

July 15, 2016

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

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### ***Cooperative Leaders and NRECA to Share Co-op Story at National Conventions***

America's Electric Cooperatives will have a strong presence at the Republican National Convention in Cleveland, OH, next week. NRECA Board officers, staff and co-op leaders from several states, including Texas, Ohio, Alabama, Florida and Indiana, will carry [positive messages](#) about co-op innovation and political involvement. The following week, we'll carry the same stories to the Democratic National Convention in Philadelphia. The "Rural Power" efforts we began in partnership with Iowa's electric cooperatives last year have propelled us into these arenas. Follow us at both events at [#CoopsAtConventions](#).

### ***Senate Passes FAA Extension with UAS Provisions, Bill Goes to President***

The Senate passed (89-4) a Federal Aviation Administration (FAA) extension bill (H.R. 636) with language we support on utility operations of unmanned aerial vehicles (UAV), also called drones. The bill specifically allows UAV operations beyond visual line-of-sight, as well as day and night operations for utility inspection, repair, construction, maintenance and protection. The language will also help identify and limit unauthorized UAV flights near or above critical infrastructure for safety purposes. The bill specifically allows UAV utility operations not addressed in the FAA's small UAV [final rule](#). We applaud Sens. [Inhofe](#) (R-OK) and [Booker](#) (D-NJ) for their leadership on this legislation. The President is expected to sign it.

### ***Senate Votes to Start Energy Bill Conference Negotiations***

The Senate voted (84-3) to move House and Senate energy legislation to a conference committee to resolve differences between the two bills. Senate conferees are Energy and Natural Resources Chair Murkowski (R-AK) and Ranking Member Cantwell (D-WA), and Sens. Barrasso (R-WY), Risch (R-ID), Cornyn (R-TX), Wyden (D-OR) and Sanders (I-VT). The conference committee will not meet until Congress returns from a seven-week recess in September.

### ***DOE Awards \$15 million to Boost Co-op, Municipal Utility Security***

Electric co-ops will get help bolstering physical and cyber attack defenses, flexibility and resiliency through a new three-year, \$15 million [Energy Department initiative](#) for co-op and municipal utilities. The funding will support efforts by NRECA and the American Public Power Association to develop cybersecurity training and help enhance the security of small and mid-sized utilities. The announcement came as NRECA's Cybersecurity Member Advisors met this week, and gave recommendations on the initiative's goals and how to best use the funding to meet electric co-op needs. Second and third-year initiative funding must be approved by

Congress in annual appropriations, and we'll work with lawmakers for full funding.

### ***Co-op CEO Highlights Grid Security Efforts, Warns Against One-Size-Fits-All Approach***

Protecting the electric grid while ensuring reliability and affordability continue to be top priorities for the industry, which has rigorous, mandatory and enforceable reliability regulations, Arkansas Electric Cooperative Corp. CEO Duane Highley said in [testimony](#) at a Senate Energy subcommittee hearing. During questions, Highley praised Congress for considering grid security issues and urged lawmakers to avoid a one-size-fits-all strategy.

Highley also joined the other Electricity Subsector Coordinating Council (ESCC) Co-chairs in meetings with leaders of several congressional committees to discuss the ESCC's work to coordinate electric sector efforts on reliability, security and recovery. The Co-chairs explained the ESCC's lead role in maintaining close industry-government coordination on these efforts. They stressed the need for continuity of public-private partnerships going into the upcoming presidential transition.

### ***House Passes FY17 Interior-Environment Spending Bill***

The House passed (231-196) an FY17 Interior-Environment spending bill with several provisions that electric co-ops support. It continues a one-year delay on Endangered Species Act (ESA) rulemakings for the greater sage-grouse and blocks funding for protection or listing of the lesser prairie-chicken, gray wolf or New Mexico meadow jumping mouse. It includes placeholder language addressing coal ash, and would block funds for implementing the Clean Power Plan, Waters of the U.S. rule and 2015 ozone standards. Another amendment would block funds for a draft EPA-U.S. Geological Survey Technical Report on protecting aquatic life that could impact power plants.

An amendment that prohibits agencies from grassroots advocacy campaigns on pending federal and state legislation highlights the importance of NRECA's grassroots efforts to get our message heard in forums where even federal agencies are active. The Administration issued a nine-page veto threat on the bill. It will likely be wrapped into an omnibus measure with other spending bills.

### ***House Committee OK's Bills with LIHEAP, Cooperative Development Program Funding***

The House Appropriations Committee passed (31-19) an FY17 Labor-HHS-Education spending bill with a \$100 million increase for the Low Income Home Energy Assistance Program. LIHEAP would be funded at \$3.49 billion. We're urging Congress to fully fund LIHEAP at \$4.7 billion. The committee also passed an FY17 State-Foreign Operations spending bill with \$11 million for the Cooperative Development Program (CDP). That is level with FY16 funding. NRECA's International Program receives some CPD funding. Maintaining CPD funding is an important victory when overall State and Foreign Operations spending was cut.

### ***Proposal on Sleep Apnea Testing Shouldn't Apply to Utility Drivers***

NRECA filed [comments](#) urging the Federal Motor Carrier Safety Administration to ensure a [proposal on sleep apnea testing](#) recognizes that utility drivers don't have the same driving demands as other commercial vehicle drivers. We recommended that utility commercial motor vehicle drivers be exempt from any additional sleep apnea testing requirements. The proposed

notice for public input is an opening shot and we could see more agency action on this issue.

### ***Propane TV Ads Air in Attack on Electric Water Heaters; Sign Up for NRECA Webinar***

We're starting to see Propane Education and Research Council (PERC) [television commercials](#) in its \$10 million "education" campaign aimed at convincing consumers to "[pull the plug on electric water heaters](#)." The "Proudly Propane" [national marketing campaign](#), which we alerted you about in April, is PERC's latest effort to boost propane sales by portraying electricity as unreliable and pushing consumers to buy propane-fueled appliances. As part of our ongoing efforts to help co-ops respond to PERC's campaign, NRECA will host a [free webinar](#) on August 11, to give insights on PERC's marketing campaign and tips on engaging your co-op member-owners and reach out to appliance dealers and home builders.

### ***National Resolutions Committee Issues Report and Proposed Resolutions***

The NRECA National Resolutions Committee's meeting [report and the 2016 Compendium of Proposed Resolutions](#) are available on [Cooperative.com](#). The committee voted to forward four proposed resolutions for consideration at the [Regional Meetings](#) in September and October. Committee Chairman Dave Wheelihan, CEO of the Montana statewide association, expressed thanks to members who submitted proposals. The next steps are for co-ops to discuss the resolutions with their boards and statewides and give input on the issues at their region's resolutions committee meeting.