

March 2010

Dear Member:

Seminole Electric Cooperative, your co-op's wholesale energy supplier, and the National Rural Electric Cooperatives Association are issuing a call to arms: Stop the U.S. Environmental Protection Agency (EPA) from forcing new, reckless and costly climate change laws on our industry. Science doesn't support the EPA's actions. It is the wrong agency to be doing it. It would raise costs for everyone. And now is not a time to rush new energy bills into law.

To help in this call to arms, Suwannee Valley Electric Cooperative offers a convenient service to you on our website through the easy-to-use, "Our Energy, Our Future" link. Visit our website at www.svec-coop.com, click on Our Energy, Our Future, and you can automatically send letters to your local members of Congress, letting them know that they, not the EPA, should determine any climate change legislation. If your Representative or Senator already supports legislation to prevent the EPA from regulating greenhouse gases, a "thank you" message will be automatically sent to them. Seminole believes its position is strong because the original author of the Clean Air Act, U.S. Rep. John Dingell (D-Mich.) said the EPA's regulation of greenhouse gas emissions would result in a "glorious mess," as the EPA was never designed to regulate these emissions.

Despite this effort, President Barack Obama has made it clear that limiting carbon emissions and supporting renewable energy, such as solar, wind and biomass will be big goals of his administration.

Seminole has not stood still. Since its inception, the cooperative has been dedicated to providing clean, safe, reliable and most importantly, cost-effective power. It serves 10 members across 46 counties in Florida. Seminole has been proactive in developing renewable energy sources and has one of the largest renewable energy portfolios -- including waste-to-energy, biomass and landfill gas -- in Florida. About 4 percent of Seminole's energy portfolio is from renewable sources.

Seminole has recently spent more than \$300 million installing and upgrading environmental equipment on its coal-fired power plant in Palatka to meet new federal environmental rules. This is on top of the \$233 million spent on pollution control equipment when the plant was first brought into commercial operation in 1984.

Regulatory uncertainty is a significant problem in planning systems where it can take years to add new generation. Once again, the industry finds itself awaiting proposed new EPA rules to regulate carbon emissions. Seminole is justifiably concerned that, despite its efforts to provide clean, low-cost wholesale power, the new rules, if adopted, will result in higher electric bills for its members.

The EPA, however, is meeting some opposition. Rep. Earl Pomeroy (D-ND) introduced H.R. 4396 on Jan. 8 that would block the agency from regulating carbon emissions. Alaska Sen. Lisa Murkowski introduced Senate Resolution 26 and Missouri Rep. Ike Skelton submitted H.R. 4572, both of which would effectively prevent the EPA from unilaterally regulating carbon. Other Senators and Representatives are

reportedly working on proposals that would delay any regulations developed under the Clean Air Act. That would provide a time out to allow Congress more time to develop energy and climate change laws.

“I submitted this legislation to the U.S. House of Representatives because, simply put, we cannot tolerate turning over the regulation of something as important as the American energy system to unelected bureaucrats,” Skelton said.

Murkowski spelled out the potential impact of the EPA’s greenhouse gas police work in Alaska. Refineries and utilities, fish processors and military installations -- even large stores, schools and hotels in the state could be required to bring their emissions down, regardless of cost.

“The climate debate is already difficult, and it is only made harder when forced to proceed under a cloud of economically damaging regulations from federal bureaucrats,” Murkowski said.

If the EPA sees its new regulations take hold, non-profit electric cooperatives like Suwannee Valley Electric Cooperative and Seminole could not absorb the associated costs of such regulations. Seminole would have to pass the increased costs to us, and we would be forced to pass them on to you. These costs would be in addition to normal operating costs that continue to escalate that are periodically passed on to our cooperative members.

That means more expensive electric power for a public already weary from high unemployment and big increases in the cost of food, gasoline and other consumer commodities. Raising electric rates will also work against the President’s other goal of putting people back to work and improving the economy.

What’s also troubling is the science concerning climate change is still very much open to debate. Recent events concerning the validating of the science -- including the international scandal of “climategate,” which proved calculations were wrong in climate change research -- have cast serious doubt on the need to rush through approval of new, costly and ill-founded carbon regulations.

But if new regulations were adopted, they should be mandated by Congress -- not the EPA using a law that was never intended for climate change action. The environmentalists want carbon regulation any way they can get it, and they want it implemented now, regardless of the cost and the impact on you -- the ultimate consumer. Seminole thinks that for economic reasons, regulations should not be adopted until the technology advances to remove carbon are commercially available.

Sincerely,

A handwritten signature in black ink that reads "John Martz". The signature is written in a cursive, slightly slanted style.

John Martz
Executive VP/CEO