

BEYOND COAL

Electric Cooperative Finance



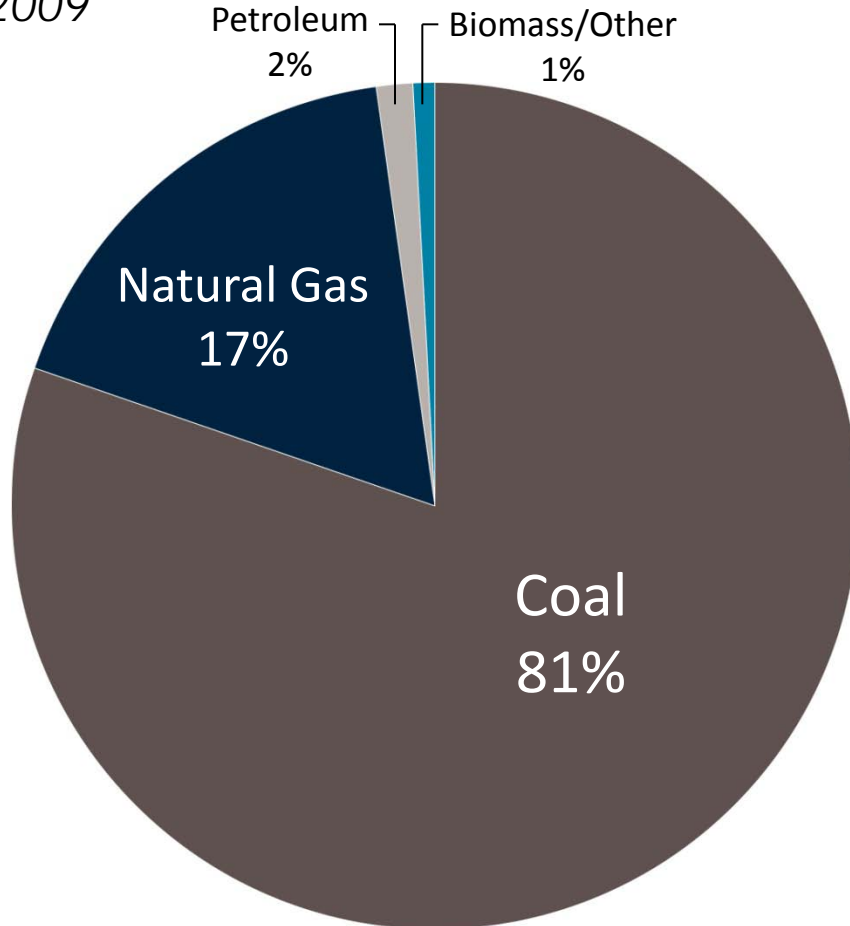
SIERRA
CLUB

FOUNDED 1892

Why coal?

Greenhouse Gas Emissions from Electric Sector

2009



- Coal is where the carbon is
- More than 50% of Americans live within 30 miles of a coal plant
- Largest source of US mercury pollution, affecting 1 in 12 U.S. women
- \$100 billion in health costs annually
- Mining and ash destroy communities and landscapes, pollute air and water



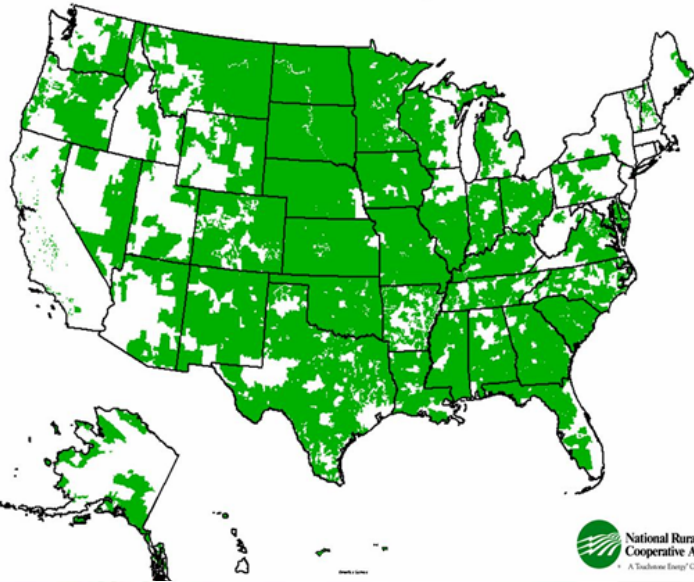
Beyond Coal Campaign

- No new coal fired power plants, including coal to liquid and coal to gas plants, commence construction
- Existing fleet of coal plants is retired by 2030 and replaced with clean energy and energy efficiency
- Prevent the creation of new markets for US coal



Electric Cooperative Network

America's Electric Cooperative Network



**National Rural Utilities
Cooperative Finance Corporation**

Service | Integrity | Excellence



FEDERAL FINANCING BANK



Rural Utilities Programs

Committed to the future of rural communities.



Rural Utilities Service History

- 1935 – creation of Rural Electrification Administration
- Major source of funding for coal/nuclear construction in 1970s/1980s
- RUS established in 1985, REA incorporated in 1994
- 1990s – billions in losses on loans to co-ops because of coal and nuclear plants
- 2007 – Bush administrative moratorium on loans for new coal and nuclear plants
- FY 2011 budget – Obama administration proposes to disallow investments in existing fossil fuel plants (Congress doesn't pass)
- April 2011 – Court decision that RUS bypassed NEPA review on proposed Sunflower coal plant
- November 2011 - \$7 billion in new financing authority for 2012, including up to \$2 billion for coal with CCS



Rural Utilities Service Programs

Three major types of support:

- Loans

- Loan Guarantees - primarily through Federal Financing Bank, but also CFC and CoBank

- Lien Subordinations (outstanding public debt subordinated to new private debt)

Outstanding debt is over \$37 billion between RUS and FFB



Choose your own adventure

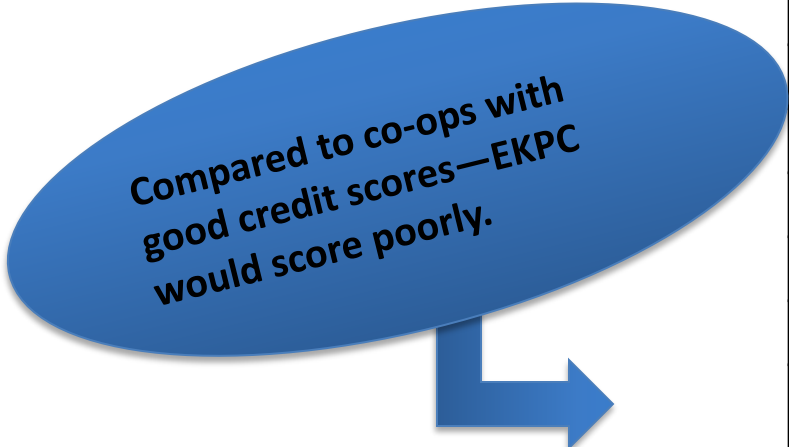
- 1) Are you targeting a coal plant that is partly or wholly owned by an electric cooperative and is proposing new investments? (if so, proceed to #2)
- 2) Has the co-op applied for financial support from RUS for investment in the plant? (if so, proceed to #3. If not, go to #4)
- 3) Does the co-op have outstanding loans or loan guarantees with RUS? Chances are good, but you can find out via FOIA or searching RUS/FFB records online. (if so, proceed to #4)
- 4) Consider getting financial analysis of cooperative, meeting with RUS, and preparing litigation if no environmental reviews have been conducted

Example: EKPC

“Right Decision” report on EKPC Finances by Tom Sanzillo

With RUS litigation,
EKPC ultimately settled
to not build coal plant

Compared to co-ops with
good credit scores—EKPC
would score poorly.



Cooperative	TIER Rating	Equity
Arkansas	1.39	40.25%
Buckeye	2.84	30.23%
Chugach	1.32	30.18%
Basin	1.64	28.23%
Tri State	1.38	18.69%
Old Dominion	1.29	18.48%
Central Iowa	1.63	16.72%
Brazos	1.83	15.59%
Western Farmers	1.41	13.87%
Hoosier Energy	1.33	13.76%
Oglethorpe	1.10	12.48%
Great River	1.53	12.08%
Dairyland	1.49	11.45%
Wabash Valley	1.27	10.14%
Alabama Electric	1.24	9.98%
Seminole	1.19	7.25%
Average	1.48	18.08%
Median	1.385	14.73%
East Kentucky Power	.96	6.83%



Beyond Coal: Time to Take Action

**YOUR LOCAL COAL BURNING
POWER PLANT HAS A NEW FILTER.**

HER NAME IS JASMINE.

Our nation's dependence on coal has become a public health problem—causing asthma attacks, toxic mercury pollution, and more. Tell the EPA to stand up to polluters who are creating health risks for all of us. www.sierraclub.org





SIERRA
CLUB

FOUNDED 1892

Mark Kresowik
Eastern Region Deputy Director
Beyond Coal Campaign
mark.kresowik@sierraclub.org
202-675-7914