

April 22, 2016

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

Senate Passes Energy Bill with Co-op Provisions, Conference with House Next

The Senate passed (85-12 vote) its energy bill (S. 2012) and the next step is resolving differences with House legislation (H.R. 8) passed last December. Our [letter](#) to the Senate supported several provisions that would benefit electric co-ops. The bill's hydropower provisions promote common-sense reforms to the Federal Energy Regulatory Commission licensing review for dams. The bill also expands the agency's authority to improve siting of interstate natural gas pipelines. It includes language repealing a 2007 energy law requirement for new and renovated federal buildings to phase out fossil fuels use by 2030.

We also successfully pushed for amendments to add electric resistance water heaters to the "electric thermal" category within the electric grid energy storage research program and increase transparency in Western Area Power Administration operations. Another amendment makes the North American Electric Reliability Corp. the lead organization on draft reliability impact statements for major rulemakings.

House Committee OKs Ag and Energy-Water Spending; STB Funding Moving in Senate

The House Appropriations Committee passed an FY17 Agriculture spending bill with \$5.5 billion loan level for the Rural Utilities Service Electric Loan Program. The measure increases Rural Economic Development Loan and Grant Program funding by \$17 million to \$50 million. The committee also approved an Energy and Water spending bill that keeps Power Marketing Administrations funding at current levels, with a slight increase in the Army Corps of Engineers' construction funds. It would also block FY17 funds for the Waters of the U.S. (WOTUS) rule now stayed for legal challenges. Both measures go to the floor, but not until after May 15.

In Senate action, the Appropriations Committee unanimously passed an FY17 Transportation programs spending bill with a \$4 million increase in Surface Transportation Board (STB) funding to implement reforms in the agency's reauthorization law passed last year. We're urging Congress fund the STB at authorized levels so the agency can implement those reforms.

Senate WOTUS Amendment Comes Up Short; Court Rules on WOTUS Petition

An amendment to the Senate Energy and Water Development spending bill to block WOTUS funding failed to get support of 60 senators in a 56-42 [vote](#). Thank you to the statewide associations for leading our targeted grassroots push to support the amendment by Sen. Hoeven (R-ND). In related news, a federal Circuit Court of Appeals denied a rehearing petition by states and industry groups on the court's decision that it has jurisdiction and not the District Courts. The ruling only decides where the WOTUS lawsuit starts the judicial process, not the merits of challenges to the rule. The court's 2015 [temporary WOTUS stay](#) for all 50 states remains in

effect. We're actively participating in the Utility Water Act Group utility sector challenge.

Co-op CEO Stresses Customers Need More Information on PMA Charges

Arizona Electric Power Cooperative CEO Patrick Ledger did a great job [testifying](#) to a House Natural Resources subcommittee in support of a bill that will give Power Marketing Administrations customers more information about their power charges. [He urged](#) Congress to pass the Environmental Compliance Cost Transparency Act (H.R. 1869). The bill would require the PMAs to include an estimate on power customers' bills of their share of direct and indirect costs of complying with environmental and fish/wildlife protection laws.

Supreme Court Decision Weakens Restructured States in the Organized Markets

We're disappointed by the U.S. Supreme Court's [unanimous decision](#) on the Federal Energy Regulatory Commission's (FERC) jurisdiction over wholesale electricity markets. The justices upheld a lower court ruling that overturned a Maryland state program to give incentives for building a natural gas plant that would sell power into the PJM Interconnection markets. NRECA filed a "friend of the court" (amicus) brief supporting Maryland's position that its program was essential to safeguard local and state planning, and to ensure reliability and reasonable power prices for consumers. The ruling further blurs the line between state and federal jurisdiction, and supports FERC's expanding view on its Federal Power Act jurisdiction. Fortunately, the decision is based on a narrow set of facts, and does not disturb co-ops' ability to self-supply through owned and contracted-for generation resources.

Legislative Conference Just Ahead!

Our [Legislative Conference](#) is just nine days away and we look forward to seeing you here. This year's speakers include Travis Kavulla, President of the National Association of Regulatory Utility Commissioners, and Homeland Security Assistant Secretary Caitlin Durkovich. The key issues address pole attachments, coal ash regulations, Federal Emergency Management Agency disaster relief, geothermal heat pump tax credits and federal lands management policies.

Seats are going fast for the ACRE[®] Leadership Workshop on Monday, May 2, so register now at rsvp@nreca.coop. This year's focus is Winning Strategies to Grow ACRE, featuring Doug Snitgen, Executive V.P. of Michigan Electric Cooperative Association, Tom Stackhouse, CEO of Central Alabama Electric Co-op, and April Bordas, CEO of Firelands Electric Co-op.

Co-op Leader Among QER Stakeholders Speaking at Monday Session

Dixie Power Co-op (UT) COO Colin Jack will speak at [DOE's Quadrennial Review](#) meeting in Salt Lake City at 10:45 a.m. (MDT) Monday. Jack, a former NRECA International staffer, is on the [agenda](#) for Electricity Distribution and End-Use. A meeting [webcast](#) starts 8:30 a.m. (MDT).

Union Pension Plan Changes Have No Impact on NRECA Plans

If you see news headlines like, "[One of the nation's largest pension funds could soon cut benefits for retirees](#)," don't be alarmed. These articles describe provisions of a 2014 law that allow union/multiemployer plans to reduce guaranteed pension benefits for retirees. The NRECA RS and 401(k) Pension Plans are multiple-employer plans. While the terms are similar, the rules and regulations for each are completely different. The provisions on multiemployer plans have no

impact on our RS and 401(k) Plans. For questions, contact your I&FS Field Representative.

NRECA Engages America's Youth at USA Science and Engineering Festival

NRECA participated in the 2016 USA Science and Engineering Festival in Washington, D.C., last weekend. The grassroots effort to inspire the next generation of scientists and engineers draws more than 350,000 visitors, mostly students ages 11-17. Our exhibit highlighted electric co-ops and the electricity sector, and a career booth showcased the co-op network and our jobs.

Share Your Co-op's Safety Story at 2016 Leadership Summit

Does your co-op have a good story to tell about a successful safety initiative? Your ideas and solutions could be featured in our [Leading Practices Showcase](#) at the [2016 Safety Leadership Summit](#) in Fort Worth, TX, on November 16-18. Submit your co-op's safety improvement initiative to NRECA's [Bud Branham](#) or [Lillie Daniels](#) by Friday, September 12.