

February 6, 2015

TO: NRECA Board of Directors  
Distribution CEOs  
Statewide Managers  
G&T Managers

FROM: Jo Ann Emerson

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***Electric Co-ops Find Good News, Ongoing Concerns in President's Budget Request***

We found a mix of positive news and concerns in our first look at the President's FY16 budget request to Congress. Congressional reaction was very negative right off the bat, with many declaring the budget "DOA." The proposal includes \$6 billion in Rural Utilities Service (RUS) electric loan levels, a \$1 billion increase over FY15. Unfortunately, the Administration again wants to limit half of the RUS loan levels to renewable energy projects and environmental upgrades for existing baseload plants. We'll work with you and Congress to reject the limitations, just like we have in previous years. We welcome the Administration's decision to stop trying to privatize the Tennessee Valley Authority (TVA). A \$3.93 million request for the Low Income Home Energy Assistance Program is a better starting baseline than last year as we push for full funding.

Of concern, the Administration seeks to create a \$4 billion incentive to encourage states to go further and faster on power plant GHG reductions. The Administration also wants to boost the production tax credit for wind and solar energy facilities by cutting fossil fuel incentives. The Interior Department budget includes an extra \$45 million for sage-grouse conservation planning efforts. As always, Congress has the final say on which budget proposals become law, and we're working to protect co-op priorities.

***Lawmakers Urge EPA to Fix WOTUS Flaws or Go Back to Drawing Board***

We welcome the continued pressure from congressional leaders urging EPA and the Army Corps of Engineers to withdraw the proposed Waters of the U.S. (WOTUS) rule. Democrats and Republicans at a joint hearing before the House Transportation and Infrastructure and the Senate Environment and Public Works committees told EPA Administrator Gina McCarthy and Army Assistant Secretary for Civil Works Jo-Ellen Darcy there are issues needing clarification before EPA and the Army Corps issue a final rule. Transportation Chairman Shuster (R-PA), said EPA would have "the power to regulate just about any place where water collects, and in some cases, land use activities." He said the proposed rule incorrectly assumes that states and local governments don't know or don't care about protecting water resources. Chairman Shuster also said the unclear language would give the federal government the ability to grab land "without realistically examining the economic and legal impacts on agriculture" and other industries.

***House Action Planned on Bill with Water Heater Standards Fix***

We're urging the House to pass the Keystone XL pipeline bill that includes a fix for DOE's

electric water heater efficiency standards. House leaders have scheduled a vote next week on the Senate bill that [passed](#) (62-36) with our language. The measure faces a strong veto threat, so we're also working on a stand-alone Senate bill (S. 259) that Sens. Hoeven (R-ND) and Klobuchar (D-MN) introduced. House Energy and Power Subcommittee Chairman Whitfield (R-KY) and Rep. Welch (D-VT) are expected to introduce a companion bill next week.

### ***House Passes Small Business Regulatory Protections Bill***

We applaud the House for passing (260-163 [vote](#)) a bill (H.R. 527) to protect small businesses from burdensome regulation. We joined an industry letter (attached) urging the House to pass it. H.R. 527 would extend Regulatory Flexibility Act requirements to all federal agencies (the rules currently apply to EPA and the Occupational Safety and Health Administration). It would also require foreseeable indirect costs to be included in small business impact reviews of regulations. The bill includes provisions requiring agencies to promptly "show their work" on determining impacts on small businesses. Another provision would require periodic "look back" reviews on existing regulations to determine small business impacts post-implementation. The measure now goes to the Senate.

### ***\$280 Million in CREB Reallocations Available for Co-ops***

Electric co-ops have another opportunity to apply for \$280 million in [New Clean Renewable Energy Bonds](#) (CREB) for renewable energy projects. Applications will be accepted (first-come, first-served) from March 5 to June 3, 2015. This co-op financing is part of a reallocation of the 2009 CREB round. Another \$516 million is available for public power districts and \$597 million for government entities. CREBs are a tool to finance renewable generation for tax-exempt power providers that cannot use the renewable energy Production Tax Credit. Instead of receiving bond interest, bondholders get a federal tax credit.

**Attached:** Small business reform bill letter