land use practices, and the conservation and wise use of our natural resources. We support our members' efforts to locate, construct and operate their facilities to meet or exceed all applicable environmental laws, regulations and standards designed to protect the health and welfare of this country's citizens. We believe transmission lines should be routed to minimize negative impacts on other land uses.

### **37. Coal combustion and emissions technology**

Electric cooperatives operating coal-based generating facilities in North Dakota have invested heavily in technology to reduce emissions of sulfur dioxide, mercury and nitrous oxide to ensure that the region's rural electric consumers can continue to benefit from the use of our state's plentiful lignite coal resources.. We support their efforts and encourage even more research and funding to provide a path forward for lignite resources.

### **38. Regional Haze**

The Environmental Protection Agency (EPA) adopted regulations to address regional haze and visibility impairment in the nation's parks and wilderness areas. The goal of the regional haze program is to have no man-made visibility impairment of Class I areas by 2064.

Phase I regulations require certain facilities, such as power plants built between 1962 and 1977, to install Best Available Retrofit Technologies (BART) to control emissions. The regulations also require states to develop and implement air quality protection plans to reduce pollution that causes visibility impairments. Federal courts have determined that EPA must afford substantial deference to the regulatory decisions made by the states under the Clean Air Act. The State of North Dakota has developed and will continue to develop State Implementation Plans to address regional haze, which will be subject to approval by the EPA. NDAREC urges the EPA to continue supporting North Dakota's State Implementation Plans rather than issuing its own federal implementation plans.

### **39. Clean Power Plan**

As the United States addresses the final rules of the Clean Power Plan, we urge NRECA and NDAREC to be actively engaged to ensure that any plan protects the interests of, and minimizes the economic impacts to, electric cooperatives and our member-owners, and allows cooperatives to continue to provide affordable, reliable, and safe power. We also urge NRECA and NDAREC to support research and technology development for Carbon Capture, Utilization and Storage (CCUS).

We believe that North Dakota Cooperative's early action in implementing renewables into our portfolio should have been recognized and included in compliance with the Clean Power Plan and oppose the EPA's arbitrary and damaging

decision to exclude all wind and other renewable resources developed by utilities before 2012 from the Clean Power Plan. We believe that the cost of implementation of the Clean Power Plan and the effect on North Dakota ratepayers should have been considered in forming the final rule of the Clean Power Plan. We believe that NDAREC and our members were not allowed to adequately comment on the Clean Power Plan due to the vast difference between the proposed rule for North Dakota and what ultimately came forward as the final rule for North Dakota's targets under the Clean Power Plan.

While recognizing that regulatory, legislative and litigation efforts receive priority, we also urge NRECA to support research and technology development for projects that can help to mitigate carbon emissions, determine the effectiveness of the EPA's Clean Power Plan on world climate conditions, and educate member-owners of electric cooperatives and the general public of its findings. If fully implemented, EPA's CPP has the potential to significantly and adversely impact many rural electric cooperative systems through higher rates and the potential of reduced reliability of electrical service.

We support efforts to litigate the rule in federal court, the North Dakota Department of Health's effort to create a state implementation plan that will work for North Dakota, and legislation to restrict the EPA in regulating greenhouse gases from power plants and other stationary sources under the Clean Air Act. The U.S. Congress never intended for the EPA to regulate greenhouse gases under the Clean Air Act, which was not designed to address climate change. Unlike the U.S. Congress, in regulating greenhouse gases, the EPA cannot balance the impacts of its actions against their environmental benefits.

#### **40. Missouri River bank stabilization**

Riverbank erosion along the Missouri River from Garrison Dam to the Oahe Reservoir continues to be a serious problem causing substantial loss of valuable farm and residential land and consequent silting problems downstream.

We urge our Congressional delegation, the state legislature and our state officials to convince the U.S. Congress that a long-term bank stabilization plan is needed. This project is properly the responsibility of the Corps of Engineers, and should be adequately funded.

#### **41. Wetlands**

Wetlands acquisition in North Dakota should proceed with caution. Wetland easements and purchases should have all wetland areas outlined on land maps, with the duration spelled out in specific years.

Existing wetlands should be used to their fullest capabilities, with existing waterways and impoundments recognized and included for their benefit to wildlife habitat.

We oppose passage of any legislation which would expand the Army Corps of Engineers jurisdiction over isolated wetlands and even ground water by eliminating the “navigable” requirement from the Clean Water Act.

#### **42. Waters of the United States**

We oppose the “Definition of ‘Waters of the United States’” rule and other attempts to expand federal jurisdiction over waters beyond those that have historically been regulated under the Clean Water act. We support efforts to fight the rule in federal court and urge Congress to pass common sense legislation that ensures the goals of the Clean Water Act are met without imposing cumbersome regulations on farmers, ranchers, agriculture, and business.

#### **43. Government regulation costs**

Government rules and regulations affecting the construction and operation of electric facilities have increased the cost of construction and operation of all utilities and have resulted in delays and interruptions in construction projects.

The North Dakota Association of Rural Electric Cooperatives urges its congressional delegation to take actions necessary to protect the interests of its member-systems and their electric facilities by ensuring that all new regulations and programs are cost-efficient, sensible and address scientifically demonstrable and significant environmental principles.

#### **44. Accidental wildlife electrocution**

Interpretations of the Migratory Bird Treaty Act (MBTA) have asserted that accidental electrocution of raptors and migratory bird species is a deliberate “taking” of wildlife by electric utilities. In addition, the MBTA is a “strict liability” law, which means that the U.S. Fish and Wildlife Service (USFWS) only has to show that the birds were killed by the activities of an individual or business.

Severe penalties have been assessed and proposed against utilities whose systems have experienced avian contacts with their facilities. The USFWS is advocating that rural electric cooperatives enter into Memorandums of Understanding (MOUs) to eliminate migratory bird mortality due to electrocution on transmission/distribution lines and associated equipment.

Rural electric cooperatives support the goal of reducing avian electrocutions, and they have installed equipment on lines and created attractive perches away from dangerous locations to prevent avian deaths. It is impractical, however, to convert all aerial equipment to underground or to retrofit all existing equipment to eliminate all impact to avian species.

We urge balance in the federal government's approach to establishing the MOUs for rural electric cooperatives. We urge Congress to act by changing two provisions of the MBTA by (1) modifying and tempering the language that treats in-flight electrocutions or contacts by avian species as an intentional "taking" of protected avian species, and (2) a reevaluation of the "strict liability" standard for utilities that have implemented avian protection measures.

### **Economic Development Policy**

#### **45. Rural development funding**

Electric cooperatives play a vital role in community and economic development in their service territories. Properly implemented, the community and economic development tools provided for in the Farm Bill can provide much needed capital for local and regional projects. The Rural Economic Development Loan and Grant Program (REDLG) is a particularly important funding tool that deserves on-going support from the U.S. Congress. In addition, funding to support Cooperative Development Centers and other grant programs that support value-added agriculture and small business opportunities in rural areas should be continued. The U.S. Congress should also be encouraged to provide USDA with maximum flexibility and adequate staffing to implement these programs.

#### **46. Health care and rural development**

Rural electric systems have a vital stake in the health care systems of their communities. Both the well-being of individual members and employees and the economic viability of the total community depend upon rural families having access to affordable and high quality health care and emergency medical services within their rural communities. Often the largest employer, healthcare organizations are vital to the social and economic wellbeing of rural North Dakota. From responding to emergencies to providing preventative and supportive services close to home, rural healthcare entities play an important part in the state's health care delivery system.

We support rural health care programs and encourage innovative approaches to health care delivery in rural areas.

#### **47. Telecommunications policies**

We urge the federal government and the telecommunications industry to recognize the need to provide advanced telecommunications service in all rural areas of this nation. We call upon the telecommunications industry to make every effort to provide adequate coverage throughout the state.

With telephone deregulation we support statutory requirements that make sure low-density rural areas are afforded telecommunications services and technologies at the same affordable prices as are offered in higher-density urban areas.

We applaud the efforts of North Dakota's telecommunications cooperatives to bring the benefits of an advanced, integrated telecommunications network to the state's rural consumers, schools, libraries and hospitals. In particular, the continuation of the universal service fund is paramount to maintaining an affordable network of telephone service in rural areas.

We encourage coordinated and enhanced 911-service throughout North Dakota. This service is extremely important for farmers who are engaged in America's most dangerous occupation, and for many of our elderly citizens who need a lifeline in times of emergency.

#### **48. Rural mail delivery**

Daily mail service in rural areas is critical to the success of rural businesses and the rural economy. We call on the U.S. Congress and the U.S. Postal Service to maintain and improve rural mail service. We call upon Congress to repeal the 2006 law that required the U.S. Postal Service to fund their retirement fund differently than other organizations, which has contributed to their financial hardship.

#### **49. Affordable housing**

We support a range of programs to provide affordable housing throughout the state. These include the Rural Development Finance Corporation and Community Works programs to provide gap and low interest financing for rural homeowners, and innovative housing models including senior cooperative housing that allow people to own or control their own housing.

Affordable housing programs are especially important to North Dakota. Mortgage financing has always been more difficult in rural areas than cities due to appraisal gaps and inadequate appraisal comparisons to attract the secondary market. The state's current rural housing stock is aging and/or has been flooded and many homes are no longer habitable or are in need of renovation. Housing is being valued above and beyond what many people, especially senior citizens, can afford to pay due to the rapid growth in some areas of the state.

#### **50. Rural transportation**

The Federal-Aid Highway Program has been one of the most successful cooperative partnerships ever undertaken by federal, state and local governmental agencies.

A tremendous investment has been made in our transportation system, and every effort must be made to protect and preserve that investment, as well as to make additional investments in infrastructure improvements.

Rural roads and bridges are a vital link to local and national economic prosperity. Our nation needs an integrated system of highways to provide connecting links to other parts of the country, and to move commodities that are in demand throughout the nation and the world. In particular, we are concerned that counties and townships get adequate funds for roads and infrastructure.

### **51. Workforce training**

To foster economic growth and to reap the benefits of technological innovations, we support state-sponsored workforce training efforts to promote a first class North Dakota workforce, including building the skills necessary to fill the energy industry jobs of the future.

### **52. Support for family farmers**

North Dakota's rural electric cooperatives have invested billions of dollars in electric generation, transmission and distribution facilities to provide dependable electric power to the state's largest industry—agriculture. This investment was made by rural electric leaders based on a vision of a widely-dispersed network of prosperous family farms that would in turn support rural communities.

It is important to maintain a strong public partnership with the federal government to help family farm agriculture compete in a global economy. This can be achieved by maintaining a strong farm program that includes an adequate safety net for farmers, such as improved crop insurance, and a permanent emergency assistance disaster relief program.

We also call upon the North Dakota legislature to give appropriate attention to the needs of agriculture in recognition of its importance as North Dakota's number one industry. In particular, the legislature should adequately fund agricultural research, and adopt tax policies that encourage agriculture and agricultural processing. We support beginning farmer programs and other programs to keep farmers and ranchers on the land.

### **53. Foreign imports**

We urge the adoption of fair trade agreements that afford reasonable price protections for American producers and health and safety protections for American consumers. We support equality in agricultural production standards with respect to chemical and hormone use in production.

## **Taxation Policy**

#### **54. Electric generation taxes**

We believe North Dakota has fair and equitable taxes on the severance and conversion of finite energy resources, such as lignite coal, but we want to ensure that such taxes do not compromise the competitive position of North Dakota's coal-based power plants in the future.

The electric generation industry is not immune to competitive economic forces which may threaten the financial health and ultimately the survival of the state's coal-based electric generation industry.

We urge any changes in taxing the industry be cautiously and prudently measured in terms of the delicate balance which exists in the highly competitive regional energy marketplace.

#### **55. Sales tax on electricity**

We oppose efforts to levy sales or any other inequitable tax on electricity. Electricity is a necessity in America that should not be taxed just because of the convenience it affords governments to collect the tax.

#### **56. Oil and Gas Taxes**

Western North Dakota is experiencing rapid growth due to an unprecedented increase in oil and gas development. This development has generated billions of dollars in tax revenue. This development has also resulted in creating many new jobs and small business enterprises to support the oil and gas industry. Along with these many positive benefits of development have come challenges in building and maintaining roads and water systems as well as funding schools, law enforcement, ambulance and fire protection, and meeting social service and other community needs. We support returning substantially more of the tax revenues to the impacted areas.

We believe that the state of North Dakota should tax oil and gas development sufficiently to provide the revenue necessary to compensate for the loss of these one-time resources, to build adequate infrastructure, and to address the other costs and impacts to state and local government from this development. Until it is determined that North Dakota's citizens are being adequately compensated for development of these resources, we oppose any future attempts to further lower the overall tax rates on the production and extraction of these resources.

### **Public Policy**

#### **57. FEMA**

When natural disasters occur, such as ice storms or tornadoes, electric cooperatives almost always suffer the greatest economic damage. Without FEMA assistance, some electric cooperatives could never recover. Therefore, we strongly oppose any proposal to make RECs ineligible to receive recovery assistance from FEMA, such as the proposal that would require RECs to seek loans from the Small Business Administration instead of FEMA assistance. We also strongly oppose any administrative action designed to unreasonably deny cooperatives eligibility for FEMA funds. For example, FEMA regional officials denied storm reimbursement to several Iowa cooperatives claiming that they should have conducted substantial physical testing and laboratory analysis of three 20-foot sections per mile of line on an annual basis to substantiate that their lines were in good condition when they were damaged by a severe late winter storm. Such unreasonable reimbursement denials represent a major attack on a program that has been vital to restoring power and spurring recovery to severely storm devastated areas.

#### **58. Term limitations**

We oppose the concept of term limitations for the U.S. Congress. Adoption of term limitations would severely limit the state's influence in Congress for the benefit of states which do not adopt term limits. It will also greatly reduce the influence small rural states have in the United States Senate and provide additional influence to states which have large numbers of representatives in the House of Representatives. This would remove the responsibility and right of future generations to choose their own representation. For the same reason, we also oppose term limits for elected state officials and legislators.

#### **59. Rail Customer Fairness**

We oppose efforts by railroads to embed acquisition premiums into the regulatory rate base, artificially increasing rates for shippers without any appreciable benefits. The STB is the only federal agency that permits passing these premiums onto ratepayers. The U.S. Congress should adopt legislation excluding acquisition premiums from the regulatory rate base to protect shippers from higher rates.

We urge the U.S. Congress to pass comprehensive railroad reform and improve competition for many captive rail customers. We also urge the U.S. Congress to restore state and federal antitrust jurisdiction over the railroad industry.

### **Cooperative Policy**

#### **60. Capital credits**

Electric cooperatives operate at cost for the benefit of their members. An important principle of cooperative ownership and management is the administration of a capital credits retirement program that is fair to the membership and recognizes the financial needs of the cooperative. We urge the legislature to recognize the pre-eminent role that the cooperative board of directors must play in establishing a capital credit retirement system suited to the needs of the individual cooperative.

We encourage cooperative boards of directors to retire capital credits in a timely manner as the financial condition of the cooperatives allow. We urge the legislature to reject any legislation that would restrict the rights of electric cooperative boards to determine capital credit retirement policies for their cooperatives.

#### **61. Rural electric cooperative education programs and support for the Quentin Burdick Center for Cooperatives**

As member-owned and controlled organizations, we reaffirm our belief in the democratic principle that decisions from the distribution cooperative membership should be reflected and extend therefrom throughout the rural electric cooperative network.

To achieve growth within the cooperative structure, we encourage our members and directors to:

1. Support and implement information and education programs for directors, employees, contract professionals and members that teach cooperative philosophy, principles and practices; and,
2. Intensify cooperative communications efforts to help all consumers become aware of the benefits of cooperative membership; and,
3. Maintain strong, professional public communications programs which can competently meet the challenges faced by the rural electric program in the years ahead; and,
4. Increase awareness of cooperatives in public schools and support other programs involving our young people.

#### **62. Communication and information services**

As cooperative organizations, we believe quality communications programs are an indispensable part of providing electric power supply services to our consumer owners. These programs should be designed to enhance the public's understanding of our organizations and the economic and social contributions made by rural electrification to communities, the state and the nation. We should also educate consumers about energy costs and the best ways to save energy and use it most efficiently.

We also support communication programs, such as Touchstone Energy Cooperatives, and other communications programs of NRECA, NDAREC and our power supply cooperatives. We ask that these organizations work together in coordinating communication services to provide the greatest benefit to consumers.

### **63. Statewide magazine postal classification**

We support continued federal postal service classification which makes periodical rates available to mailers of statewide electric cooperative publications. Through the long history of these statewide publications, postal classifications have acknowledged their non-profit characteristics. With the certainty that postal rates will climb and in recognition of recent postal service attempts to disqualify statewide publications from the periodical rate, we declare our support for efforts to maintain our current postal classification and rate.

### **64. Director qualification**

We support the position that only member directors serving on distribution cooperative boards be eligible for nomination, election or appointment to rural electric cooperative Statewide, G&Ts and National Rural Electric Cooperative's boards of directors.

We believe the democratic principles of grass-roots representation, control and accountability must be fully preserved in the director election process; this is most effectively accomplished by limiting eligibility for organizational directorships to those persons who have been duly elected and qualified by the distribution co-op membership to serve on the rural electric distribution co-op board of directors. We support cooperative efforts to encourage board diversity so that all members feel they receive fair representation.

### **65. Safety, training and public information programs**

Employee safety is of utmost concern to rural electric cooperative directors and members. To minimize the risks of injury and to maintain reasonable workforce safety and insurance rates, we encourage continued support and emphasis on employee safety training programs.

We encourage information and education programs to alert our consumers and the general public of the need to use care and caution around power lines. Electric safety is a shared responsibility between the provider and the user. The information programs must stress constant public awareness of the inherent dangers that may cause severe injury or death. Programs on using equipment correctly and telling consumers about the risks of personal injury while working near power lines are essential to maintaining a safe working environment. We encourage the use of the resources of the Safe Electricity safety resources program to promote the message of safety.

## **66. Cooperatives support cooperatives**

We encourage our members to do business with and support other cooperatives. A cooperative spirit among like organizations will unify and solidify our strength.

### **Association Policy**

## **67. Railroad crossing or right-of-way permit fees**

We are concerned about fees, insurance requirements and other terms of railroad crossing permits that can create undue financial burdens and delays when building power lines to serve our consumers. We call on NDAREC and our co-ops to work with the railroads, the Public Service Commission, and the legislature to reduce the costs of crossings and right of way and to expedite the issuing of railroad crossing permits.

## **68. Consolidation of statewide membership functions**

To achieve the full potential of organizational integrity and purpose, we believe cooperative organizations must fully support their Statewide Association. We urge all members of this Association and the various Statewide organizational groups to work together in a spirit of mutual support and cooperation. This will avoid duplication of effort and resources and build harmony in our endeavors to serve the common interests of the total membership.

## **69. Director-employee training and education**

We encourage our member-cooperatives to support the NRECA certificate program for directors and employees coordinated by the Statewide Association, as well as other Statewide training programs. We consider continuing education for all co-op personnel necessary if we are to advance cooperative philosophy and principles.

## **70. Political involvement**

We commend our member system directors and employees for their appreciation, understanding, support and participation in legislative and political issues on state and national levels. We cannot over-emphasize the importance of being involved in the governing process that affects the lives of all. We need to be fully staffed and prepared to remain vigilant in the political activities that affect the future of the REC program.

We encourage our directors, employees and member-owners to continue building our political strength by participating in the political process by being a candidate or volunteer, by maintaining contact with legislators throughout the year, by contributing to REPAC and ACRE, and by working as a grassroots advocate through

NDAREC's government relations program. We must speak with unity on state and national issues that impact our consumer members.

We believe that elections should be financed by individuals through voluntary contributions to political candidates or political action committees. Despite the U.S. Supreme Court decision in Citizens United v. Federal Election Commission which opened the door to using corporate money to support or oppose candidates for office, we urge our electric co-ops to refrain from doing so.

#### **71. Endorsement of NRECA legislative activities**

NRECA's collective legislative effort, supported by individual consumer-members, distribution cooperatives, G&Ts and statewide associations is necessary for our survival. We support NRECA's continued vigilance as our legislative voice in Washington, D.C.

We encourage our members to send delegates to the NRECA legislative conference held each year in Washington, D.C. The grassroots lobbying efforts that take place during the conference increase our national visibility and standing and deserve our continued support.

### **Commendations**

#### **72. Senator John Hoeven**

We commend Senator Hoeven for his support for rural electric cooperatives, for his work on the Senate Agriculture and Appropriations Committees, his support for RUS funding and the Rural Cooperative Development grant program, his support for keeping coal as part of our nation's future energy mix and push for inclusion of coal ash legislation in the highway and omnibus bills, and his leadership in opposition to rules governing CO2 emissions for new and existing power plants .

#### **73. Senator Heidi Heitkamp**

We commend Senator Heitkamp for her support for rural electric cooperatives, for speaking to NRECA members about her efforts to improve lives for rural America at the NRECA legislative rally, for her leadership in promoting a path forward for coal, for her hosting of a North Dakota meeting with administrators Senator Joe Donnelly to hear concerns of the potential negative impacts of the EPA's Waters of the US rule, and for her support of the RUS and rural development loan and grant programs.

#### **74. Representative Kevin Cramer**

We commend Representative Cramer for his support for and understanding of rural electric cooperatives, for his support for RUS funding, for fighting against the EPA's Waters of the US rule, for his efforts resisting rulemaking by the EPA that would affect the affordability of electricity and reliability of the grid and for his strong support of the lignite coal industry.

#### **75. Governor Jack Dalrymple**

We commend Governor Dalrymple for his proven leadership and lifetime of service to the state of North Dakota, for his work to ensure infrastructure needs across the state will be met, for his investment in the quality of life for North Dakotans through the Outdoor Heritage Fund and state parks initiative in his executive budget, and for his commitment to North Dakota's continued success.

#### **76. Attorney General Wayne Stenehjem**

We commend Attorney General Wayne Stenehjem for his distinguished service as North Dakota's longest serving Attorney General, for his successful challenge of Minnesota's Next Generation Energy Act, for his success in getting a stay of EPA's Waters of the US rule as it is litigated in federal court, and for his opposition of the EPA's rules on CO2 emissions from new and existing power plants through litigation on behalf of the state of North Dakota.

#### **77. Dennis Hill**

We commend Dennis Hill for his visionary leadership as Executive Vice President and General Manager of the North Dakota Association of Rural Electric Cooperatives. We commend his tireless advocacy on behalf of the membership, his servant leadership in prioritizing the needs of his member owners and staff, his ability to build consensus among a diverse group of stakeholders, and his humility despite the great importance of his work and accomplishments. We commend Dennis for representing cooperatives and rural North Dakota by serving on critical initiatives to the development of North Dakota's economy such as Vision 2000, Grow ND, and the Commission on the Future of Agriculture, for representing North Dakota nationally in examining the health effects of ElectroMagnetic Fields for NRECA, for helping testify when RUS was restructured, and fighting efforts to privatize Power Marketing Administrations, and representing cooperatives at the North Dakota legislature to preserve self-governance for cooperative boards, keeping the territorial integrity act intact, and reforming the property tax system for generation and transmission and distribution systems.

We thank Dennis for his 35 years of service to the North Dakota Association of Rural Electric Cooperatives and wish him nothing but the best in retirement and his new career as grandfather.

#### **78. ACRE and REPAC**

We thank those REC directors, employees, and member-owners who have generously contributed their time and money in support of the Action Committee for Rural Electrification (ACRE) and the North Dakota Rural Electric Political Action Committee (REPAC). We encourage our cooperatives to continue their efforts and involvement in ACRE and REPAC. Each co-op's goal should be 100 percent voluntary participation by directors and employees in the highest possible membership categories.

#### **79. Appreciation for NRECA**

NDAREC commends the National Rural Electric Cooperative Association for their tireless advocacy on behalf of the nation's electric cooperatives during the 113th Congress. In the face of continuing change, NRECA has preserved full funding for the RUS lending programs; has been a tireless advocate for keeping coal as part of our nation's future energy mix; and has forcefully advocated for the electric cooperative position in numerous regulatory proceedings ranging from the Clean Air Act to the Endangered Species Act.

#### **80. JoAnn Emerson**

We commend JoAnn Emerson for the path she set NRECA on, her leadership as CEO, and her service to the members. We wish JoAnn and her family the best and are thinking of them as JoAnn rehabilitates.

#### **81. Appreciation for NDAREC**

We express our appreciation for the services and achievements of the North Dakota Association of Rural Electric Cooperatives. We recognize and commend all the cooperative members, directors, the general manager and the employees of NDAREC for their dedicated efforts on behalf of the rural electric program.

#### **82. Directors and employees**

NDAREC expresses its deep appreciation to all REC directors and co-op employees who because of retirement or death are no longer with us. We also ask for a moment of silence for those deceased directors and employees. We are grateful for their years of service and commend them for a job well done.