

February 17, 2017

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

EPA Nominee Confirmed; DOE and Interior Nominations Moving

The Senate confirmed Scott Pruitt as EPA Administrator this afternoon on a 52-46 vote. The action caps a week that saw several nominations confirmed, including Treasury Secretary Steven Mnuchin, Office of Management and Budget Director Mick Mulvaney and Small Business Administrator Linda McMahon. After the recess next week, Senate Republicans plan to move the nominations of Rick Perry (Energy) and Ryan Zinke (Interior). We expect a confirmation hearing for Sonny Perdue (Agriculture) in March. The President nominated Alexander Acosta for Labor Secretary after Andrew Puzder withdrew his nomination.

The Senate Judiciary Committee announced it will start hearings on Supreme Court nominee Neil Gorsuch on March 20. Gorsuch's nomination will soon be the major focus of action in the Senate, and it will significantly impact the congressional agenda.

House Begins Hearings on Energy and Environmental Issues

The House began hearings this week on energy and environmental policy issues important to electric co-ops and others. The House Energy Subcommittee of the Energy and Commerce Committee held a hearing on laws that impact efforts to modernize energy delivery systems, including the electric grid. NRECA submitted [testimony](#) for the record highlighting the need to be able to build new natural gas pipelines to deliver the fuel to power plants as well as the need for continued investments in upgrading the electric grid. The Environment Subcommittee held its first hearing to begin hearing ideas to update environmental laws that have an impact on energy and manufacturing investment.

Speaking to the National Association of Regulatory Utility Commissioners, Energy and Commerce Chairman Greg Walden (R-OR) said the committee's goals include a top-to-bottom review of the structure of the Energy Department, reforming the Clean Air Act, improving efficiency standards, and review of an interim nuclear waste storage facility.

House Committee Ok's Bill to End Red Tape for Pesticide Use

The House Agriculture Committee passed legislation (H.R. 953) we have long supported to clarify that Clean Water Act permits are not required for pesticide applications in or near water. The bipartisan bill would drop needless red tape and help ensure electric co-ops can use pesticides as a means to maintain rights-of-way for critical infrastructure. It would eliminate a duplicative permit that committee Republicans and Democrats agreed provides no additional environmental benefit because pesticide applications already require permits under another

provision of law. The double permitting resulted from a court order that forces pesticide applicators to get a Clean Water Act permit. The House passed similar legislation in the last three congresses, but it didn't move beyond Senate committee review. This week, a similar Senate bill (S. 340) was reintroduced with bipartisan support.

Legislation to Extend Geothermal Tax Credits Reintroduced in House

NRECA supports a bipartisan House bill (H.R. 1090) to extend tax credits that expired at the end of last year for advanced energy technologies like geothermal heat pumps (GHP). Reps. Tom Reed (R-NY) and Mike Thompson (D-CA) were joined by 18 co-sponsors to reintroduce a bill for tax credits not included in a 2015 tax package. Electric co-ops rely on the GHP tax credit to encourage member-consumers to install geothermal heating systems and reduce their energy consumption.

Emergency Response Vehicle Advisory Panel Forms Sector Sub-groups

The [Federal Highway Administration Emergency Route Working Group](#) met again this week and divided itself into three sub-groups on specific sectors and issues. The working group will be shaping recommendations to Transportation Secretary Elaine Chao on ensuring vehicles used in emergency response have timely and appropriate access to disaster scenes when crossing state lines. Michael Callahan, Electric Cooperatives of Mississippi CEO, is the working group chairman. Michael Temple, Alabama Rural Electric Association Director of Training and Risk Management, also serves on the working group.

NRECA Helps Take 2017 LIHEAP Action Day Message to Congress

NRECA joined over 100 utility and community sector leaders for LIHEAP Action Day on Capitol Hill to push for increased funding of the Low Income Home Energy Assistance Program. We continue to work with a broad coalition to highlight [LIHEAP's importance](#) for rural communities. You can sign the [letter](#) urging increased funding that will be delivered to Congress, and feel free to ask other community organizations to join your co-op on this letter.

Senate Committee Aiming to Open ESA Stakeholder Dialogue

NRECA joined with the National Endangered Species Act Reform Coalition (NESARC) to support reforming the Endangered Species Act in a statement for the record sent to the Senate Environment and Public Works Committee, which held a hearing on the law this week. The coalition issued a [statement](#) to highlight a number of areas in which the law, which has not been amended since 1973, should be updated. The hearing included Western Governors' Association [testimony](#) on increasing collaboration between the states and federal agencies on species listings and critical habitat designations. Chairman John Barrasso (R-WY) said he will continue to encourage stakeholder input as his committee considers ESA modernization legislation.

Delay of Bumble Bee Endangered Listing Challenged in Court

The Natural Resources Defense Council (NRDC) filed a [lawsuit](#) challenging the U.S. Fish and Wildlife Service's (FWS) [decision](#) to delay listing the rusty patched bumble bee as an endangered species. NRDC is asking a U.S. District Court in New York to vacate the [rule delay](#) the FWS issued to comply with the President's 60-day regulatory freeze [executive order](#). The [endangered listing](#) was to take effect February 10 under a final rule issued last month. NRECA

continues to urge the FWS to ensure such a listing would not prevent electric utilities from maintaining grid reliability and safety.

NRECA Weighs in on DER and Energy Storage in the Organized Markets

NRECA filed comments this week supporting Federal Energy Regulatory Commission (FERC) [efforts](#) to integrate electric storage resources and distributed energy resources into power markets. NRECA wants to ensure the full value of electric co-op investment in storage resources and other distributed energy resource technology is recognized. Making it easier for aggregated distributed energy and energy storage resources to participate in the markets is a worthwhile endeavor. But, NRECA stressed the importance of ensuring that any new FERC rules must be for the benefit of the end-use customers.

NRECA is also emphasizing that wholesale market rules and FERC policy must not undercut the ability of state and local regulation of existing and future electric storage projects and other distributed energy resources that provide retail- or distribution-level services. This issue is very important to NRECA. Many distribution co-ops are examining how distributed energy resources, including electric storage facilities, might provide benefits to their communities.

House Panel Urged to Stop Disaster Relief Deductible Proposal

A House Homeland Security subcommittee heard stakeholder concerns about a Federal Emergency Management Agency (FEMA) proposed rule to develop a “[deductible](#)” concept for the disaster relief fund. The concept would require recipients to meet a predetermined financial commitment before FEMA would provide disaster relief funds. Electric co-ops have significant concerns with the proposal. We’re working to ensure that FEMA assistance remains available to electric co-ops and the program runs as smoothly as possible.

Cyber Security Assessment Project Open for Applications

[NRECA’s Rural Cooperative Cyber Security Capabilities Program](#) is accepting applications from small- and medium-sized distribution co-ops interested in strengthening cyber security capabilities. About 10 applicants will be selected to receive on-site assistance in cybersecurity self-assessments and developing action plans. The project is funded by the Energy Department. Applications are due by March 17, and selected participants will be announced by April 21.