

February 24, 2017

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

Annual Meeting to Highlight 75 Years of Service to Electric Co-ops

We look forward to seeing you at our [Annual Meeting](#) in San Diego next week, when we'll highlight NRECA's 75th anniversary of service to our member co-ops. We'll celebrate co-op achievements as we plan for the rapidly-changing utility industry. We have wide variety of General Session and breakout session speakers and topics, ranging from politics in Washington to cybersecurity to changes in our industry. As when NRECA was founded on March 19, 1942, our Annual Meeting focus will be the [resolutions](#) that you helped to develop at the Regional Meetings. We'll also hear from the 2016-17 [Youth Leadership Council](#) spokesperson [Sylandi Brown](#) of Georgia (Middle Georgia EMC), who will speak on behalf of the YLC.

Co-op CEO Highlights Farm Bill Programs that Boost Co-ops and Communities

Kathy O'Brien, General Manager of Nemaha-Marshall Electric Cooperative, [highlighted](#) several farm bill programs that help electric co-ops provide affordable, reliable power during the Senate Agriculture Committee's field hearing in Kansas. O'Brien explained how the Rural Utilities Service Electric Loan Program, the Rural Economic Development Loan and Grant program and the Rural Energy Savings Program strengthen both electric co-ops and the communities they serve. She also emphasized that electric co-ops want to work with Congress to ensure that the government's approach to federal regulations recognizes the stewardship of electric co-ops in their communities. The hearing was held as the committee starts work on crafting farm bill legislation expected to pass next year.

FCC Takes Another Important Step in Rural Broadband Auction Rules

A Connect America Fund (CAF) Phase II "reverse auction" weighting scheme approved by the Federal Communications Commission includes bidding criteria that NRECA supports. We're waiting to see the final commission order on CAF Phase II bidding, which will focus on broadband in unserved and underserved rural areas where no other providers have deployed service. Based on the commissioners' discussion, we expect the order to include weights that reward bids featuring high speed service and low latency (data delivery delays). That approach was strongly opposed by the traditional for-profit providers, satellite industry and wireless interests. The FCC decision on bidding weights will help ensure that rural consumers have access to broadband services that are reasonably comparable in cost and quality to service typically available in urban areas.

FWS and BLM Regulatory Opinions Delayed for More Review

Two regulatory actions on migratory bird and land management issues are now [delayed](#) under

the President's regulatory freeze [executive order](#) issued on January 20. The Fish and Wildlife Service suspended its [legal opinion](#) supporting its long-standing position that the Migratory Bird Treaty Act does not allow incidental "takes" or killings for any reason. The agency opinion took a very broad view that incidental takes due to power lines, towers and wind turbines are the same as unauthorized hunting and poaching of eagles and other migratory birds. The FWS issued the opinion when it couldn't finish a formal rulemaking before the Obama Administration ended.

In a separate action, the BLM suspended its [legal opinion](#) on land policy [changes](#) that require large-scale mitigation and other burdensome efforts for energy projects. The analysis includes vague language requiring "mitigation to address reasonably foreseeable impacts," which can increase costly red tape for energy projects on public lands.

Co-ops Tell Congress 'Don't Tax My Health Benefits'

House committee action on Affordable Care Act (Obamacare) "repeal and replace" legislation could start as early as next week. Electric co-ops have a simple message: "Don't Tax My Health Benefits." NRECA and [coalition partners](#) are strongly [urging Congress](#) to fully repeal the so-called "Cadillac Tax." We're also telling policymakers that taxing any part of any electric co-op employee's health care benefits will leave co-op families with less comprehensive health coverage and/or higher costs.

One possible "repeal and replace" proposal would be to repeal the "Cadillac Tax," but replace it with other new taxes on employer-sponsored health benefits. Electric co-ops are telling Congress to oppose any new proposals to tax co-op employee health benefits. Replacing one tax on co-op health plans with another tax on co-op health plans simply doesn't make sense.