

March 25, 2016

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

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### ***Court Sets Briefing Schedule for New Plants GHG Rule Litigation***

A federal appeals court set the briefing schedule in our legal challenge of EPA's new power plant GHG standards. The schedule for legal briefs will run from July through November 14, with oral arguments not expected until December and more likely not until next year. EPA's GHG standards for new coal power plants are so tight they can't be met with existing technologies. The court's order will help minimize overlap with our challenges to the Clean Power Plan existing power plants rule that goes to oral arguments on June 2, 2016.

### ***Electric Co-ops Oppose Deductible Concept for FEMA Disaster Relief***

We filed comments (attached) opposing the Federal Emergency Management Agency's advanced notice of proposed rulemaking to develop a "[deductible](#)" concept for the Public Assistance Program disaster relief fund recipients. The concept would require recipients to meet a predetermined financial commitment before FEMA would provide disaster relief funds. We stressed that the deductible concept conflicts with Congress' intent in the Stafford Act and is unworkable. We're working across all avenues to ensure that FEMA assistance remains available to electric cooperatives, and the program runs as smoothly as possible.

### ***NRECA Emphasizes Consumer Focus in New 51<sup>st</sup> State Initiative Report***

Our 51st State Initiative Phase 2 concept paper (attached) sent to the [Solar Energy Power Association](#) follows up on our 2015 paper to propose that the Consumer-Centric Utility business model is an ideal vehicle for developing a sustainable power system in the 21<sup>st</sup> century. Government Relations, Business and Technology Strategies and Communications worked with an advisory group of NRECA members in developing this report on how utilities could transition to new energy strategies and technologies. We got a very positive response to our first submission and we're hoping for a stronger response this year. SEPA is becoming the [Smart Electric Power Alliance](#) in a merger with the Association for Demand Response and Smart Grid.

### ***FERC Issues Adverse Decision Affecting Co-ops***

In a decision with potential far-ranging impacts for electric co-ops, FERC [ruled](#) it can review a non-jurisdictional co-op's local network service (LNS) transmission rate in ISO-New England. In a case involving Vermont Electric Co-op, FERC determined that "pass-through" is not required, and the "directly affects" standard established in a U.S. Supreme Court ruling this year gives the commission oversight over co-ops non-jurisdictional rates under Federal Power Act Section 206. FERC said LNS and Regional Network Service rates have to be synchronized to

prevent double recovery, and it can examine the co-op's rate even if it is not passed through in the Independent System Operator's tariff. We disagree with FERC's decision and we're concerned about its expansive interpretation of its statutory authority over co-ops. We're reviewing the decision and will determine the appropriate next steps shortly to avoid this FERC regulatory creep into co-op rates.

### ***RUS Webinar on Environmental Policies Available Online***

You can go to [Cooperative.com](http://Cooperative.com) to review the Rural Utilities Service webinar on the [final rule](#) updating environmental policies for all agency programs, including the RUS Electric Loan Program. The slides from the National Environmental Policy Act presentation can also be downloaded. RUS plans to issue a "frequently asked questions" document. If you have questions about the rule, please send them to NRECA's [Rae Cronmiller](#) and we'll include them with other questions for RUS to address in the FAQ.

### ***Lawmakers Tell EPA to 'Refocus' on its job***

House leaders said they'll push to cut EPA FY17 funding because it has overstepped its authority on several regulatory efforts – particularly the Clean Power Plan and Waters of the United States rules stayed by court orders – during a joint [subcommittee hearing](#). "Our intent is that you'll refocus your limited resources toward implementing and enforcing congressionally authorized core missions and policies," said Energy and Power Subcommittee Chairman Shimkus (R-IL). Full Energy and Commerce Committee Chairman Upton (R-MI) said EPA should focus on "getting back to the basic functions for which the agency was created."

Lawmakers raised concern about EPA continuing to work with some states on implementing the Clean Power Plan now stayed by the U.S. Supreme Court during legal challenges. "We are going to do everything we can do to do serious oversight to make sure that the stay issued by the Supreme Court is followed," Energy and Power Subcommittee Chairman Whitfield (R-KY) said.

**Attached:** FEMA deductible comments.