MAY 2015

PUBLIC POLICY REPORT

FEDERAL UPDATE

U.S. Energy Department Release Hydropower Report

During the National Hydropower Association Annual Conference, the department released the 2014 Hydropower Market Report In support of the President's all-of-the-above energy strategy. The report is billed as the first report to quantify the current size, scope, and variability of our nation's hydropower supplies.

- 11 states receive greater than 10 percent of their electricity from hydropower.
- As of December 2014, 331 hydroelectric projects were in the pipeline across the country.
- According to the U.S. Energy Information Administration, 1.4 percent of Iowa's power is hydroelectric generated.

According to the report, approximately seven percent of the U.S. electricity supply is derived from hydropower. Equivalently, this powers more than 20 million homes nationwide.

Agriculture Secretary Vilsack New Private Funds for Rural America Investment

The Secretary announced two new Rural Business Investment Companies (RBICs) for making investments in rural America. This is a continuation of the USDA's efforts for engaging private investment for rural economic growth. The new funds are created within the Rural Business Investment Program (RBIP) from the USDA. The RBIP allows the USDA to license private funds who utilize capital from Farm Credit System banks and associations. In turn, the RBIC's invest in rural areas for job and economic growth.

Federal Reserve Maintains Interest Rates

The Federal Open Market Committee believes that it is necessary to maintain the current 0 to ¼ percent target range for the federal funds rate in order to continue supporting employment growth and price stability for the county. When the Committee determines that economic conditions are right for a change in the rate, the target will be to encourage an inflation rate of two percent.

Electricity Regulation and the U.S. Supreme Court

The Supreme Court has agreed to hear a case regarding the ability of federal regulators to encourage electricity users like public schools, hospitals and others to reduce peak consumption for price breaks. Trade groups representing utilities and suppliers have challenged the regulations, accusing the Federal Energy Regulatory Commission of overstepping its bounds as states have the authority to regulate retail transactions and pricing.

State Legislative Session Update
The Iowa Legislature has entered its third week of overtime, with K-12 school funding still serving as the lightening rod. Other budget bills are making their way through the conference committees and two have been signed by Governor Branstad: the transportation and agriculture budgets. House and Senate leaders are not expressing any optimism that agreements will be reached this week.

Avian Flu Update
Currently, there are 44 confirmed Avian Flu cases in Iowa affecting 14 counties. An additional eight locations are undergoing testing for the virus. On May 1st, Governor Branstad declared a State of Emergency for Iowa related to the outbreak. The declaration is in effect through May 31st.   To date, over 36 percent of Iowa's non-wild chicken and turkey population has been affected by the virus. *(5/14/2015)*.

The clean-up process will require several months for the sites damaged by the flu. At this time, Iowa is struggling to find landfill sites will to take the millions of birds for fear of contamination. Once decontamination has been confirmed, the facilities will undergo a monitoring period before the farm is declared Avian Flu free.

Upcoming Activities in 2015
CFC Forum 2015 – June 8-10   Chicago, IL
ABI Leadership Conference – June 10-12   Davenport, IA
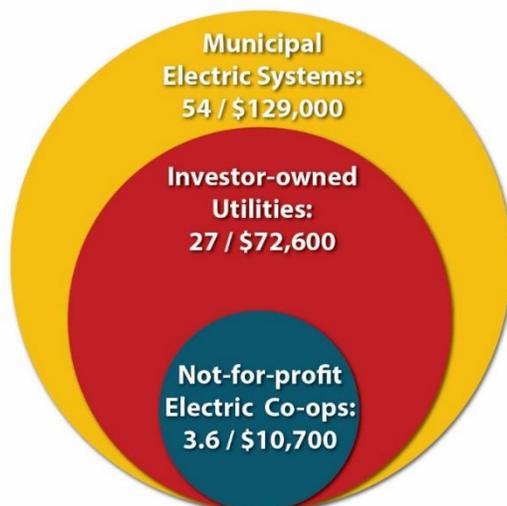Youth Tour – June 13-18   Washington, D.C.

Revenue in Review

Because of higher population densities *(more consumers served per mile of line)*, municipal electric systems and investor-owned utilities receive more revenue per mile of line than electric cooperatives.

Iowa consumers served/revenue per mile of line:

Municipal Electric Systems: 54 / $129,000
Investor-owned Utilities: 27 / $72,600
Not-for-profit Electric Co-ops: 3.6 / $10,700

Source: Iowa Association of Electric Cooperatives