

March 3, 2017

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

Trump's Speech Outlines Priorities; Interior and Energy Nominations Confirmed

The President's speech to Congress broadly outlined his policy priorities for this year, with many details still to be filled in. He briefly touched on energy issues while again calling for significant infrastructure investment in the country. We expect the President to sign an executive order next week that will begin the process of rewriting the Clean Power Plan.

The Senate confirmed two more key Cabinet appointees who will significantly impact energy and environmental policies. Energy Secretary Rick Perry's nomination was confirmed on a [62-37 vote](#). The Senate confirmed Interior Secretary Ryan Zinke on a [68-31 vote](#). He [rode a horse](#) across the Mall for his ceremonial arrival to the office. Both take their posts as the Administration and Congress start FY18 budget considerations that include potential agency cuts. The Senate also confirmed Commerce Secretary Wilbur Ross ([72-27](#)) and Housing and Urban Development Secretary Ben Carson ([58-41](#)). We continue to watch for the Senate hearing on Sonny Perdue's nomination for Agriculture Secretary. Senate Agriculture Chairman Pat Roberts (R-KS) said his committee is waiting for some Administration documents.

Executive Order Starts Process for Withdrawing WOTUS Rule

The President issued an [executive order](#) this week directing the EPA and Army Corps of Engineers to go back to the drawing board on the Waters of the U.S. rule issued during the Obama Administration. The agencies then issued a [notice](#) formally announcing their intent to review the rule. They will likely start a new rulemaking process to draft a narrower definition of what qualifies as a Water of the U.S. subject to the Clean Water Act, while leaving more water bodies subject only to state regulation. Reversing the 2015 rule will take time, and environmental groups will likely file legal challenges to block that effort.

The rule is already on hold by a nationwide court stay issued last year during lawsuits on the rule's legality. The President's order also requires EPA and the Corps of Engineers to contact the Justice Department about whether the government will continue to defend the WOTUS rule against legal challenges.

House Committees Prepare for ACA Repeal; Co-ops Urge Cadillac Tax Repeal

House Committees are preparing to move legislation to repeal and replace the Affordable Care Act (Obamacare). Several committees of jurisdiction have components of the plan, including the Energy and Commerce Committee for health care policy and the Ways and Means Committee for tax-related elements of the plan. NRECA and [coalition partners](#) continue to strongly [urge 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. Draft legislation would 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.

House Committee OK's Bill to Streamline Small Disaster Assistance Payments

The House Transportation and Infrastructure Committee unanimously approved a bill to temporarily increase the Federal Emergency Management Agency simplified projects threshold to \$500,000. The Disaster Simplified Assistance Value Enhancement Act (H.R. 1214) streamlines delivery of assistance for small disaster assistance recovery projects without reducing oversight. Currently, only projects costing less than \$130,100 are eligible for this streamlined process. The increase would sunset on September 30, 2021. NRECA supports the bill.

House Leadership Eyes Plan to Finish FY17 Spending Bills

House Speaker Paul Ryan (R-WI) said Congress may pass an FY17 appropriations package to fund the government for the rest of this fiscal year. Ryan said the House will not have time to pass all 11 spending bills before the current continuing resolution ends on April 28. The House is expected to vote on an FY17 defense spending bill next week. House Appropriations Chairman Rodney Frelinghuysen (R-NJ) said his committee may bundle the other spending bills and try to move them to the floor before the April deadline to avoid a stopgap bill. Some Republican lawmakers suggested the Senate could use the defense funding bill as the vehicle for other FY17 appropriations.

RTO Markets Need Flexibility in 'Fast-Start' Generation Pricing

NRECA joined in [comments](#) urging the Federal Energy Regulatory Commission to avoid a "one-size-fits-all" approach in any proposal to set a standard "fast-start" generation price in all regional markets. Each regional transmission organization (RTO) should continue to set prices for fast-start generation (resources that can start within 10 minutes) based on the unique needs of their regions. A [proposed rule](#) issued in December would require regional transmission organizations to set one minimum price for all generation that can start within 10 minutes. The rule is intended to reduce uplift payments (fees to cover added costs for responding to unplanned demand) to generators and encourage pricing that accurately reflect the costs.