

September 23, 2016

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

Regions 5 and 6 Meeting Advances Resolutions Process

We had another very successful regional meeting this week, with co-op leaders from [Regions 5 and 6](#) meeting in Minneapolis, MN, to learn about issues, share experiences, and vote on resolutions to guide NRECA. Once again, we heard updates on cybersecurity issues, learned about strategies to emphasize our consumer-centric business model, and discussed the generational differences in our workforce and among our members. We're headed next to the [Regions 7 and 9](#) in Reno, NV, on October 5-6. I look forward to meeting more co-ops leaders and continuing the discussion about the business and policy issues facing electric co-ops.

Senate Committee Bill Reduces PBGC Premiums, Provides 'Closed Plan' Relief

The Senate Finance Committee unanimously passed (26-0) the "[Retirement Enhancement and Savings Act](#)" with two NRECA priorities (fact sheet and letter attached). The new legislation reduces federal insurance premiums paid by NRECA's [Retirement Security Plan](#) to the Pension Benefit Guaranty Corp. by about 80 percent to help electric co-ops better maintain retirement benefits for their employees. In 2016 alone, it would save about \$30 million for the 880-plus co-ops participating in our RS Plan.

The bill also fixes a growing problem for co-ops both in the RS Plan or sponsoring a stand-alone defined-benefit (DB) plan that have "closed" their plans to new employees, but continue to provide benefits for employees in the plan before the "close" date. Under current IRS "Non-Discrimination" rules, co-ops that "closed" their plans to new employees will eventually be forced to close their plans completely for all employees simply because long-service employees in the plan are paid more than new employees being hired. This doesn't make sense. The package solves this problem completely for all co-ops in the NRECA RS plan, and any co-op with its own DB pension plan. We're leading a [coalition](#) of other co-op and charitable groups to enact this legislation, hopefully yet this year.

PACE Ads in Six States Cap Successful 2016 Cycle

We just completed the final round of targeted political ad campaigns in Alabama, Alaska, Colorado, Kentucky, North Carolina and Ohio thanking members of Congress for supporting electric co-op issues and encouraging them to work with co-ops as they consider the final energy bill. The ads garnered a total 16.5 million digital and radio impressions. The campaign was part of our Political Advocacy, Communications and Education initiative and wrapped up a successful 2016 cycle for the PACE program.

Co-ops Vote Ramps Up for Final Weeks of Election Campaign

With Election Day only weeks away, the Co-ops Vote initiative (www.vote.coop) is launching a message campaign to help electric co-ops encourage voter registration and provide updates for your members who've taken the co-op voter pledge. These messages reinforce our non-partisan theme and materials to increase the electric co-op voice this election year and highlight co-ops' community leadership role. Our [Co-ops Vote toolkit](#) has resources to help your co-op members exercise their right to vote. Use the social media hashtag [#CoopsVote](#) to spread the word and share the latest [video](#) featuring NRECA CEO Jim Matheson on the importance of co-ops voting in this election. See the [5-Star Coops list](#) recognizing more than 90 co-ops for promoting Co-ops Vote participation.



Co-op CEO Tells Congress FCC Telephone Rules Modernization Needed

The Telephone Consumer Protection Act (TCPA) should be updated to ensure electric utilities can provide important service and account information their members expect in the 21st century, Snapping Shoals EMC CFO Shaun Mock [testified](#) at a House subcommittee hearing. While the TCPA is aimed at protecting consumers from unwanted phone calls, Mock said the law needs to be modernized to remove uncertainty for utilities using technologies like automated calls to notify their consumers about their accounts and outages.

Recent Federal Communications Commission rulings have provided some relief for utilities under the TCPA, but there are still outstanding issues that need to be resolved. The issues of re-assigned numbers and strict liability provisions of TCPA can limit utilities' ability to provide timely information to customers. To avoid further risk of unsolicited call complaints, Snapping Shoals EMC discontinued all automated phone calls and uses e-mail to communicate with members, a decision unpopular with the co-op's members that hits the co-op's prepaid account customers especially hard as they rely on low balance and disconnect alerts.

FY17 Spending Bill Stalls, Negotiators Working on Framework

Congress has one week to finish a continuing resolution (CR) to keep the government funded when the 2017 fiscal year starts October 1. Republican leaders' plans for an early exit last week were dashed by stalled negotiations over funding for Louisiana flood relief and the Flint, MI, water crisis, along with a handful of other controversial policy riders. At this point, Senate Republicans have agreed to a clean CR that leaves leave out controversial riders. Another procedural vote is expected in the Senate early next week on a short-term CR to keep the government running through early December. However, the House is still trying to reach an agreement, and lawmakers were warned of possible Saturday votes next week.

NRECA, CFC Updating Retail Rates Guide

NRECA is working with the Cooperative Finance Corp. to update our [rate strategies guide](#) to reflect the ongoing transformation in the electricity industry. The rate strategies guide is a long-standing NRECA and CFC product available for our members as they consider how to set up their rate structures based on their co-op's circumstances. This guide will address issues highlighted in the co-op [rate case studies](#) NRECA released in August.

Tech Surveillance Addresses Escalating Ransomware Threat

See our Tech Surveillance update on “[ransomware](#),” which is a growing concern for many industries, including the electric utility sector, increasingly reliant on intelligent systems and mobile devices. Some electric co-ops have already reported issues with ransomware, in which a person uses software to take control of a computer or network server and interfere with business operations until you pay them. See other articles for co-ops on our [Tech Surveillance site](#).

Attached: Fact sheet on PBGC issues, coalition letter to Congress.