

June 23, 2017

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

---

### ***Co-op CEOs Discuss CPP with EPA Administrator***

NRECA CEO Jim Matheson joined nine G&T CEOs at an electric utility industry meeting with EPA Administrator Scott Pruitt to discuss the Clean Power Plan (CPP). Administrator Pruitt reached out to seek the utility industry's input on how the agency should proceed as it determines how to revise the rule. All the utility CEOs talked about the need for a durable regulatory framework that will provide a reasonable level of certainty to make investment decisions in the future. Administrator Pruitt continues to hold his cards close to his vest, but he has indicated this will be a two-step process. EPA has sent a proposed rule to withdraw the CPP to the Office of Management and Budget for interagency review, and that rule could become public in the near future. The second step will be a rule that revises or modifies the CPP, or takes some other action, and it remains unclear how or when the EPA will proceed with that next step.

### ***House Passes Federal Lands Rights-of-Way Management Bill***

The House overwhelmingly passed ([300-118](#)) the Electricity Reliability and Forest Protection Act (H.R. 1873), a [priority](#) that electric co-ops advocated during Legislative Conference. NRECA [wrote](#) to strongly support the [measure](#) that would make it easier for co-ops and other utilities to maintain power line rights-of way on federal lands. H.R. 1873 would help improve regular access to rights-of-way by changing Bureau of Land Management and Forest Service policies that make it difficult for utilities to remove trees and vegetation that threaten reliability and could cause wildfires. The bill includes a floor amendment we support that would ensure Interior Department staff involved in rights-of-way management issues are trained on how unmanned technologies can help identify and reduce wildfire risks.

### ***House OKs Nuclear Tax Credit Legislation***

The House passed a bill to eliminate the 2020 construction deadline for new nuclear power plants to be eligible for tax credits established under legislation passed in 2005 that was designed to spur development of new nuclear generation. The legislation also changed current law to treat not-for-profit nuclear project co-owners more fairly. This bill was another [priority](#) that co-ops pushed during Legislative Conference. NRECA and other utility associations [wrote](#) in support, urging the House to pass it. The deadline extension would allow four nuclear reactors under construction to benefit from the tax credits. It would also allow tax-exempt entities to monetize their tax credits by transferring them to for-profit project partners. The bill goes to the Senate, where there is a companion bill (S. 666).

### ***2017 Issues Meeting Opens Annual Resolutions Process***

Thank you to the NRECA [National Member Resolutions Committee](#) for their outstanding work

in reviewing proposed resolutions during the Issues Meeting today. The efforts of Chairman Dave Wheelihan and the committee members start our annual Resolutions process. Thank you to the co-ops that submitted proposed resolutions. The Resolutions Committee's report and the proposed resolutions will be posted on the [2017 Regional Meetings page](#) in July and considered at each [Regional Meeting](#) later this year.

### ***House Lawmakers say 'Don't Sell PMA Transmission Assets'***

As of Thursday evening, 35 Western lawmakers signed a bipartisan letter urging the House Budget Committee to reject President Trump's FY18 budget proposal to sell transmission assets of the Bonneville, Western Area and Southwestern power marketing administrations (PMAs). They stressed that selling 33,000 miles of PMA transmission lines will not improve resource allocations or service to PMA customers. "Costs would inevitably rise, and the federal government would once again find a way to break something in attempting to fix it," they wrote. NRECA is actively working with Republican and Democratic lawmakers to stop the proposal. The Southeastern PMA doesn't own transmission. The letter will be sent later today.

### ***Co-op Official Stresses Broadband is Major Rural Challenge***

Chris Allendorff, Jo-Carroll Energy's Vice President of External Relations, testified before the House Small Business Committee that Congress should work with electric co-ops to help provide robust broadband access for rural Americans, a challenge on the scale of rural electrification efforts 80 years ago. "It is no less important for the continued success and well-being of rural America," Allendorff said in his [testimony](#). Jo-Carroll has worked to meet the needs of local businesses competing in the global economy and families with children who need connectivity for educational success. The hearing was among four on broadband issues, including investment, easing deployment and mapping to identify unserved areas.

In related news, President Trump said during his trip to Iowa that enhancing rural broadband access will be in his infrastructure proposal. Agriculture Secretary Sonny Perdue told media that private broadband investors have not found rural areas as profitable and a greater federal role in expanding broadband may be appropriate.

### ***FEMA Administrator Confirmed on Bipartisan Senate Nod***

The Senate voted (95-4) to confirm Federal Emergency Management Agency Administrator Brock Long. The action came after Long's non-controversial nomination cleared committee review favorably on a voice vote two weeks ago. The former Alabama Emergency Management Agency has 16 years of emergency management experience, including working for FEMA as a Regional Hurricane Planner and Response Team Leader.

### ***House Bills Recognize Hydropower as Renewable, Address Natural Gas Pipeline Reviews***

Hydropower would be included in the federal definition of renewable energy under a bill that cleared House Energy and Commerce subcommittee review. The Hydropower Policy Modernization Act of 2017 would update the 2005 Energy Policy Act to recognize hydropower is a renewable resource that is affordable and reliable. The bill would also designate the Federal Energy Regulatory Commission as the lead agency for hydropower project licensing and streamline project permit reviews. Also moving to full committee, the Promoting Interagency Coordination for Review of Natural Gas Pipelines Act (H.R. 2910) would improve coordination

of natural gas pipeline siting reviews by FERC and other agencies. NRECA supports both bills.

### ***NRECA Urges FERC to Focus Market Rules Update on Reliable, Reasonable Service***

NRECA filed comments urging FERC to take a “proactive, planned and negotiated approach” to addressing conflicts the Eastern Regional Transmission Organizations face between federal wholesale power market rules and state policies that reward nuclear and other generation. We noted FERC has used that approach in the past and it helps to avoid actions that lead to lawsuits and more state regulations. Our position endorsed [comments](#) by Mike Cocco, Old Dominion Electric’s Senior Director of RTO and Regulatory Affairs, at FERC’s May technical conference.

### ***Court Denies Challenge to PJM Reliability Pricing Plan***

The D.C. Circuit Court of Appeals rejected challenges to a Federal Energy Regulatory Commission (FERC) order approving PJM Interconnection’s “Capacity Performance” model for reliability pricing. The court unanimously [denied](#) petitions by NRECA and others to block FERC’s 2015 order for PJM’s reliability pricing plan, which requires generators to meet commitments to deliver electricity during system emergencies or face penalties. Our concern is FERC failed to evaluate the expected benefits and estimated costs of the model, which sets prices for the region’s electricity suppliers and directly affects rates paid by 61 million electricity customers.

### ***Senate Working to Move Health Care Reform Bill that Delays Cadillac Tax***

Senate Majority Leader Mitch McConnell (R-KY) released a [discussion draft](#) of legislation to repeal and replace the Affordable Care Act (Obamacare). The bill would delay the “Cadillac Tax” on employer-sponsored health plans from 2020 to 2026 without any additional tax on health care benefits. If a Senate bill passes, it would have to be reconciled with the House version, American Health Care Act (H.R. 1628), which passed ([217-213](#)) in May. H.R. 1628 would also delay the Cadillac Tax until 2026. While NRECA welcomes the Cadillac Tax delay language in both proposals, we continue to urge [full repeal](#) of the tax.