

June 9, 2017

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

Senate Letter Stresses Bipartisan Opposition to Selling PMAs' Transmission Assets

Twenty-one Senate Republicans and Democrats sent a [letter](#) to Energy Secretary Rick Perry opposing an FY18 budget proposal to sell-off more than 33,000 miles of Power Marketing Administration high-voltage transmission infrastructure. The letter was signed by Senate Energy Ranking Member Maria Cantwell (D-WA) and Environment and Public Works Chairman John Barrasso (R-WY) and other lawmakers from mostly Western and Midwest states served by PMAs. They emphasized that federal hydropower provides electricity to rural Americans served by electric co-ops and municipal utilities in 34 states. Auctioning off PMA transmission assets built and operated to deliver federal hydropower would result in higher electric bills for more than 100 million co-op and municipal electric utility consumers, threaten grid reliability and harm PMA markets.

NRECA and the American Public Power Association also wrote to Energy Secretary Perry to indicate our strong opposition to this proposal. Our letter (attached) stressed that the fundamental premise in the budget for proposing to sell the transmission assets is fundamentally flawed and that selling these assets would simply raise rates on consumers. We'll continue to actively work with Republican and Democratic lawmakers to stop the proposal.

FERC Nominations Get Committee Nod, Energy and Interior Nominees Reported

The Senate Energy and Natural Resources Committee voted (20-3) to favorably report the nominations of Neil Chatterjee and Robert Powelson for the Federal Energy Regulatory Commission. Chatterjee is an advisor to Senate Majority Leader Mitch McConnell (R-KY) and a former NRECA employee. Powelson is a Pennsylvania Public Utility Commissioner and National Association of Utility Regulatory Commissioners President. Full Senate votes are expected before the Fourth of July recess. The confirmations would restore a quorum the commission needs to make decisions on major issues important to electric co-ops. Agency staff has worked with limited [delegated authority](#) to act on some issues. The committee also voted to report the nominations of Dan Brouillette for Deputy Energy Secretary (17-6 vote) and David Bernhardt for Deputy Interior Secretary (14-9 vote).

Electric Co-op Youth Tour Coming to Washington!

We're excited to welcome 1,800 of the brightest high school juniors and seniors arriving in Washington, D.C., for the annual [Electric Co-op Youth Tour](#). It's a big highlight of our year! Activities include visits with congressional leaders and staff. Thank you to co-op sponsors, the 261 chaperones and state Youth Tour Directors. See highlights on [Facebook](#) and follow on [Twitter](#). Use #YTDC.



NRECA Stresses Small and Medium Utilities' Need for Cybersecurity Tools

NRECA CEO Jim Matheson emphasized the need for cybersecurity tools for small and medium-sized utilities, as well as large utilities, at the Electricity Subsector Coordinating Council meeting with the Energy Department and other agencies. Matheson explained that NRECA and others have started to address the issue and it will require an ongoing effort. On topics included the North American Electric Reliability Corp. update on grid security and its November 2017 GridEx IV national security exercise, and the council's ransomware guidance. The council discussed the President's [cybersecurity executive order](#) and opportunities to collaborate with the Administration on addressing the order. The panel also reviewed results of the Energy Department's Clear Path V exercise in May with 160 energy sector participants, including Sam Houston Electric Co-op, and discussed the increasing need for utilities to be able to operate manually if control systems are hacked or disabled.

Electricity Advisory Committee Updated on Agency Reviews and Initiatives

Energy Department officials updated the agency's Electricity Advisory Committee on a potential agency reorganization plan in response to executive orders from President Trump. They are working to complete the reorganization analysis that is due to the White House in September, as required under an [order](#) issued in March. They are also working to complete a study of the Clean Power Plan to comply with an energy independence [order](#) by September. Agency leaders said an internal grid reliability review ordered by Energy Secretary Rick Perry will be completed late this month. The study is focused on electric reliability impacts of clean and renewable energy subsidies and policies and retirement of baseload power sources like coal plants. Agency staff said their grid review will include input from the national labs. NRECA's Pam Silberstein serves on the committee. NRECA was the host site for this session.

Sage-Grouse Plan Review to Focus on Easing Regulatory Barriers

Interior Secretary Ryan Zinke issued an [order](#) for an internal review of greater sage-grouse conservation plans across 11 Western states and potential changes that would allow more flexibility and innovation in state and local efforts to protect the species. Rather than one-size-fits-all approach, Zinke [said](#) he wants to work with states and stakeholders to adjust the plans to each state's situation. The Bureau of Land Management (BLM), U.S. Fish and Wildlife Service and the U.S. Geological Survey must deliver a report within 60 days. The review will focus on 98 BLM [land use plans](#) for 67 million acres of federal land and ways to ease development and forestry restrictions. An estimated 100 million acres of greater sage-grouse range spreads across 60 electric co-op service areas. We 'll work with the Interior Department to ensure the conservation plans continue to be a viable alternative to the greater sage-grouse not being listed under the Endangered Species Act.

Commerce Nominee says Broadband Deployment, FirstNET are Priorities

Assistant Commerce Secretary for Communications nominee David Redl said he'll work to ensure all Americans, including rural communities, have high-speed broadband access during a Senate Commerce Committee hearing. Redl said his priorities would include improving broadband access for all Americans and that it is deployed in all states, particularly rural areas. Redl, who would serve as National Telecommunications and Information Administration Administrator, said his priorities include working with the First Responder Network Authority

and states to build out the emergency broadband system and ensure it is deployed in rural areas. The Federal Communications Commission is expected to vote next week on its procedures for reviewing state requests to opt out of the system and build their own first responder networks.

No Concerns Raised on FEMA Administrator Nominee

Federal Emergency Management Agency Administrator nominee Brock Long heard no major objections or concerns during a Senate Homeland Security Committee confirmation hearing that focused mostly on two Office of Management Budget staff nominees. Committee Ranking Member Claire McCaskill (D-MO) noted that her state has already experienced a number of storms and flooding, and there has been an increase in storms and disasters that required FEMA responses. With 16 years of [emergency management experience](#), Long said he understands state and local emergency management needs and issues. He voiced concerns about budget cuts to FEMA impacting its ability to meet the needs for assistance. He recalled being part of FEMA during its time of best hurricane response in 2004 and the agency's worst moments in 2005 "when the agency learned that it is only as good as its weakest link and last disaster."

FEMA Urged to Reconsider Endangered Species Requirements

NRECA filed [comments](#) through the Energy and Wildlife Action Coalition (in which NRECA actively participates) urging the Federal Emergency Management Agency (FEMA) to reconsider how it may require project proponents to demonstrate compliance with the Endangered Species Act (ESA). We noted that FEMA's preferred alternative in its [environmental impact evaluation](#) of proposed modifications to the National Flood Insurance Program (NFIP) would delay projects requiring floodplain development permits, letters of map change, and other similar actions. The comments also stressed that requiring project proponents to demonstrate ESA compliance is unduly burdensome.

Resolutions Committee to Review 2017 Proposed Resolutions Next Week

You can watch NRECA's Resolutions Committee annual Issues Meeting online on Friday, June 23. It will be [streamed live](#) on Cooperative.com starting at 8 a.m. (EDT). The committee will consider proposed resolutions submitted by NRECA voting members. [Proposals are posted](#) on the Resolutions Committee page on Cooperative.com and NRECA voting members may submit comments to the committee at resolutions@nreca.coop.

Attached: NRECA letter to Energy Secretary Perry