

February 12, 2016

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

Lots to Talk About at 2016 Annual Meeting!

We look forward to speaking with many of you at our [Annual Meeting](#). While we're there, we'll bring you up to date on the latest exciting developments on issues facing our industry and our legislative and regulatory priorities. See you in New Orleans!

Supreme Court Delay of GHG Rules Allows Time for Legal Challenges

In a huge win for electric co-ops, the U.S. Supreme Court issued an unprecedented order to [stay](#) EPA's Clean Power Plan (CPP). Never before has the Supreme Court put a regulation on hold before the lower court has reviewed the case, and the decision means that all legal and regulatory obligations of affected [parties](#) and [states](#) are on hold until the legal challenges are resolved. The decision means co-ops will not have to make costly, irrevocable decisions on how to comply with the law in the near term while the courts decide the legality of the regulation.

The D.C. Circuit Court of Appeals will still hear arguments on the merits of the case on June 2, and is expected to decide the case in the summer or early fall. The Supreme Court could then take up the case in the winter of 2016, and issue a final decision in June, 2017. It's also possible the Supreme Court review could slip into 2017, with a final decision by 2018 (FAQ attached).

Electrify Africa Act Becomes Law! NRECA International Focuses on Access

The President signed the Electrify Africa Act into law (Public Law No. 114-121) and we're working on the next steps to support [NRECA International's](#) efforts in the region. The International Program will have better opportunities to competitively bid for grants to launch distribution system projects in sub-Saharan Africa. We worked with lawmakers since 2013 to make this the most flexible and fuel-neutral strategy possible. We've pushed for this legislation, which makes the Administration initiative a permanent program. NRECA will work with Congress to ensure funding for the U.S. Agency for International Development's Cooperative Development Program with which NRECA has partnered for over 50 years.

The bill was signed the same week Thomas Villafior, COO for the Rural Electrification Financing Corp. in the Philippines spoke about how cooperatives have boosted development in that country during a U.S. Overseas Cooperative Development Council congressional staff briefing. NRECA International has supported efforts that led to the formation of electric co-ops that now serve over 80 percent of the rural population.

Co-op Leaders Speak on Energy Issues for Rural and Islanded Communities

Several of our NRECA board members and electric co-op leaders gave outstanding presentations to the [National Academy of Sciences](#) on co-op efforts to provide power in islanded and rural communities. NRECA Board Secretary-Treasurer Curtis Wynn (Roanoke Electric Co-op CEO) highlighted how his co-op improved end-use efficiency to provide savings for co-op members. NRECA Alaska Director Meera Kohler (Alaska Village Electric Co-op CEO) outlined the critical electricity issues for islanded communities and the support needed to help them address the different challenges they face. NRECA New Hampshire Director Ken Colburn (New Hampshire Electric Co-op Director) and LaPlata Electric Association (CO) Manager of Engineering Ron Meier talked about how their co-ops implemented time-of-use and other rate designs to manage demand, control maintenance costs and address potential consumer privacy concerns.

North Carolina statewide CEO Joe Brannan spoke about new technologies, planning standards and business models anticipated in the next 25 years and possible steps by the federal government and industry to get desired outcomes. Great River Energy Member Services Director Gary Connett outlined technologies deployed to improve service and reduce costs.

Several Co-op Concerns on White House FY17 Budget Request

We're pushing back on proposals in the Administration's FY17 budget proposal that are challenges to core electric co-op programs. We'll work with you and Congress to reject ideas that negatively impact co-ops, just like we have in previous years. Congressional criticism is strong and House and Senate budget leaders say they don't plan hearings on the "DOA" budget request.

RUS: The President has proposed \$6.5 billion for Rural Utilities Service electric loans. The President has again recommended that all RUS funding may be directed for specific purposes. We have successfully removed those limitations in previous years, and once again, we'll emphasize that loans should be driven by co-op needs, and not specific project types. The proposal also cuts all broadband loan program funding and instead requests grant funding of \$39.5 million. The Community Connect broadband grant program has been funded at about \$10 million in prior years.

Corps of Engineers: Army Corps of Engineers funding would be cut 22 percent to \$4.6 million. The budget request would cut Operations and Maintenance 14 percent to \$2.7 billion. The Administration has sent similar requests in recent years and Congress has rejected them.

FEMA: Federal Emergency Management Agency resiliency efforts would include \$7.3 billion for the Disaster Relief Fund (DRF) – a decrease of \$26 million. The DRF provides co-ops with the majority of their FEMA post-disaster assistance and is critical for recovery efforts.

Co-ops Pushing to Get Congress Warmed Up for LIHEAP

Your help is needed in highlighting the importance of the Low Income Home Energy Assistance Program (LIHEAP) to rural communities that get hit hard by extreme weather and economic slumps. We're asking Congress for full LIHEAP funding of \$4.7 billion and you can help get

this issue in front of congressional leaders. You can sign a [letter](#) urging Congress to provide adequate funding. Over 125 electric co-ops signed the letter last year to show strong support. You can also ask other community organizations to sign this letter. We'll take the letter to the Hill on LIHEAP Action Day on March 1-2 with a broad coalition of supporters.

Variance Approved for Co-op PCB Remediation Waste

EPA [approved](#) NRECA's application for co-ops to send low concentrations (under 50 parts per million) of polychlorinated biphenyl (PCB) remediation waste to modern, engineered municipal solid waste landfills based on certain conditions. The approval is consistent with past EPA findings and rules that managing low-concentration PCB materials in non-hazardous landfills protects human health and the environment. It applies only to co-ops included in the application. NRECA will be providing training on the approval soon. Contact [Dorothy Kellogg](#).

Senate Energy Bill Sidelined for Now

Debate on the Senate energy bill (S. 2012) is stalled as lawmakers work for agreement on funding for Flint, MI, water system repairs. Senate leaders are uncertain when the bill could come back to the floor. If the bill comes back to the floor, we'll continue to work with senators on supporting helpful amendments and stopping several harmful ones.

Register for 2016 Legislative Conference!

It's not too early to start making plans and register for your [2016 Legislative Conference](#) on May 1-3 in Washington, D.C. You'll work with other co-op representatives on legislative and regulatory strategy and learn how to influence legislation and policy through grassroots action. We'll be frequently updating the [schedule](#) with details on forums and activities.

Attached: FAQ on CPP stay.