

June 2, 2017

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

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### ***Senate Democrats Push Back on Proposed Rural Development Cuts***

Top Senate Democratic leaders, including all Agriculture Committee Democrats, sent a [letter](#) strongly opposing the Trump Administration's FY18 budget proposal to reduce or eliminate several rural economic development programs important to electric co-ops. Among the 29 Democrats on the letter led by Agriculture Ranking Member Debbie Stabenow (D-MI) are Minority Leader Chuck Schumer (D-NY) and Assistant Minority Leaders Dick Durbin (D-IL) and Patty Murray (D-WA).

The Administration proposal would eliminate funding for the Rural Business Service that includes the Rural Economic Development Loan and Grant program (REDLG), Rural Cooperative Development Grant Program and Rural Energy for America Program. It would also eliminate the Rural Energy Savings Program and Rural Utilities Service interest payments to electric co-ops on future deposits to the "Cushion of Credit" account.

As Congress starts to draft its own FY18 budget plan, we continue to work with lawmakers from both parties to protect these and other programs that benefit electric co-ops and our member-consumers. See NRECA's [budget summary](#) and [graphic](#).

### ***NRECA Highlights Co-ops' Initiatives after Trump's Paris Accord Announcement***

Following President Trump's decision to withdraw the U.S. from the Paris climate agreement, NRECA issued a [statement](#) that highlights electric co-op efforts to provide affordable and reliable power. We emphasized electric co-ops' member focus, and co-op efforts to meet their members needs and expectations through energy efficiency programs, renewable power sources and innovative technology. We're aware that state and local government leaders in several areas are discussing a carbon reduction initiative if the U.S. does not participate in an international agreement, and we're watching for how that might impact electric co-ops.

### ***CFTC Issues New Recordkeeping Rule Definition***

The Commodity Futures Trading Commission's (CFTC) issued a [final rule](#) on recordkeeping to define a new term, "records entity," which means any entity required to keep records under the Commodity Exchange Act. The changes include an update of recordkeeping requirements to address parts of the rules that have been on the books since microfiche was a cutting-edge technology format. As requested by NRECA and others, CFTC clarified that the rule changes do not alter any existing requirements for commercial end-users like electric co-ops. "Commercial end-users that are records entities, for example, may continue to maintain records in accordance with their current practices if such are permitted by the Act, commission regulations, or existing

relief or guidance.” The CFTC’s final rule will allow commercial end-users, including co-ops, to continue to maintain their records as they historically have “in the normal course of business.” For questions, contact NRECA’s [Russ Wasson](#).

### ***Texas Co-op Participates in Clear Path V Outage Exercise***

Sam Houston Electric Cooperative participated in the Energy Department’s “Clear Path V” power outage exercise in Houston, TX, and represented the electric co-op viewpoint. The two-day exercise allowed industry and the federal government officials to test communications protocols and simulate disaster response. The scenario involved a hurricane that impacted Houston and areas as far east as Louisiana. It was the fifth year for the [outage exercise](#).

### ***Energy Officials Taking Public Comment on Reducing Regulations***

Energy Department issued a [notice](#) to seeking public comment on potential changes for energy regulatory burden reductions. The agency action is a response to the executive order [Reducing Regulation and Controlling Regulatory Costs](#) issued on January 30, which also requires federal agencies to identify two existing regulations to be repealed when most new rules are issued. Written comments are due by July 14, 2017. During the Administration’s reform efforts, NRECA is pushing to take advantage of all opportunities to advance co-op priorities while working with realistic expectations on what can be achieved. We’ll file comments on behalf of electric co-ops to identify opportunities for reducing energy regulation burdens.

### ***ESA Rulemakings Moving to Public Comment***

The National Marine Fisheries Service started public comment on [proposed revisions](#) to its 1990 guidance for listing and recovery priority guidelines for species listed under the Endangered Species Act. The changes are intended to address vague definitions and provide more detail on factors for evaluating threats and recovery potential. Public comments are due by June 30, 2017. The proposed changes would double the species priority numbers from 12 to 24, change the threat risk criteria to consider species listing status, and redefine the criteria for recovery potential and add more recovery task priorities. We generally support revisions that would improve recovery planning processes that lead to more species delisting or down-listing. Our concerns include how this would be implemented.

The Fish and Wildlife Service (FWS) issued a [notice](#) to collect information on migratory bird and eagle permit applications and reports. Public comment ends on July 31, 2017. NRECA actively participated in comments submitted earlier in the rulemaking process through the Avian Power Line Interaction Committee and the Energy and Wildlife Action Coalition to raise a number of concerns with the migratory bird and eagle permit regulations and ways they could be addressed. Those comments were included in the agency’s notice. We’re disappointed the FWS didn’t consider the excessive costs and burdens of the avian permits and reports. NRECA will continue to express these concerns as the agency begins developing guidance for eagle incidental take permits specific to electrical infrastructure.

### ***Co-op Leaders Nominated for Royalty Committee***

Three electric co-op leaders were nominated for appointment to the Interior Department’s new Royalty Policy Committee. NRECA is joining electric co-ops on the nominations of David Crabtree, Deseret Power’s Senior Vice President and General Counsel; Michael Sorensen, Tri-

State Generation and Transmission Association's Senior Manager of Fuels and Water Resources; and Doreen Heuck, Western Fuels Association's Wyoming Dry Fork Mine Business Manager. Their deep experience in co-op G&T issues would bring a valuable perspective to the committee's goal of ensuring that the public receives the full value of the natural resources produced from federal lands. See attached NRECA letter.