

2017 Resolutions
of the
Alabama Rural Electric
Association of Cooperatives
70th Annual Meeting
April 13, 2017
Renaissance Montgomery Hotel
Montgomery, Alabama

A. PUBLIC POWER UNITY.....	4
A-1 AREA RESOLUTIONS POLICY	4
A-2 ELECTRIC COOPERATIVE UNITY	5
A-3 ELECTRIC POWER ALLIANCES	5
A-4 COOPERATION AMONG SUPPORTING GROUPS	6
A-5 THE ALABAMA RURAL ELECTRIC ASSOCIATION OF COOPERATIVES AN EXTENSION OF MEMBER COOPERATIVES	7
A-6 INVITATION FOR NON-AREA ELIGIBLE SYSTEMS TO JOIN LOSS CONTROL.....	7
A-7 THE ENERGY INSTITUTE OF ALABAMA.....	8
B. DISASTER PREPAREDNESS	9
B-1 DISASTER RELIEF	9
B-2 DISASTER COMMUNICATION.....	10
B-3 FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) DISASTER RELIEF REIMBURSEMENT	10
C. GOVERNMENTAL AFFAIRS	11
C-1 FAIRNESS IN STATE AND LOCAL TAXATION.....	11
C-2 IN SUPPORT OF THE ACTION COMMITTEE FOR RURAL ELECTRIFICATION (ACRE).....	13
C-3 ALABAMA UTILITIES ACT	13
C-4 THE ENVIRONMENTAL PROTECTION AGENCY’S REGULATION OF GREENHOUSE EMISSIONS.....	14
C-5 NATIONAL ENERGY POLICY	15
C-6 JOINT USE POLE ATTACHMENTS	16
C-7 EMINENT DOMAIN.....	17
D. ENVIRONMENTAL AND REGULATORY POLICY	17
D-1 POLICIES TO ADDRESS CLIMATE CHANGE LEGISLATION.....	17
D-2 UNREALISTIC DOE REGULATIONS	19
D-3 OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA) REGULATIONS	19
D-4 ENDANGERED SPECIES.....	20
D-5 OFFICE OF WATER RESOURCES	20
E. POWER AND GENERATION.....	22
E-1 SUPPORT FOR RENEWABLE ENERGY RESOURCES.....	22
E-2 IN SUPPORT OF A NUCLEAR ENERGY INITIATIVE	23
E-3 OPPOSING THE SALE OF SEPA, THE SOUTHEASTERN POWER ADMINISTRATION	23
E-4 OPPOSING THE MARKET PRICING OF FEDERAL POWER	26
E-5 SUPPORT FOR SEVEN STATES POWER CORPORATION	26
E-6 SUPPORT FOR THE TRADITIONAL BOUNDARIES OF TVA SERVICE	27
E-7 COMPETING USES OF FEDERAL WATERS.....	27
E-8 THREATS TO FEDERAL HYDRO POWER	28
E-9 EFFICIENT UTILIZATION AND MARKETING OF ELECTRIC ENERGY	30
E-10 WORKING WITH REGULATORY AGENCIES.....	30
F. FINANCING.....	31
F-1 PRESERVATION OF RUS	31
F-2 GUARANTEED LOAN PROGRAM.....	31
G. COMMUNITY AND ECONOMIC DEVELOPMENT	33
G-1 ALABAMA’S ECONOMIC DEVELOPMENT	32
G-2 RURAL DEVELOPMENT INITIATIVES	34
H. CONSUMER AND PUBLIC RELATIONS.....	35
H-1 CONSERVATION/ENERGY EFFICIENCIES FOR MANUFACTURED HOUSING	35

H-2 ALABAMA ELECTRIC COOPERATIVE FOUNDATION.....	36
H-3 PROJECT SHARE, OPERATION WARM AND OTHER VOLUNTARY CONTRIBUTION PROGRAMS	36
H-4 SUPPORT FOR THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)	37
H-5 EFFECTIVE COMMUNICATION AND MEDIA RELATIONS	37
I. INSURANCE AND EMPLOYEE WELFARE	39
I-1 COMMENDING U.S. ARMED FORCES	39
I-2 ALABAMA ELECTRIC COOPERATIVE HEALTH BENEFITS PLAN	40
I-3 COOPERATIVE SAFETY RECOGNITION	40
I-4 WORKER'S COMPENSATION INSURANCE	41
I-5 EMPLOYEE, MANAGER & DIRECTOR TRAINING AND EDUCATION	41
I-6 LOSS CONTROL AND REGULATORY COMPLIANCE.....	43
I-7 NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA).....	44
I-8 ALABAMA RURAL ELECTRIC ASSOCIATION OF COOPERATIVES (AREA).....	44
I-9 70TH ANNUAL MEETING APPRECIATION.....	45

A.
PUBLIC POWER UNITY
A-1
AREA Resolutions Policy

For 70 years, the electric cooperatives of Alabama have been unified by membership in a strong statewide organization known as the Alabama Rural Electric Association of Cooperatives (AREA).

The strength of AREA can only be maintained if its electric cooperative membership is able to reach a common consensus in the political, social and economic arenas in which every cooperative is required to operate.

During the association's long history, the resolution process has served to guide its membership in consensus building by providing a procedure by which every member cooperative has a voice; and;

The National Rural Electric Cooperative Association (NRECA) has restructured its resolutions process to make that process more responsive to its membership; recommendations from the NRECA Board Resolutions Review Committee include strengthening statewide associations' presence in the national resolutions process.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) Board of Directors recommends further study of the AREA resolution process to determine if the statewide process should be modified in any way to further enhance its ability to provide a unified voice of Alabama's electric cooperatives.

BE IT FURTHER RESOLVED that AREA will continue to monitor the NRECA resolution process to see what, if any, impact it may have on the local statewide process.

A-2 Electric Cooperative Unity

For 80 years, the electric cooperatives of Alabama have built a strong, reliable electric power system which now serves more than 1 million consumers who live in 64 of the state's most sparsely settled counties.

Such an undertaking only would have been possible by the state's 23 electric cooperatives working together to reach goals common to all. From this spirit of harmony came an Alabama tradition of unity, and from this unity came strength, both politically and economically.

Today's uncertain utility marketplace makes unity among Alabama's electric cooperatives even more important to provide leverage in representing the state's more than 1 million electric cooperative consumers before the Alabama Legislature, the U.S. Congress, the Alabama Public Service Commission and other bodies.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) Board of Directors urges all its member cooperatives to continue the high level of harmony and unity that has resulted in a superior standard of service excellence.

BE IT FURTHER RESOLVED that the AREA Board of Directors urges cooperatives, their management and directors to seek further ways in which to develop strength through working together for common goals.

A-3 Electric Power Alliances

Electric cooperatives and municipal electric utilities serve about 90 percent of the geographic area and some 1.9 million Alabamians — 43 percent of the state's population — with dependable, low-cost public power.

PowerSouth Energy Cooperative, the Tennessee Valley Authority and the Southern Co. supply cooperatives and municipal systems alike with reliable wholesale power on a regular basis.

A large portion of the general public does not understand the benefits that locally owned electric cooperatives and municipal utilities provide to the

state and the nation, nor do they fully understand the implications of electric retail competition.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) urges all electric power utilities within the state to search for common areas of agreement during any discussion of retail power industry restructuring or any other issue in our mutual interest.

BE IT FURTHER RESOLVED that AREA pledges to work with PowerSouth Energy Cooperative, the Tennessee Valley Authority, the Electric Cities of Alabama, the North Alabama Public Power Association, the South Alabama Public Power Association, the Southern Co. and other groups in educating the general public in the benefits of consumer-owned public power.

A-4

Cooperation Among Supporting Groups

The National Rural Electric Cooperative Association (NRECA), the National Rural Utilities Cooperative Finance Corporation (CFC), CoBank, the National Rural Telecommunications Cooperative (NRTC), Federated Rural Electric Insurance Exchange and other similar groups were created so rural electric cooperatives in Alabama and elsewhere could perform their duties more effectively and efficiently.

These entities have a history of unnecessary duplication and overlapping of services, which in the long run, circumvents the very purpose for which they were formed.

Cooperation among cooperatives represents the Sixth Cooperative Principle and is a fundamental block of cooperative philosophy.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) and its member cooperatives urge those organizations established in support of electric cooperatives to investigate and initiate ways to work together to avoid costly duplication of services and to promote harmony in the electric cooperative network.

A-5

The Alabama Rural Electric Association of Cooperatives An Extension of Member Cooperatives

The Alabama Rural Electric Association of Cooperatives (AREA) was created to provide services for its members more economically than a single electric cooperative could provide on its own.

AREA has been providing services for its member cooperatives for 70 years in an economical and professional manner, as well as confronting political, environmental and economic challenges with the unified voice of all of Alabama's electric cooperatives.

A growing competitive market in the electric utility industry will require individual cooperatives to be more aggressive in marketing their products and promoting their images as the utility of choice in their communities.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) pledges its commitment to continue to be "an extension" of each cooperative member and to assist each member cooperative in its marketing and image-building programs.

BE IT FURTHER RESOLVED that AREA will continue to be a Touchstone Energy Marketing Affiliate, as well as an instrument in developing the brand of the Tennessee Valley Authority and other image-building programs, to further build a positive image of electric cooperatives to both current and potential electric consumers in Alabama.

A-6

Invitation for Non-AREA Eligible Systems To Join Loss Control

The Alabama Rural Electric Association of Cooperatives (AREA) through its statewide Loss Control Program is dedicated to assisting member cooperatives in providing the very best employee training and safety.

Membership in the AREA statewide Loss Control Program has been extended to other non-AREA eligible electric systems, and such electric systems may participate only at the invitation of their neighboring cooperative.

Participation of other electric systems is further limited to the same time and location as the host cooperative to ensure that no additional class time, travel time or mileage is required. Non-AREA eligible electric systems are charged a fee commensurate to fees paid by member cooperatives.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA), in the interest of employee training and safety, urges its member cooperatives to extend an invitation to neighboring electric systems to join the statewide Loss Control.

BE IT FURTHER RESOLVED that this invitation to join AREA's statewide Loss Control Program is also an effort on the part of rural electric cooperatives to promote cooperation and better working relations between rural electric cooperatives and municipal systems.

A-7

The Energy Institute of Alabama

The Energy Institute of Alabama has been created as an Alabama non-profit corporation comprised of the following members: PowerSouth Energy Cooperative; Alabama Municipal Electric Authority (AMEA); Alabama Rural Electric Association (AREA); Electric Cities of Alabama; Tennessee Valley Authority (TVA) and the Alabama Power Company (APCO). The Institute was formed by the members to address policy issues of common concern; add to the profile of the energy industry in state policy development; host industry events and policy conferences; engage in issue advocacy, public education, and lobbying on energy policy issues and to collaborate with other associations.

Other levels of membership will be developed along with an Advisory Council consisting of state and national experts in the energy field, as well as university leaders, all who will advise the board on various policy issues.

NOW, THEREFORE BE IT RESOLVED that the AREA Board and members encourage support and participation in the Energy Institute of Alabama.

B.
DISASTER PREPAREDNESS

B-1
Disaster Relief

Natural disasters hit Alabama regularly, causing damage and power outages in a majority of rural electric cooperatives each year.

It is essential in times of disaster for power restoration efforts to be well coordinated from a central location, regardless of whether restoration services are needed within or outside the state of Alabama.

The "Alabama Disaster Assistance Work Plan" (disaster manual) is a primary tool for disaster relief during a storm, leading to a cooperative working relationship between rural electric cooperatives in Alabama and neighboring states and between co-ops and municipal utilities.

The "Alabama Disaster Assistance Work Plan" (disaster manual) should be incorporated as an integral part of each cooperative's Emergency Restoration Plan, which is required by the Rural Utilities Service and the U.S. Department of Homeland Security.

Communication between cooperatives, the Alabama Rural Electric Association of Cooperatives (AREA) and news media in affected areas is a top priority in order to keep the general public informed and supportive.

Mutual aid agreements have been executed by all electric cooperatives as required by the Federal Emergency Management Administration (FEMA).

NOW, THEREFORE BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives strongly urges all Alabama cooperatives to work through their statewide organization to send and receive disaster assistance, thereby increasing the effectiveness and timeliness of disaster response.

BE IT FURTHER RESOLVED that the AREA Board of Directors encourages each member cooperative to continue to participate in the annual planned tabletop exercise of the Rural Utilities Service's Emergency Restoration Plan coordinated by AREA.

B-2
Disaster Communication

Alabama's electric cooperatives have established strong communication channels with the state's emergency preparedness agencies including the Alabama Emergency Management Agency (EMA), the Department of Transportation, the Department of Homeland Security, the Alabama National Guard, the Alabama Forestry Commission, and many others.

On behalf of electric cooperatives, the Alabama Rural Electric Association (AREA) maintains a 24-hour presence at EMA's Emergency Command Center during times of natural disasters.

The EMA continues to explore ways of expediting emergency relief efforts to areas within Alabama thereby enhancing its emergency response.

AREA remains in daily contact with other electric cooperative statewide organizations before, during and after natural disasters occur in order to organize power restoration.

AREA has established a system of reporting statewide outages, which is then used by the news media, the Federal Emergency Management Agency (FEMA), EMA and other agencies.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives Board of Directors encourages cooperatives to continue up-to-date outage reporting during times of wide-spread disasters and likewise encourages AREA staff to continue to maintain strong communication ties to emergency preparedness agencies, other electric cooperative statewide organizations and the news media.

BE IT FURTHER RESOLVED that the electric cooperatives of Alabama will continue to explore ways they can aid the Alabama Emergency Management Agency (EMA) in times of natural disasters.

B-3
Federal Emergency Management Agency (FEMA)
Disaster Relief Reimbursement

The Federal Emergency Management Administration (FEMA) has provided outstanding relief and recovery assistance to Alabama electric cooperatives following natural disasters; and

Assistance from FEMA in the form of funds for damages is a vital element in the restoration of electric cooperative stability following a disaster.

Staff from the Alabama Rural Electric Association of Cooperatives will continue to provide the mechanism to keep member cooperatives up to date on FEMA rules and regulations, continue to provide assistance with reimbursement applications and continue to act as a liaison to the assigned FEMA public assistance coordinator.

Any additional debt following a natural disaster could cause cooperatives to increase rates to their consumers, who would be themselves recovering from a disaster.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) opposes any effort to force electric cooperatives to seek loans for disaster recovery in place of current assistance being provided by FEMA, and urges the continued protection of FEMA's programs on the national level.

BE IT FURTHER RESOLVED that AREA staff will work with state officials to advocate equitable distribution of FEMA funds and distribution rates.

C.
GOVERNMENTAL AFFAIRS
C-1
Fairness in State and Local Taxation

In the changing electric utility environment, it is imperative that all utilities be treated equitably by taxation.

The Alabama Legislature may consider raising existing taxes or enacting new ones in order to meet projected income or to finance shortfalls in state revenue.

Certain taxes currently are assessed against one form of electric utility and not another.

Any effort toward business tax reform must treat all Alabama businesses equally and not place an unfair burden on electric cooperatives.

Any tax on an Alabama electric utility adversely affects the ratepayers of that utility, and any additional taxes should be resisted.

NOW, THEREFORE, BE IT RESOLVED, that the Alabama Rural Electric Association of Cooperatives (AREA) urges the Governor and the Alabama Legislature to evaluate all present and future taxes to determine whether they are fair and equitable to all Alabama citizens, and to correct any inequities that may exist.

BE IT FURTHER RESOLVED that AREA will continue to monitor all taxes, both current and future, to determine their effect on the rate payers of electric cooperatives.

C-2

In Support of the Action Committee for Rural Electrification (ACRE)

The national and state Action Committee for Rural Electrification (ACRE) provides an effective tool whereby supporters of the rural electrification program can involve themselves in the political process.

ACRE is the ultimate grass roots organization for political participation in the support of our ideals as rural electric member-consumers.

The Alabama Rural Electric Association of Cooperatives achieved an enrollment in 2016 of 2,023 members, which includes 198 Century, 53 President and 5 Vice-President level memberships.

Alabama cooperatives are beginning to recruit co-op members into the ranks of ACRE whereby cooperative consumer-members for political action could be a formidable political force in our state and in the nation.

This participation exerts a positive influence on legislation affecting the continued success of the rural electrification program and in the election of legislators and officials who understand and support the objectives of the program.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) urges cooperative employees, directors and their family members to become members of ACRE, and to increase their commitment by participating at the Century, Vice President or President's Club level.

BE IT FURTHER RESOLVED that AREA recommends its member cooperatives make ACRE membership available to every consumer-member in Alabama, and that AREA will continue to work with its member cooperatives in the effective use of the ACRE program.

C-3

Alabama Utilities Act

Unnecessary duplication of electric service undermines the preservation and maintenance of aesthetic, safety and environmental concerns, as well as electric service reliability.

Unnecessary duplication discourages and prevents joint cooperation among electric suppliers in Alabama for planning, financing, construction and operation of generation, transmission and delivery of electricity to consumers, and deprives these consumers of the economies that could result.

Duplication of power delivery systems inevitably occurs in portions of cooperative systems having the greatest density, leaving the cooperatives to serve the more sparsely populated areas with resulting higher expenses and cost of service per consumer, making rates for members of rural electric cooperatives higher than they otherwise would have to be.

Established and designed service areas permit all electric suppliers to plan and implement orderly and cost effective design, operation and expansion of their electric delivery systems and facilities.

The Alabama Legislature has passed reasonable legislation that assigns service areas to all electric utilities in the state.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) reaffirms its strong support for fair and reasonable legislation that assigns service areas to all electric utilities in the State of Alabama.

BE IT FURTHER RESOLVED that Alabama cooperatives will take the lead in concluding all processes associated with this act.

C-4

The Environmental Protection Agency's Regulation of Greenhouse Emissions

The Environmental Protection Agency (EPA) was created in 1970 to safeguard public health as authorized in bills passed by Congress.

The EPA is not equipped to consider the potential for economic harm when issuing regulations, nor was it designed to do so.

The EPA has taken upon itself to develop a series of broad emission regulations, which have been expanded to include power plants.

Such action, if allowed to occur, would boost the cost of electricity and other energy prices, resulting in higher prices for consumers and business at a time when this country's economy has just begun to recover from the worst recession in 80 years.

NOW, THEREFORE, BE IT RESOLVED that the rural electric cooperatives of Alabama urge Congress to delay the Environmental Protection Agency's regulation of greenhouse gas emissions from power plants until there is sufficient time to consider a comprehensive and balanced legislative solution.

C-5 National Energy Policy

Shifting national energy, environmental and regulatory policies over the past several decades have dramatically affected the nation's mix of fuels used for electricity generation.

In recent years, these policies have encouraged natural gas as the fuel of choice for new electricity generation, which has led to concerns about the availability and cost of natural gas, particularly in light of natural disasters, which have the ability to disrupt an already volatile market.

This clearly demonstrates the need for a comprehensive, long-range national energy policy that encourages fuel diversity and the use of domestic fuels, including power generated from renewable resources such as hydro, landfill methane, manure digesters, wind, solar, biomass, wood and geothermal.

The United States currently imports more than 40 percent of its petroleum needs, much of this from parts of the world that tend to be politically unstable.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) encourages the National Rural Electric Cooperative Association (NRECA) to participate in the development of a national energy policy based on fuel diversity that recognizes the use of all domestic

sources and ensures appropriate funding for research, development and incentives to fully utilize domestic resources.

C-6 Joint Use Pole Attachments

Alabama cooperatives have invested in the installation and maintenance of utility poles throughout their systems.

Electric cooperatives have entered into contracts with telephone and cable television companies to allow their attachments on electric cooperative poles.

The original joint use contracts were based on the cooperatives and telephone companies setting an equal or near-equal number of poles, then allowing each other attachment rights for monetary consideration.

Electric cooperatives now are installing the vast majority of utility poles while other utilities have significantly reduced the number of poles they are installing.

Television cable companies' rates should be set on a reasonable and justifiable methodology, taking into consideration all useable space on a pole; and

Television cable companies have at times initiated adverse legislation to force electric cooperatives to give cable companies a subsidized rate.

The Alabama Rural Electric Association of Cooperatives (AREA) has been requested to coordinate this process with several cable and telephone companies for convenience only.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) negotiates a rate with the telephone and cable television companies that fairly covers the costs of maintenance and usage of space by the attaching company.

BE IT ALSO RESOLVED that AREA will oppose any effort by cable television companies to force electric cooperatives to give for-profit companies a subsidized pole attachment rate.

C-7
Eminent Domain

The electric cooperatives of Alabama respect the private rights of landowners.

The process of obtaining rights of way for new electric lines and substations to meet the rapid growth in cooperative service areas is becoming increasingly more difficult and costly, which could adversely affect the cost of providing dependable electrical service at reasonable rates.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) will seek to ensure that electric cooperatives are included in any state eminent domain legislation whereby this process may be used only as a last resort in order to ensure that electric cooperative member-consumers receive the most dependable electrical service at the most reasonable rate possible.

D.
ENVIRONMENTAL AND REGULATORY POLICY

D-1
Policies to Address Climate Change Legislation

The majority of electric power used by Alabama's electric cooperatives is generated by the burning of coal and affordable generation from coal-fired power plants always has been a key component in reasonable and stable electric rates in Alabama.

Alabama's electric cooperatives face growing uncertainty over what the future of U.S. climate change policy will be and how that future policy would affect the ability of cooperatives to provide affordable, reliable and safe electric power.

Policies to address climate change can have substantial negative impacts on electric cooperative ratepayers if they are poorly crafted, and it is in the interest of all cooperatives to be actively engaged in the debate over how to address the climate change issue.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) urges the U.S. Congress to adopt legislation that meets the following principles:

- Any plan should cover emissions from all sectors of the economy, not simply electricity generation, and should include provisions to ensure that other nations, including both developed and developing, are enacting policies to address this issue within their own borders
- Any plan should recognize the need to construct new generation to preserve electric reliability, to replace aging generation plants, and to meet increasing demand.
- Any climate change proposal should maintain fuel diversity, allowing a variety of fuel sources to meet the energy and economic needs of the country.
- Any plan should encourage cost-effective reductions and should provide incentives available to all segments of the utility industry including cooperatives to develop and deploy advanced electric generation, transmission, and distribution technologies.
- Any plan should recognize that climate change policy and energy policy are inextricably linked, and that these policies can have a significant impact on our nation's economic and energy security.
- Any plan should establish a single, integrated program establishing the sole legal and regulatory requirements for reducing greenhouse gas emissions, and should pre-empt existing federal laws (including the Clean Air Act, Clean Water Act, Endangered Species Act) and state laws that could be used to require emission reductions absent such pre-emption.
- Any plan should incentivize long-term improvements in cost-effective energy efficiency and conservation by end-use consumers.
- Revenues, if any, derived from climate change legislation should be dedicated to fund research, development and deployment of low-carbon, carbon-neutral or carbon-free technologies, energy efficiency, and/or to assist electric consumers in paying for increased costs resulting from the legislation.

D-2
Unrealistic DOE Regulations

The Department of Energy (DOE) from time to time has proposed regulations that potentially would cause great hardship on electric consumers.

Many of these regulations have been drafted with little regard for the hardships they would place upon electric consumers, especially rural residents.

Congress has debated the DOE over many of these onerous regulations for several years and in all likelihood, will continue to do so indefinitely.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) urges DOE to first consider the economic hardship any regulation would impose before enacting it.

D-3
Occupational Safety and Health Administration
(OSHA) Regulations

The electric utility industry has been increasingly affected by regulatory actions of the Occupational Safety and Health Administration (OSHA) during the past few years.

OSHA recently has proposed new standards for the electric utility industry.

A close working relationship and good communication between Alabama's electric cooperatives and OSHA personnel are essential for cooperatives to comply with existing regulations.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) praises efforts to repeal unrealistic standards that interfere with the electric cooperatives' ability to provide essential services.

BE IT FURTHER RESOLVED that AREA staff will monitor and prepare comments on newly proposed standards, as well as continue to seek a closer working relationship with OSHA.

D-4 Endangered Species

The Endangered Species Act (ESA) is subject to be reauthorized by Congress. During the authorizing process, procedural changes and refinements will be considered to make the act more efficient and less costly.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) urges Congress to consider the following when refining and amending the act:

- Scientific information on a species or habitat should be as accurate as possible to ensure fair and sensible decision-making.
- Private citizens and communities affected by the decisions should have a greater stake and more prominent role during the decision-making process.
- There should be a fair and even-handed opportunity under the federal court system for review of economic or social impacts of action under the act.
- The act should provide incentives for property owners to conserve, rather than destroy habitat, and provide clear guidelines for property owners who voluntarily participate in conservation plans.
- All citizens should bear the costs of conservation.
- Cost of recovery of species under the act should be minimized by selecting the least costly plan.

D-5 Office of Water Resources

It is necessary for the electric cooperatives of Alabama to maintain close working relationships with the permitting agencies that have the potential to affect the cost and manner of cooperatives doing business.

The Office of Water Resources, a division of the Alabama Department of Economic and Community Affairs, is the agency charged with permitting water resource allocations within Alabama, which has the potential to affect public power generation activities.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) pledges to cultivate and maintain a healthy working relationship with the Office of Water Resources.

E.
POWER AND GENERATION

E-1
Support for Renewable Energy Resources

Alabama's electric cooperatives support power developed from renewable resources like hydroelectric power, landfill methane, coal bed methane, geothermal, manure digesters, wind, solar, biomass, wood and others.

Prudent use of renewable and environmentally favorable resources can bolster the state's economy and create value for not only electric cooperative members, but all Alabamians.

Any federally mandated "one-size-fits-all" policy on renewable energy will favor states that have abundant renewable energy resources and penalize states like Alabama that do not.

Such federally mandated policies would have the unavoidable effect of increasing further loss of jobs in Alabama by harming the state's ability to attract new industry and expand existing industry.

Such federally mandated policies would likely further increase the cost of electricity to electric cooperative consumers already hurting by the high cost of energy.

PowerSouth Energy Cooperative, the Tennessee Valley Authority and the Southern Wholesale Energy, which supply wholesale power to Alabama's electric cooperatives, have made commitments and taken action to increase renewable resources in their energy portfolios.

THEREFORE, IT IS RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) Board of Directors supports the research, development and prudent use of renewable energy resources and urges Congress to include public power systems in any energy policy program that seeks to provide financial incentives for investment in new energy technologies or in renewable and clean coal initiatives.

IT IS FURTHER RESOLVED that the AREA Board of Directors opposes any local, state or federal policy or legislation that would impose mandates on electric utilities, which in turn would undermine local board control of power supply decision-making, threaten reliability, or unduly raise the costs of electricity for cooperative members.

E-2

In Support of a Nuclear Energy Initiative

PowerSouth Energy Cooperative and the Tennessee Valley Authority (TVA) are seeking to increase diversity in their energy generation mix to include support of nuclear energy as a continued part of a clean energy solution.

PowerSouth has entered into an agreement with the Municipal Electric Authority of Georgia to deliver nuclear power to its generation mix.

TVA has a long track record of producing safe and reliable nuclear energy as a part of its diverse mix of generation.

TVA has three nuclear energy facilities in commercial operation that will generate power for the foreseeable future.

THEREFORE, IT IS RESOLVED that the Alabama Rural Electric Association (AREA) Board of Directors urges the adoption of policies and legislation that ensure existing nuclear generating plants will continue to provide clean, reliable, safe and affordable electricity, and facilitate the appropriate expansion of and investment in the next generation of new nuclear power plants.

IT IS FURTHER RESOLVED that the AREA Board of Directors encourages the current administration to continue its support of TVA's nuclear power program.

E-3

Opposing the Sale of SEPA, the Southeastern Power Administration

There are still those in government and big business working on plans to sell the Southeastern Power Administration (SEPA) as well as the lakes and land surrounding its hydroelectric facilities.

The value of the power bought by preference power customers from SEPA is of vital importance to the rural areas of Alabama in maintaining competitive rates.

Current preference customers have contributed to the government's equity in SEPA through their wholesale power payments.

The sale, transfer, or other disposal of the Southeastern Power Administration and its assets would:

- Threaten rural electric cooperatives and other public-power utilities with uncertainty of supply and higher rates;
- Undermine the ability of consumer-owned utilities to provide reliable electric service at competitive rates and thereby increase monopoly in the electric utility industry;
- Compromise the ability of preference power customers to repay their debt obligations to the United States government.

THEREFORE, IT IS RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) vigorously opposes the sale, transfer, exchange or other disposition of any portion of the Southeastern Power Administration and its lakes and surrounding lands, or the sale, transfer, exchange or other disposition of any other federal Power Marketing Administration or any other transaction that will reduce current preference power allocation.

E-4

Opposing the Market Pricing of Federal Power

Energy generated at federal hydroelectric facilities, or Power Marketing Administrations (PMAs), is purchased by more than 1,000 consumer-owned utility systems that serve homes, farms, businesses and industry in 34 states.

The federal investment in hydroelectric facilities is being systematically repaid to the U.S. Treasury, with interest, by federal power customers and power

revenues also contribute a significant amount of revenue to assist the repayment of irrigation costs, salinity control and certain fish and wildlife programs.

Power rates charged by federal hydroelectric developments are cost-based and provide a yardstick by which the equity of rates charged by investor-owned utilities can be measured.

From time to time proposals are drafted that would raise the cost of power sold by PMAs to public power utilities to market rates.

THEREFORE, IT IS RESOLVED, that the Alabama Rural Electric Association of Cooperatives (AREA) calls on Congress and the Administration to retain the historic principles of cost-based federal power pricing through current PMAs, and to reject any proposal that would expand rights of this power to non-traditional customers.

Support For Seven States Power Corporation

The Tennessee Valley Authority (TVA) power distributors have a long-standing tradition of working together for the benefit of consumers in the Tennessee Valley.

Many TVA power distributors have desired to have the opportunity to purchase a portion of their wholesale power supply from other parties.

TVA power distributors have desired an opportunity to own equity in assets in the Tennessee Valley from which their power is generated.

The Tennessee Valley Public Power Association (TVPPA) continues to work with TVA to solve these issues and has created a new generation and transmission cooperative, Seven States Power Corporation.

Seven States Power Corporation has purchased a 90 percent ownership interest in the Southaven generating plant in Mississippi, and continues to study the purchase of additional facilities to give distributors an equity ownership in power generation facilities, and hence power system equity for the Valley's stakeholders.

Seven States Power Corporation offers significant benefits both to TVA and its distributors and more importantly, to the Tennessee Valley's ratepayers.

THEREFORE, IT IS RESOLVED, that the Alabama Rural Electric Association of Cooperatives (AREA) congratulates Seven States Power Corporation and commends the Tennessee Valley Public Power Association (TVPPA) for its foresight in the creation of this new generation and transmission cooperative.

E-6

Support for the Traditional Boundaries of TVA Service

When it was established, the Tennessee Valley Authority (TVA) was assigned a specific area of service, which would most efficiently serve the residents of a largely rural and economically under-developed area of the United States more commonly known as the Tennessee Valley.

TVA has a long history of supplying reliable and economical electrical power to residents of the Tennessee Valley area, making it possible to generate and attract rural jobs and create a state of economic well-being that was unknown to that part of the country before it was created.

It is important that the priority of TVA continue to be serving the residents of the Tennessee Valley area with reliable electrical power produced at the lowest cost possible.

It has been proven that a stable and reliable source of electricity is vital to the economic development of the Tennessee Valley area, which in turn provides benefits for the entire United States.

It is the residents of the Tennessee Valley who have long supported the investment TVA has made in its power system over its long history.

THEREFORE, IT IS RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) Board of Directors opposes any change in the traditionally established boundary of the Tennessee Valley Authority distributors' service area that would not be in the best interest of all TVA distributors; likewise, a decision by one distributor should not be allowed to adversely affect other TVA distributors.

E-7

Competing Uses of Federal Waters

The federal government has committed the power production from federally owned hydroelectric facilities to "preference" customers (rural electric cooperatives, municipalities, and other public bodies) to ensure a monetary profit would not be gained through the marketing of the power; and further provided that the revenues from the purchase of this power would be used to pay for the projects.

Rural electric cooperatives in Alabama were among the first supporters of federally funded hydroelectric generating projects along federally developed water systems.

Since 1989 there has been a dispute between Alabama, Georgia and Florida concerning the uses of the federal waters shared by these states.

It is important that this matter be resolved in a manner that is fair and equitable to all parties involved and does not impose a hardship on those who have come to depend on preference power.

THEREFORE, IT IS RESOLVED, that the Alabama Rural Electric Association of Cooperatives (AREA) supports finalizing the agreement offered by the states of Alabama and Georgia, which would ensure that the state of Alabama has an adequate supply of environmentally clean water. AREA further urges that the interests of the rural electric cooperatives for low-cost preference power be protected during this process and beyond.

E-8

Threats to Federal Hydro Power

Since 1906, Congress has repeatedly decreed by statute that consumer-owned utilities like not-for-profit cooperatives be granted preference in the sale of federal power, and the long-term plans of PowerSouth Energy Cooperative and the Tennessee Valley Authority (TVA) and their distribution members rely on their contractual and statutory rights to this federally marketed hydropower.

THEREFORE, IT IS RESOLVED, that AREA opposes reallocating reservoir use of capacity to unauthorized project purposes or adding new project purposes if the result is a decrease in the capacity and energy produced by these projects, unless the following elements are included:

- Assurance that preference customers will receive, in both the short and long-term, compensation in the form of replacement costs for loss of capacity and energy as a result of reallocation of the reservoir to any new or existing project purposes;

- Enactment of a system of fees or other payments from any reallocation of the reservoir so that the current repayment schedule for the project is maintained;
- Assurance that any agreement is consistent with and protects originally authorized purposes;
- Assurance that the authority of the Corps of Engineers and Bureau of Reclamation to operate the projects on a day-to-day basis to meet both authorized purposes and emergency needs is not impaired;
- Case-by-case congressional approval of reservoir and project cost reallocation to assure that the above commitments are kept, compensation is adequate, the reallocation is equitable and appropriately considers integrated system operations, and the addition of project purposes does not render the project uneconomical, jeopardize hydro use, or jeopardize repayment of the U. S. government investment;
- Assurance that the power customer's contractual benefits be preserved. This can be achieved by compensation for any power and energy foregone. Determinations with respect to capacity and energy foregone and the value thereof, including the cost of replacement power, are the basis on which compensation must be determined and the level of alternative revenues required established. If the Power Marketing Administrations are responsible for replacing power foregone, then they should determine such computation. If the power customers are responsible, then the customers should determine such computation;
- Assurance of notice and opportunity to comment, on a project-by-project basis, on any recommended modification or authorization, prior to transmittal to Congress;
- No change in project operation to accommodate purposes not initially authorized is to occur prior to enactment of the legislative proposal. Assurance that during the period between enactment of the legislative proposal and the authorization of the reallocation will be managed in accordance with the purposes for which the projects were initially authorized.

E-9

Efficient Utilization and Marketing of Electric Energy

Rising costs of new generation, transmission and distribution facilities dramatically increase the value of energy innovation, which encompasses but is not limited to energy conservation, energy efficiency, demand response and distributed generation, often making it the least-cost resources.

The electric cooperatives of Alabama realize that our member-owners save money by using electricity wisely and by participating in innovative demand-side management programs.

THEREFORE, IT IS RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) will continue to support member cooperative efforts to explore opportunities to incorporate energy innovation into their operations and communication efforts.

IT IS FURTHER RESOLVED that AREA will continue to encourage policymakers to recognize innovative demand-side management programs as improving overall utility efficiency.

E-10

Working with Regulatory Agencies

The electric cooperatives of Alabama, as modern electric utilities, must comply with a myriad of environmental rules and regulations, both state and federal.

These environmental policies are constantly being formed, modified and reinterpreted by the agencies that have been charged to enforce them.

The Alabama Department of Environmental Management (ADEM) and the U.S. Environmental Protection Agency (EPA) are the two principal agencies on the state and federal level, respectively, charged with enforcing environmental policies.

THEREFORE, IT IS RESOLVED that the Alabama Rural Electric Association (AREA) pledges to continue to maintain good relations with both the Alabama

Department of Environmental Management (ADEM) and the U.S. Environmental Protection Agency (EPA) to ensure that Alabama's electric cooperatives meet or exceed the minimum requirements of all environmental regulations.

**F.
FINANCING**

**F-1
Preservation of RUS**

The Rural Utilities Service (RUS), which through its Insured and Guaranteed Loan programs has provided a steady flow of investment capital at affordable rates for rural electric distribution systems to provide area coverage, and, has enabled generation and transmission cooperatives to attract the capital needed to ensure an adequate power supply for rural America.

The RUS has provided loans to rural electric systems from a self-sustaining and self-supporting loan fund, which receives federal assistance only for administrative reasons.

The National Rural Electric Cooperative Association (NRECA) and the Alabama Rural Electric Association of Cooperatives (AREA) continue to fight for fair and equitable treatment by the federal government for all electric utilities and continue to support electric cooperative lending programs.

THEREFORE, IT IS RESOLVED that AREA urges the Administration and the U.S. Congress to continue to support rural electrification programs with budget recommendations and authorizations that preserve the integrity of the rural electrification program.

**F-2
Guaranteed Loan Program**

Generation and transmission cooperatives comprise an essential part of the rural infrastructure required to generate and deliver the electric power and energy necessary to maintain the nation's economy.

The availability of affordable power and energy is absolutely essential to the economic survival of rural America.

It is difficult, if not impossible, without the Rural Utilities Service (RUS) guarantee to attract the huge amounts of capital at affordable interest rates necessary to the future generation and transmission requirements of rural America.

The Federal Financing Bank (FFB) has served to coordinate and facilitate government credit activities in an efficient and advantageous manner. FFB funding of RUS loan guarantees is mutually beneficial to the government and to the borrowers, and it should be continued.

The RUS 100 percent loan guarantees are absolutely essential for rural electric power supply financing. The RUS loan guarantees are uniquely advantageous in providing financing for essential power supply facilities for rural consumers without incurring any costs to the government.

THEREFORE, IT IS RESOLVED, that the Alabama Rural Electric Association of Cooperatives (AREA):

- Urges RUS to continue to make 100 percent loan guarantees through FFB in the full amount for power supply projects;
- Urges Congress to legislatively ensure that adequate financing will be made for power supply facilities to the extent that needs are documented in applications for both new starts and deficiencies consistent with the intent of Congress, and that RUS process these applications on a timely basis.

**G.
COMMUNITY AND ECONOMIC DEVELOPMENT**

G-1

Alabama's Economic Development

Alabama's electric cooperatives have renewed their efforts to attract significant industry to rural areas, which are rich in natural resources, a strong and dedicated workforce and dependable electrical power.

Meaningful economic development must be done on a reasoned and coordinated basis.

It is incumbent on local community leadership to shoulder the burden of competing for new and expanding job opportunities in an organized manner, no longer depending on local or national government for solutions.

Alabama's electric cooperatives continue to work with local community opinion leaders in order to better prepare our service areas for the many economic development opportunities available.

"Concern for Community" is the Seventh Cooperative Principle, which reinforces the mission of electric cooperatives to work for the sustainable development of the communities they serve.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association (AREA) Board of Directors pledges to work toward fulfilling the Seventh Cooperative Principle, concern for community, through working for the sustainable development of our communities in such areas as industry expansion, tourism, existing industry vitality, commercial investment and development, international trade development and general community development.

G-2
Rural Development Initiatives

Alabama's electric cooperatives are committed to their local communities, with an increasing emphasis on business retention, attraction and development, which in turn leads to better infrastructure, jobs and educational opportunities.

Financing is a critical ingredient in economic development, and only one federal program specifically designates electric cooperatives as vehicles for supporting local economic development: the USDA Rural Economic Development Loan and Grant Program (REDL&G).

The electric cooperatives of Alabama have a long history of support and participation in the REDL&G program, and further support the development of other funding programs that promote rural economic development that use electric cooperatives as part of the delivery system for such funding.

USDA has determined that not all electric cooperatives are eligible to help their local communities through the REDL&G program.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association Board of Directors urges USDA to allow all electric cooperatives to participate in the REDL&G program.

BE IT FURTHER RESOLVED that the AREA Board of Directors urges Congress to stop redirecting funding intended to support the REDL&G program.

H.
CONSUMER AND PUBLIC RELATIONS

H-1
Conservation/Energy Efficiencies for Manufactured Housing

Manufactured housing represents the majority of new residential homes in the rural areas of Alabama and our nation.

Manufactured housing construction standards are determined by the U.S. Department of Housing and Urban Development (HUD) and are deficient in adequate thermal construction and space-conditioning requirements.

Persons living in manufactured housing continually experience excessive energy bills.

The incremental cost of improving thermal standards and space conditioning design and construction of manufactured homes will result in a direct savings to consumers as well as improving energy efficiencies within the home and to the energy suppliers.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Cooperative Association (AREA) urges HUD to involve the Department of Energy to identify, design, promote, and enforce energy efficient thermal standards for manufactured housing supporting the National Energy Policy conservation mandates.

BE IT FURTHER RESOLVED, that AREA supports efforts of the manufactured housing industry to produce energy efficient homes that incorporate the use of energy conserving heating and cooling technologies and exclude resistance-heated electric strips as the primary source of heat.

H-2

Alabama Electric Cooperative Foundation

Alabama's electric cooperatives have always supported community projects and youth activities in their local communities.

The cost of attending post-secondary schools has continued to increase, and the realization of an additional method of increased recognition of outstanding youth in the communities served by cooperatives has brought about the establishment of the Alabama Electric Cooperative Foundation.

In 2016 the Electric Cooperative Foundation awarded 67-scholarships amounting to \$78,000 to graduating seniors in 20 participating cooperative service areas through the investment income from funds set aside by these cooperatives and the Alabama Rural Electric Association.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) urges participating and nonparticipating cooperatives to further support the Foundation both by additional funding and by promoting it to its directors, employees and members.

H-3

Project SHARE, Operation Warm and Other Voluntary Contribution Programs

Every rural electric cooperative in Alabama has voluntarily instituted a method by which it collects monthly voluntary contributions from member rate-payers to provide assistance for those members who may be experiencing difficulty in paying utility bills.

An increase in energy costs has severely decreased the available funds of the energy-assistance funds.

Assistance programs like Project SHARE and Operation Warm have assisted with providing tens of thousands of dollars to low-income, handicapped and elderly consumers with strict oversight.

The programs are being administered by existing social service agencies like the American Red Cross and Community Action Agencies with little

administrative cost to the cooperatives and a very small cost to the overall program.

All funds received by these programs are made voluntarily by the contributor or cooperative member and are not cooperative funds.

Cooperatives have a tradition of using voluntary collection methods for local community needs such as education and volunteer fire departments through programs like Operation Roundup and Firemen's Friend, to name a few.

BE IT FURTHER RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) encourages its members to further promote these programs to their membership to ensure that these programs can properly serve the local community.

H-4

Support for the Low Income Home Energy Assistance Program (LIHEAP)

A significant number of low-income Alabama rural electric members experience difficulty paying their energy bills.

For many years Alabama's rural electric systems have referred distressed members to agencies that administer the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP).

Alabama's rural electric cooperatives have established their own voluntary consumer contribution funds like Project SHARE and Operation Warm to help supplement LIHEAP funds.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) Board of Directors believes that Low Income Home Energy Assistance Program (LIHEAP) funding should be protected from budget reductions and not be limited to particular regions or states.

H-5

Effective Communication and Media Relations

The keystone of rural cooperative electrification is a well-informed membership, which leads to a high level of understanding and support for local rural electric cooperatives.

A well-informed, educated news media can help promote and foster understanding and support for local rural electric cooperatives.

Alabama's electric cooperatives have begun an extensive campaign to meet one-on-one with major Alabama news organizations and train key co-op spokespersons to maintain good relationships with those news organizations.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) pledges to continue its efforts to build consumer and media understanding of the electric cooperative program in Alabama and the nation.

BE IT FURTHER RESOLVED that AREA will continue to encourage its membership to build lasting relationships with Alabama's news organizations through one-on-one visits and the continuing education of key spokespersons.

I.
INSURANCE AND EMPLOYEE WELFARE

I-1
Commending U.S. Armed Forces

Members of the United States Armed Forces have a long history of exceptional service to our country, including valiant heroism in combat and combat service support.

Alabama is among the nation's leading states in providing top-quality members of the Armed Forces, many of whom come from service areas and are employees of the state's electric cooperatives where patriotism is high and duty to country is a top priority.

Many current members of the Armed Forces serving overseas or recently returned are members of the Alabama National Guard and U.S. Reserves – many from the electric cooperative family – would not be able to fulfill their service obligations without the support of their families and employers.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives Board of Directors commends all members of the U.S. Armed Forces and their families. Our thoughts and prayers are with them.

BE IT FURTHER RESOLVED that the AREA Board pays a special tribute to Alabama electric cooperative employees and family members in the Armed Forces who have been called to defend our country and to protect the freedoms we enjoy.

I-2

Alabama Electric Cooperative Health Benefits Plan

The cost of health care in the United States continues to rise each year at an alarming rate.

In 2008 cooperative members of the Alabama Rural Electric Association began a partnership to reduce the constantly rising costs of providing employees with health insurance.

Since the inception of the partnership plan, participating cooperatives have seen significant savings in reduced health insurance coverage for employees.

Involvement in the plan has led participating cooperatives to engage in employee wellness programs, which will lead to improved employee health, less absenteeism and improved employee morale.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association (AREA) Board of Directors commends those cooperatives that participate in the plan, and encourages nonparticipating cooperatives to join the plan when and if membership is economically feasible.

I-3

Cooperative Safety Recognition

Twenty-two organizations affiliated with the Alabama Rural Electric Association of Cooperatives (AREA) participate in the Alabama Rural Electric Cooperatives' Self-Insured Pool.

The Alabama Rural Electric Cooperatives' Self-Insured Pool experienced a 25.31percent loss ratio for the 2016 Fund Year.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Alabama Rural Electric Association of Cooperatives (AREA) recognizes the continuing efforts of the cooperatives of Alabama in the promotion of safety and the continuing efforts of the employees of the Alabama cooperatives in working safely in a very dangerous industry.

BE IT FURTHER RESOLVED that the AREA Board of Directors encourages members of the Pool and every Alabama cooperative to strengthen their commitment to safety at all levels.

I-4

Worker's Compensation Insurance

Alabama's rural electric cooperatives recognize the need for a comprehensive worker's compensation insurance program.

The realization of these needs brought about the establishment of the Alabama Rural Electric Cooperatives' Self-Insured Pool.

The establishment of this pool has resulted in both significant savings of premiums each year and the return of \$7.27 million through December 2016 to participating cooperatives.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association of Cooperatives (AREA) and its participating member cooperatives should engage in all possible activities to address worker's compensation insurance issues, including supporting combined legislative efforts in worker's compensation and self-insured worker's compensation reform and supporting the continued development of loss control programs. Participating cooperatives should take every action to ensure as safe a work place as possible, thereby reducing the frequency of accidents occurring and limiting losses incurred by the pool.

I-5

Employee, Manager & Director Training and Education

Rural electric cooperatives in Alabama have committed themselves to providing their members with the very best electric service at the lowest possible cost.

Rural electric cooperatives are operating in an increasingly competitive arena in which understanding by co-op employees, managers and directors of competitive issues within the electric utility industry is vital to ensure each system's survival.

The Alabama Rural Electric Association of Cooperatives (AREA), in conjunction with the National Rural Electric Cooperative Association (NRECA), the Tennessee Valley Public Power Association (TVPPA), Hi-Line Engineering, Continuum, TEEX and other allied training groups has regularly scheduled conferences, workshops and training sessions designed to provide co-op employees, managers and directors with the latest information in technology and management to help them properly execute their responsibilities on behalf of consumers.

Most professional and director positions in the electric cooperative industry carry certification and/or accreditation opportunities, which are designed to enhance the participants' overall knowledge and job effectiveness.

The AREA Board of Directors is in the position to determine the needs, resources and expertise available for employee and director training well into the 21st century.

NOW, THEREFORE, BE IT RESOLVED that the Alabama Rural Electric Association (AREA) will continue to seek partnerships with allied organizations to continue to bring a top level of training to its membership, and that AREA will continue to encourage employees of allied organizations to participate in training programs sponsored by the association.

BE IT FURTHER RESOLVED that the AREA board of directors encourages all Alabama electric cooperative employees and directors to seek the highest level of certification and/or accreditation possible for their positions.

I-6

Loss Control and Regulatory Compliance

The directors and managers of Alabama's rural electric cooperative systems recognize the need and the responsibility for the very best Loss Control and Regulatory Compliance Programs for their employees.

The electric utility industry has been increasingly affected by regulatory actions of the Occupational Safety and Health Administration (OSHA), the Alabama Department of Environmental Management and the U.S. Department of Transportation (DOT) during the past few years, which necessitates an even stronger training program schedule.

It is in the best interest of the employees, the cooperatives and their members that excellent Loss Control and Regulatory Compliance Programs be provided to the 2,500 employees who work for electric cooperatives in Alabama.

In the interest of assisting cooperatives in providing an excellent Loss Control and Regulatory Compliance Program, the Alabama Rural Electric Association of Cooperatives (AREA) urges each cooperative manager to select or appoint a Loss Control coordinator to work closely with the statewide Loss Control/Regulatory Compliance managers, as well as to seek the status of Safety Accreditation or otherwise participate in the new safety program.

AREA has achieved Safety Accreditation status at its statewide headquarters, and is committed to maintaining that status.

AREA member cooperatives have adopted a uniform safety manual, which sets the minimum standards of safety practices and procedures based on recommendations from Alabama cooperatives and regulatory agencies.

Coordination, cooperation, and good communication between the statewide association of cooperatives and its member systems is so vital that each cooperative manager is urged to allow his Loss Control coordinator to be a responsible point of contact for the statewide Loss Control/Regulatory Compliance managers concerning matters of safety, loss control and regulatory compliance during the absence of the cooperative manager.

NOW, THEREFORE, BE IT RESOLVED that Alabama Rural Electric Association of Cooperatives (AREA) Board of Directors urges member cooperatives to adopt the provisions of AREA's safety manual as minimum safety standards and to work toward an even higher level of commitment by developing additional safety programs and procedures for the protection of their employees and the general public.

BE IT FURTHER RESOLVED THAT AREA reaffirms its strong support for excellent statewide Loss Control and Regulatory Compliance Programs and urges that even more attention be directed toward strengthening existing safety, loss control and regulatory compliance training programs, and that even more systems achieve the status of Safety Accreditation or participation in the new safety program.

I-7

National Rural Electric Cooperative Association (NRECA)

The Alabama Rural Electric Association of Cooperatives (AREA) recognizes the value of the National Rural Electric Cooperative Association (NRECA) to the rural electric program as a respected and effective voice on national policy and in the many services, benefits and programs it renders or makes available for electric cooperatives and the millions of consumers served over the nation.

NRECA provides a common voice for all rural electric cooperatives nationwide, promotes strong adherence to the cooperative principles, continues to build and enhance the strength and vitality of the electric cooperative network that historically, has successfully guided the electric cooperatives and will continue through the future.

NOW, THEREFORE, BE IT RESOLVED by the Alabama Rural Electric Association of Cooperatives (AREA) that we express our deep appreciation to the NRECA for outstanding service to the rural electrification program and encourage support, active participation and involvement in NRECA from all Alabama electric cooperatives.

I-8

**Alabama Rural Electric Association
of Cooperatives (AREA)**

The continuing success of the rural electrification program in Alabama is due in great measure to joint action programs carried out by and through the Alabama Rural Electric Association of Cooperatives (AREA); and

Members of AREA are grateful for the outstanding leadership and service provided by the AREA staff for the benefit of more than one million residential and business consumers of Alabama electric cooperatives.

NOW, THEREFORE, BE IT RESOLVED that the delegates to this, the 2017 Annual Meeting of the Alabama Rural Electric Association of Cooperatives (AREA), do hereby:

(1) Commend the AREA president and his staff for their outstanding leadership and dedication in carrying out effective programs of service to member systems and urge that these programs be continually reviewed and updated to ensure wise and prudent use of resources at all times;

(2) Commend the AREA officers: Randy Brannon, Chairman; David Hembree, Vice Chairman; and Daryl Jones, Secretary-Treasurer; and other members of the Executive Committee: Patsy Holmes, Ed Short, Vince Johnson, Lavaughn Holcomb, Daryl Jones and Tommie Werneth, and further commend the remaining members of the AREA Board of Directors for their support of those actions taken by the state association, which are felt by the majority of the board to be in the best interest of the rural electrification program in Alabama.

I-9

70th Annual Meeting Appreciation

Many individuals, business firms and other organizations have made this, the 70th annual meeting of the Alabama Rural Electric Association of Cooperatives (AREA), an excellent annual meeting.

NOW, THEREFORE, BE IT RESOLVED, that the Alabama Rural Electric Association of Cooperatives (AREA) makes known its sincere appreciation to the following:

- (1) The program participants;
- (2) The participants in the Alabama Rural Electric Association Trade Show;

(3) The Alabama Rural Electric Association of Cooperatives president and his staff, who worked with dedication to help carry out this outstanding 70th annual meeting program;

(4) The management and staff of the Renaissance Montgomery Hotel and Spa and the Montgomery Civic Center for their courteous service.