

News Release



**Electric Cooperatives
of Arkansas**

Arkansas Electric Cooperative Corporation responds to EPA regulations

Little Rock, Ark. — June 2, 2014 — Arkansas Electric Cooperative Corporation (AECC), the wholesale electricity supplier to Arkansas' 17 electric distribution cooperatives, is concerned about future rate and reliability impacts on the state's more than 500,000 electric cooperative members as the result of today's proposed Environmental Protection Agency (EPA) regulations.

The proposed rule, which mandates a 30 percent reduction in carbon dioxide emissions from electric generating plants by 2030, was issued today by the EPA in response to a 2013 Presidential Executive Order.

"We are disappointed that this EPA rule will reduce our use of coal, which is our most economical and reliable fuel to generate electricity," said Duane Highley, president and CEO of AECC. "Although the proposed rule leaves the precise implementation details to the states to develop, the inevitable result will be the use of more expensive fuels, such as natural gas."

According to Highley, the reduction in the use of coal to generate electricity could also reduce the reliability of electric service.

"This past winter's experience highlighted many reasons why power generation should not put all of our reliability eggs in the natural gas basket," he said. "There were gas plant failures, pipeline freezes and wholesale natural gas supply disruptions. Our nation needs and deserves a diverse energy supply portfolio to keep the lights on. By reducing the amount of coal in our generation mix, prices will go up and reliability could go down."

Highley said that the EPA rule requires each state to develop a state implementation plan. The Arkansas Department of Environmental Quality (ADEQ) and the Arkansas Public Service Commission (APSC) have already begun stakeholder discussions intended to create an Arkansas plan pursuant to the new regulation.

"The Electric Cooperatives look forward to working with the ADEQ and APSC to help craft a state plan that maximizes our ability to preserve reliable electric service to our members, while also mitigating the cost impacts of reduced generation from our coal plants," he said.

The Electric Cooperatives of Arkansas comprise 17 electric distribution cooperatives; Arkansas Electric Cooperatives, Inc. (AECI), a Little Rock-based cooperative that provides services to the distribution cooperatives; and AECC, a generation and transmission cooperative. The distribution cooperatives provide electricity to approximately 500,000 homes, farms and businesses in Arkansas and surrounding states.

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