

November 10, 2016

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

Thank You to Co-op Voters and Leaders for Getting Rural Views Heard

Thank you to the electric co-op leaders and members who followed up on our [Co-ops Vote](#) initiative by going to the polls and exercising our right and responsibility to vote. A special thanks to statewides and CEOs who worked hard to highlight Co-ops Vote initiative. More than 700 co-ops, including 110 co-ops that achieved [5-Star Co-ops status](#), worked to promote Co-ops Vote and encourage members, friends and neighbors to go the polls. You can use the social media hashtag [#CoopsVote](#) to thank them.



Congress Returns with Lots of Work, Little Time – Plans Could Change

House and Senate Republicans may change their legislative agenda for the upcoming lame duck session of Congress and put some priorities on hold until next year. An FY17 appropriations package is expected to pass before the current spending bill ends December 9. However, some lawmakers want to do another short-term spending bill that would last until March and negotiate a final spending bill for the rest of the fiscal year with a Republican White House while other leaders would like to pass a final bill now and clear the decks for next year. It is too early to say for certain what will get resolved this year and what will get delayed until next year. Most decisions will likely be made after Members of Congress return to Washington next week and talk face-to-face, but we are following several key areas that could be addressed yet this year:

Energy: Senate and House energy conference committee aides continue to work on bridging differences on broad energy legislation. However, this legislation is a very likely candidate for delaying until next year. House aides plan to respond soon to a working draft developed by Senate aides last week. We're pushing for a Senate provision to clarify the North American Electric Reliability Corp. is the lead agency on assessing reliability impacts of proposed federal rules. We also support House language to facilitate proper vegetation management on utility rights-of-way across federal lands. We're working to ensure there's no language adding new federal standards to the 1978 Public Utility Regulatory Policies Act.

Energy Tax: Bipartisan legislation (H.R. 5167) to extend the residential and commercial tax credits for geothermal heat pump technology remains on the list of items that may get done this year, but several Congressional leaders will want to delay any tax items until next year in an effort to develop comprehensive tax reform legislation. In the meantime, we continue to stress to lawmakers that electric co-ops support the legislation because the tax credits help reduce the costs for co-op members to install geothermal heating systems and reduce energy bills.

WRDA: Conference negotiations continue on a Water Resources Development Act bill that includes provisions we support on two issues: Co-op relief from Army Corps of Engineers easement renewal fees, and providing state environmental departments the authority to enforce EPA's final non-hazardous coal ash rules. We're also working on language that could require Power Marketing Administrations (PMAs) to change hydropower operations to meet requests by interests that are not preference customers. We want to ensure any changes won't reduce electricity levels for current PMA hydropower customers – a core PMA mission. This legislation is more likely to remain an item for resolution yet this year.

CPP Model Trading Rules Go to OMB Review Despite Stay; Top Target for Trump

EPA sent its Clean Power Plan model trading rules to the Office of Management and Budget (OMB) for final interagency review, the final step before issuing a final regulation. The model trading rules were developed for states to use to comply with EPA's GHG rules for existing power plants. We filed comments on major fixes electric co-ops need in the trading rules and may meet with OMB in the coming weeks to discuss several issues of interest. EPA says asking OMB to review the trading rules is within the limits of a U.S. Supreme Court stay of the GHG rule. The Clean Power Plan is at or near the top of the list of regulations the incoming Trump Administration would like to eliminate. There are several possible options for the incoming Administration, and as one prominent Clean Air Act attorney put it, "It is not if, but how" the incoming Administration will seek to unwind that rule.

Co-ops Employees Keep Sending Messages to Congress on RS Plan Benefits

More than 7,000 co-op employees have taken just a few minutes to urge Congress to pass legislation that will help keep NRECA's [Retirement Security Plan](#) (RS Plan) affordable. As the House and Senate return next week, we're emphasizing that when costs increase for the RS Plan, it's more difficult for our co-ops to maintain their current benefit programs. Please keep urging your employees to log on to [Action.coop](#) and tell Congress to pass our bill as soon as possible. In 2016, it would save about \$30 million for 880-plus co-ops in the RS Plan.

Lawmakers Support States' Challenge of WOTUS Rule

A group of 88 senators and House members filed a "[friend of the court](#)" brief supporting a legal challenge by 31 states and others to stop the Waters of the U.S. [final rule](#) that expands waters regulated under the Clean Water Act. The lawmakers offered support for the lawsuit before a federal appeals court in Ohio. A [temporary WOTUS stay](#) for all 50 states remains in effect, and the regulation is expected to be one of many reviewed by the incoming Trump Administration. NRECA is actively participating in the litigation through the Utility Water Act Group lawsuit for the electricity sector in a coordinated effort of states, municipalities and business groups.