

July 10, 2015

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

FROM: Jo Ann Emerson

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**WORKFORCE FACT:** Effective mentorships can lead to lower turnover rates, greater productivity, increased diversity and the ability to recruit more talented employees. Two-thirds of millennial workers want a mentor, 80 percent want regular feedback from their boss and 89 percent feel it is important to constantly learn at their job, according to a recent UNC MBA study.

### *NRECA Reaches Out to OMB about GHG Proposal*

We met with the Office and Management Budget (OMB) to discuss electric co-op concerns with EPA's proposed existing power plants GHG emissions rule and urge changes to address problems before EPA issues a final rule – expected this summer. EPA, White House Council on Environmental Quality and Office of Science and Technology Policy staff also participated in the meeting. We explained that electric co-ops and their members face unique circumstances and the proposed rule would cause them major problems. The electricity sector and other industries are reaching out to OMB during the final review before the rule is released.

### *Next Steps after Supreme Court Decision on MATS Rule – Back to Appellate Court*

The Circuit Court of Appeals in Washington, D.C., will have to decide what to do about EPA's Utility Mercury and Air Toxics Standards (MATS) rule after the U.S. Supreme Court's 5-4 decision to send it back. We'll continue to be actively involved through the Utility Air Regulatory Group, which argued the case before the Supreme Court with other plaintiffs. Most electric co-ops already comply with the MATS rule or are working to comply.

The appellate court will hear from all sides before deciding whether to toss out the MATS rule or leave it in effect while the problems are addressed by EPA in a rulemaking. If it remains in effect, power plants would have to continue efforts to comply with the law. Correcting the flaws or issuing a new rule will likely extend into the next Administration.

### *NRECA Pushing for 'Cadillac Tax' Repeal on Behalf of All Electric Co-ops*

We're actively supporting H.R. 879 and H.R. 2050 to repeal the Affordable Care Act's "Cadillac Tax." These bipartisan bills have over 180 total cosponsors and we're continuing to seek cosponsors of the legislation. We continue to be a leader in efforts to repeal the "Cadillac Tax" for **all** electric co-ops, whether they provide health insurance through NRECA's Group Benefits Program or from another source. We have one simple [message](#) on the Hill: No co-op should ever be subject to this unfair tax, and it should be fully repealed as soon as possible (also see [letters to the Hill](#).)

NRECA is a founding member of the Alliance to Fight the 40, a new, broad-based coalition whose sole health care focus in 2015 is full repeal of the “Cadillac Tax” for all employers nationwide. NRECA’s Insurance and Financial Services field representatives are available to all co-ops, whether they provide health insurance through NRECA’s Group Benefits Trust or another source, to discuss strategies to avoid the “Cadillac Tax” when it applies in 2018. More information on the “Cadillac Tax” is available to all co-ops at [NRECA.coop](http://NRECA.coop)

### ***NRECA Seeks ESA Rule Clarification on Rights-of-Way Management***

We sent comments asking the Fish and Wildlife Service (FWS) to clarify its [interim special rule](#) on northern long-eared bat “takings” for essential utility rights-of-way management. The rule is part of the long-eared bat [“threatened” listing](#) under the Endangered Species Act (ESA), which affects 650 distribution and G&T co-ops in 34 states. We’re asking the FWS to clarify that new utility line installation, equipment and service connections are allowed and the definition of “minimal tree removal” includes only forested areas. We’re also asking the FWS to ensure the special rule is considered during interagency reviews on any proposed actions. The disease affecting the bat population is unrelated to electric lines.

### ***Floor Debate Starts then Stalls on FY16 House Interior-Environment Spending Bill***

We’ve been successful at including amendments to the FY16 spending bill that funds the Interior Department and EPA, including a floor amendment from Reps. Huelskamp (R-KS) and Yoder (R-KS) to block funding for the lesser prairie-chicken Endangered Species Act (ESA) “threatened” listing. The bill (H.R. 2822) would also continue for another year language to delay the greater sage-grouse ESA listing and increase funds for sage-grouse conservation plans developed as an ESA alternative. Other language would expand permitted activities allowed under a [special \(4d\) rule](#) issued with the northern long-eared bat [“threatened” listing](#) in April. H.R. 2822 would also prohibit EPA from implementing GHG emission regulations for new and existing power plants, from imposing new federal ozone National Ambient Air Quality Standards and the new WOTUS final rule.

However, the bill got derailed on Thursday over a fight about the confederate flag. House leaders pulled the bill from consideration before it could be finalized, and it appears the bill will not come back to the floor. It’s likely that this bill, along with every other spending bill, will get rolled into a “continuing resolution” or “omnibus spending bill” as we approach the new fiscal year on October 1.

### ***House Committee Keeps RUS Loans Level in FY16 Agriculture Funding Bill***

We welcome the House Appropriations Committee’s voice vote for an FY16 Agriculture spending bill that maintains \$5 billion in electric loan levels and \$500 million for the Guaranteed Underwriter Loan Program. It also includes \$33.07 million for the Rural Economic Development Loan and Grant Program. Thank you again to co-ops for pushing hard to get 193 House signers on the March letter to the Appropriations Committee to keep RUS lending at current levels. Unfortunately, it appears unlikely that this bill will get floor time. Leaders are beginning to prepare for a continuing resolution or omnibus spending bill for the new fiscal year that starts October 1.

### ***House FY16 Homeland Security Spending Bill Fully Funds Disaster Relief***

We welcome the House Appropriations Committee releasing a draft FY16 Homeland Security funding bill that provides \$7.4 billion for the Federal Emergency Management Agency Disaster Relief Fund – full program authorization. The draft measure also provides \$993 million for the Office of Cybersecurity and Communications, an increase of \$75.3 million. We'll continue to work with Congress to ensure these programs stay at or above their current funding levels.

### ***Senate Panel Increases Cooperative Development Funding in Appropriations Bill***

We thank the Senate Appropriations Committee for passing (27-3) a FY16 State-Foreign Operations spending bill that increases for the Cooperative Development Program (CDP) to \$12 million. House Appropriations Committee version includes \$10.5 million, the same level Congress passed last year. NRECA's International Program receives some of the CDP funding.

### ***Long, Complex Legal Battle Expected on WOTUS Final Rule***

We expect a long and complex legal challenge to the Waters of the U.S. (WOTUS) [final rule](#) published in the *Federal Register* on June 29 and effective on August 28. We'll be active participants in the Utility Water Act Group lawsuit for the electricity sector, which will be coordinated with at least 27 states and other groups challenging the rule. A major co-op concern with the rule, which expands waters regulated under the Clean Water Act, is that EPA and the Army Corps of Engineers did not complete an appropriate small business impacts review. On the legislative front, we're urging the Senate to act on a bipartisan bill (S. 1140) to address problems with the final WOTUS rule. We also support language in the House version of the FY16 Interior-Environment spending bill that would block the rule.

### ***Great Visit with CFTC Chairman***

I met with Commodity Futures Trading Commission Chairman Timothy Massad and expressed our thanks for CFTC's efforts to address end-user concerns in a final rule on contracts with embedded volumetric optionality (fluctuate with price and/or volume) and the trade option Notice of Proposed Rulemaking.

### ***Leadership Agenda for Communications Planning and Investment - Final in NRECA Series***

Be sure to see our report on [Exercising Leadership in Telecommunications](#), the final in a series on the converging telecommunications and electric industries and the electric co-op role in making key infrastructure investments that directly benefit co-op members. Managing utility communications amid an IT revolution can be overwhelming, and this Business and Technology Strategies report offers an agenda for leading communications planning and investment. You can still download parts I and II: [Business Forces Driving Telecommunications](#) and [Meeting Telecommunications Challenges: Cooperative CEO's Thumbnail Guide](#).