

Legislative Guidelines

Adopted for the 2012-13 sessions

Adopted Dec. 2, 2011

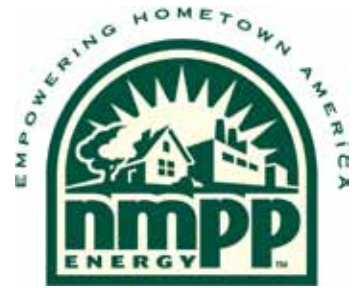
The intent of these guidelines is to have a statement of legislative policy accepted by the NMPP Board of Directors on behalf of the NMPP membership. These guidelines will be used by the Executive Director to evaluate legislative activity and to enable the legislative activity to proceed on a day-to-day basis based upon management's evaluation.

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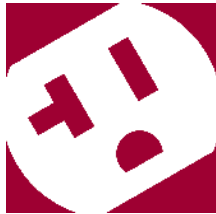
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GUIDELINES

The Nebraska Municipal Power Pool Board of Directors adopted the following statements as its general Legislative Policy Guidelines to inform members of the Legislature, other governmental officials, the media and the public of its position on various issues that affect the electric power and natural gas industries. As the 2012-2013 Legislative Session convenes, the NMPP Board of Directors will give careful consideration to those legislative issues it believes will be of importance to the municipalities and the industry as a whole and adopt favorable positions on the items contained herein.



ELECTRIC ISSUES



- **Support promotion of municipal electric systems** and their high value to the citizens in those communities; municipal systems must continue to exist with all rights equal to other electric suppliers.
- **Oppose taxes or surcharges** on electricity for the purpose of funding non-electrical related programs or policies.
- **Support the proposition that all transmission users have a right of access to transmission facilities** under fair, reasonable and non-discriminatory conditions and rates.
- **Encourage the development of cost-efficient load management and conservation programs** that will extend power supply resources and encourage the efficient use of energy. Support the concept of providing incentives or tax treatments to electric ratepayers to install high-efficiency appliances or equipment.
- **Support the development of renewable energy resources** and voluntary green pricing programs when driven by local control and paid for by local taxpayers.
 - Development of cost effective and sustainable alternative and renewable energy resources.
 - Oppose a renewable portfolio standard on the state or federal level which may result in adverse rate impacts.
 - Oppose mandated "feed in" tariffs for renewable projects.
- **Support retention of existing Federal Preference laws.** Oppose any action to disrupt or eliminate the Federal Preference for municipal electric systems, or alternate usages of the Federal hydro system.
- **Oppose regulations, legislation and surcharges added to federally generated electricity** that will artificially increase the cost of that electricity to municipalities and ultimately to their public owners.
- **Oppose new taxes or other costs aimed at carbon based fuels.**
- **If needed support legislation and regulations that allocate funds generated from surcharges added to fossil fueled generation** to the research and development of less carbon-intensive generating sources.
- **Oppose private investment in federal hydropower projects** and any legislation that would allow power produced at federal dams to be sold at market rates. In addition, oppose legislation that would delay federal hydroelectric development, or ongoing operations and maintenance of existing facilities.
- **Support full funding for the Renewable Energy Production Incentive (REPI) program** to create parity with production tax credits available to investor owned utilities, or reasonable alternatives to REPI.
- **Support tax provisions that optimize the use of public gas and electric systems.**



NATURAL GAS ISSUES



- **Support regulation of retail natural gas rates** by the local municipality in customer owned systems.
- **Support local regulation options** when local customers want to regulate the investor owned utilities.
- **Support statewide regulatory approaches** when desired by the affected municipalities.
- **Support statewide regulatory funding** by investor owned participants and those who benefit from the regulatory process.
- **Support compilation and reporting by the investor owned** natural gas industry of the following:
 - Its forecasted needs.
 - Long-range supply and services.
 - Complete financial and operating information including asset diversification activities and non-regulated transport commitments.
 - Customer records and activities of the companies in energy conservation, research and development, renewable energy sources and cogeneration.
 - In addition, support the open availability of information on the local level.
- **Support municipal gas utilities' open access** to competitive natural gas supplies and transportation facilities at fair and reasonable rates.
- **Support statutory changes** to establish a reasonable, fair, equitable and achievable process for the municipal acquisition of their community gas systems.
- **Support the participation of public entities in natural gas choice programs.** Acknowledge and support the role of municipalities and other public entities as they carry out their responsibility to assure that adequate natural gas services are provided, robust competition exists and a cost effective supply of natural gas is available for their community.
- **Support adequate and proper regulation of natural gas choice programs** to promote consumer protection, foster essential service measures and ensure legitimate competition.
- **Support legislation and regulations which increase the availability of Choice Gas Programs.**
- **Support the office of the Public Advocate for the purpose of presenting consumer interests in Public Service/Utility Commission proceedings.** The Public Advocate should be an independent, experienced voice of the people on natural gas issues.
- **Oppose efforts to diminish the role of the Public Advocate,** to restrict funding for the office, or any other efforts that negatively influence the effectiveness of the office.



GENERAL LEGISLATIVE POLICY PRINCIPLES



- **Maintain municipal control of utilities.** Local municipal control is defined as, “decisions regulating and controlling the service providers, made by the local municipal governing body, in the public’s best interest.”

Local control is the cornerstone of public ownership. Oppose efforts to dismantle the public power or public gas concept.

- **Support the promotion of industrial growth and development** by stressing low electric rates and adequate and reliable supplies of electricity and natural gas.
- **Support the study of public power, public gas and telecommunications** for which the main purpose is to determine if our current structure best serves the customer.
- **Support the preservation and enhancement of power of eminent domain** for the public benefit by public entities. In the alternative, support a more simplified and streamlined procedure similar to the condemnation of other property, specifically the condemnation power allowed under electric statutes.
- **Support exemptions from sales and use taxes on utility fuels or electric** and natural gas energy when more than 50 percent of the amount purchased is used for the following: processing, manufacturing, refining, irrigation, farming, hospitals, including the generation of electricity.
- **Oppose unnecessary restrictions** on the use of funds generated by the operation of municipal retail natural gas and/or electric distribution systems.



- **Support the principle of allowing public power entities and other political subdivisions to participate in self-insurance pools** if such participation would provide sufficient liability protection and be cost-effective for ratepayers.

- **Support the following provisions** in legislation:

- Permission for municipal ownership and operation of cable and telecommunications systems.
- The ability of municipalities to provide and utilize municipal infrastructure in telecommunication services and oppose legislation that prohibits municipalities from providing such infrastructure and service in their communities.
- Enabling legislation that allows municipal ownership or partnerships with providers of communications systems that will maintain and improve the reliability and breadth of service to municipal customers.
- Improve the ability to finance joint public projects and oppose any further restrictions on the financing of such projects.

- **Encourage the resolution of intra-industry disputes** through state industry/utility associations.

GENERAL LEGISLATIVE POLICY PRINCIPLES



- **Support legislative tort reform measures that provide for fair and adequate relief** for valid claims, and that eliminate the excesses fostered by unlimited joint and several liability, punitive damage awards, unconscionable contingency fees for attorneys and excessive awards for intangibles such as pain and suffering. In addition, support a provision providing that an unsuccessful claimant must pay all reasonable costs associated with successful defense litigation of such a suit.
- **Support intra-industry review of all legislation that affects public power entities;** support legislation to remove those provisions that are adverse to the industry or its ratepayers.

- **Support the following elements** in statutes relating to service area territory:
 - State provisions relating to transfers of service areas between public power entities that do not include compensation for customers that do not exist as of the date of the transfer.
 - Inclusion of a requirement that service area agreements include the zoning area around a municipality, unless the municipality votes or otherwise elects not to include that area.
- **Oppose any definition of “total economic impact”** with regard to the transfer of customers and facilities between public power suppliers that includes any compensation for customers that do not exist as of the date of the transfer.



GENERAL LEGISLATIVE POLICY PRINCIPLES



- **Support adherence to federal jurisdiction over transportation of spent nuclear fuel** through the Midwest and storage outside of Midwestern states.

- **Support the promotion of safe and reasonable methods for the disposal and storage** of low-and high-level nuclear wastes and the development of a single-state or multi-state low-level waste disposal site.

- **Support the following research and technology movements:**

- Technologies to reduce or mitigate any harmful environmental contributions of energy production on a timely and cost-effective basis.
- Efforts to ensure measures for the control of acid deposition, climate change and ozone depletion are nationally and internationally coordinated for global benefit and effectiveness.

- **Support continued utility cooperation for energy bill payment and weatherization** programs for low-income individuals.

- Support federal policy makers for additional Low Income Home Energy Assistance Program (LIHEAP) funding and timely disbursements.

- **Support implementation of fair and equitable Clean Air legislation** in a manner that will achieve and maintain emission reductions. Specifically NMPP supports:

- Realistic monitoring and reporting requirements.
- A reasonable amount of time for planning and construction.
- A direct, well-defined, long-term regulatory environment that will permit planning and resource commitment for the benefit of our members and a stable energy environment.
- A state program no stricter than a federal program unless unique situations occur.
- Equal opportunity for economic growth in all regions.

- **Oppose efforts by private interests to own and control the essential civic services** provided by public power.

- **Support the EPA's reconsideration of the reciprocating internal combustion engine (RICE)** national emission standards for hazardous air pollutants (NESHAPS) standards that would allow emergency generators to operate more hours each year as part of an emergency demand response and for voltage stabilization without having to install controls.



COMPETITION



These principles are neither for nor against retail competition, but the end result is to be competitive in the electric and natural gas industry. Municipalities are not opposed to consumer choice of suppliers, or the industry restructuring necessary to provide that choice, provided the following conditions are met:

Opportunities

All classifications of customers should have equal input regarding choice. In addition, municipal utilities must have access to opportunities for broader and improved service. NMPP supports efforts to ensure that unwarranted cost shifts do not occur between customer classes.

Reliability

Standards for reliability of suppliers' products and services must be included and obligations and prices of a backup provider must be established.

Local Control

Local control must be maintained in all industry restructuring. Provisions must be included for municipal control over the following: rates, terms and conditions for the distribution service offered by municipal utilities and by other service providers within their jurisdiction. Control must reside at the local and state level for distribution service and at the federal level for transmission service.

Level Playing Field

Provisions must be made to ensure that municipalities can compete for customers. Retail customers must have "true access" to suppliers from a physical and rate standpoint. All monopoly services should be provided on a non-discriminatory basis comparable to those provided to others including the owner of the facilities. Rates and services must be regulated at the local level.

Stranded Investment

No customer shall be required to pay non-prudent stranded investment costs not directly associated with that customer. However, original supplier should be able to recover all stranded investment for that customer.

Obligation to Serve

The "obligation to serve" should exist only with cost-based compensation. If the local utility has the obligation to stand ready to protect the public and be the provider of last resort for core customers, a fee provision must be in place to accommodate the local utility.

Rates

Governing bodies should have flexibility in rate making and policy areas to ensure focus on serving the customer.

Transmission

Support public ownership, fair and equitable pricing and access for all parties to transmission lines and pipelines.

- Advocate FERC jurisdiction over rates, terms and conditions of all transmission service whether bundled or unbundled.
- Support public ownership and operational functions of Regional Transmission Organizations.

NATIONAL ENERGY STRATEGY

To promote a national energy strategy that anticipates and protects our nation's energy future and advocates the best use of our natural resources, NMPP supports the following guidelines:

- **Improve the consistency and effectiveness of information sharing** among policy makers and regulatory entities to ensure that sound energy policy issues are part of the nation's public policy/political debate.
- **Encourage efficiency in state and federal regulatory programs** and encourage conservation and e-technologies.
- **Educate federal and state policy makers and the general public** regarding public power/gas strengths by emphasizing low costs, local control, economic development and commitment to the environment.
- **Encourage state and federal regulatory bodies to analyze the true costs** and impacts of alternative generation or power supply options, before approving such facilities.
- **Encourage cost-benefit risk analysis** as part of the development of any state or federal regulations.
- **Ensure benefits are uniformly granted** to public utilities consistent with private for-profit utilities.
- **Maintain and expand involvement** in national, state and regional advocacy groups and organizations.
- **Encourage competition** in the freight rail industry and support review of railroads under antitrust legislation.
- **Encourage extension** of the Clean Renewable Energy Bond (CREB) program.

NMPP urges Congress to consider carefully all solutions for

addressing climate change and to incorporate the following principles in any new federal policy designed to address emissions of greenhouse gases:



- **Encourage broad application** to all industry sectors.
- **Consider the financial impact** on the ability of consumers to afford any proposed greenhouse gas emission reduction program.
- **Protect the ability of U.S. industries to compete** in world markets and carefully consider the international competitive impact on U.S. jobs.
- **Allow credit** for early actions taken to reduce greenhouse gas emissions.
- **Maintain reliability, protect national security** and avoid over-reliance on any single fuel by recognizing the importance to the nation of preserving a diverse mix of electricity generation fuels, including coal, nuclear, natural gas and all renewable energy sources including hydro.
- **Place an enhanced and immediate economy-wide focus on energy efficiency for all energy uses.**

NMPP Energy is a nonprofit, member-owned organization providing electricity, natural gas and utility related services to nearly 200 member communities across seven Midwestern and Mountain states. NMPP Energy promotes the benefits of joint action and local utility control among its member communities.



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**Our product is energy
Our mission is service
Our power is people.**