

June 30, 2017

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

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### ***NRECA Leaders at Energy Week Event with President and Vice President***

NRECA CEO Jim Matheson and NRECA Board President Phil Carson attended an “Energy Week” forum featuring President Trump, Vice President Mike Pence, Energy Secretary Rick Perry, Interior Secretary Ryan Zinke, EPA Administrator Scott Pruitt and other officials. In his speech, Trump announced plans for a “complete review of U.S. nuclear energy policy” aimed at reviving and expanding that sector. Perry, Zinke and Pruitt emphasized the Administration’s recent efforts on reducing regulations and increasing domestic production and exports.

### ***House Appropriations Bill Signals No Interest in Selling PMA Transmission Assets***

House appropriators gave preliminary approval to an FY18 Energy and Water Development spending bill that keeps Power Marketing Administration (PMA) transmission assets in place. The Energy and Water Development Subcommittee passed a bill that does not include the President’s budget proposal to sell off 33,000 miles of PMA transmission lines. Before that vote, 50 House members joined the bipartisan Western Caucus in [urging](#) the House Budget Committee to reject any plan to sell transmission lines of the Bonneville, Southwestern and Western Area power administrations. Southeastern Power Administration doesn’t own transmission. The spending bill now goes to the full committee.

### ***House Committee Starts Moving Ag Spending Bill***

Rural Utilities Service (RUS) loan levels are unchanged in an FY18 Agriculture spending bill moving in the House Appropriations Committee. The Agriculture and Rural Development Subcommittee unanimously approved the bill with \$5.5 billion for electric loans and \$750 million for the Guaranteed Underwriter Loans. This was a co-op Legislative Conference priority. The spending bill also rejected many of the cuts proposed in the Administration’s budget request, providing \$33 million for the Rural Economic Development Loan Program and funding other rural cooperative development programs. However, the bill proposes a significant cut to the Rural Energy for America Program (REAP). The bill includes funding for the new Assistant to the Secretary for Rural Development position created in the agency reorganization.

### ***WOTUS Repeal Proposal is First Step in Process***

The EPA and Army Corps of Engineers issued a [proposed rule](#) to formally withdraw the Waters of the U.S. (WOTUS) rule. It’s the first in a two-step process to reconsider the 2015 WOTUS rule that never took effect due to the nationwide court stay issued by the federal Appeals Court in Ohio last year during legal challenges. NRECA [supports](#) reconsideration of the WOTUS rule, because it would have increased costs and limited electric co-ops’ ability to build and maintain

power lines. Once EPA issues a final WOTUS repeal rule, it will start a new rulemaking process to draft a narrower definition of water features protected under the Clean Water Act. NRECA is urging EPA to ensure a new rule will allow electric co-ops to continue to provide affordable and reliable power. We're also urging that a small business impacts review be completed before another proposal is issued.

### ***Senate Energy Leaders Reinroduce 2016 Legislation***

Senate Energy Chairman Lisa Murkowski (R-AK) and Ranking Member Maria Cantwell (D-WA) reintroduced an energy modernization bill (S. 1460) and sent it straight to the floor without committee markup. It's not a major bypass of regular order since the bill is nearly identical to a bill, the Energy Policy Modernization Act, the Senate passed (85-12) last year. That measure stalled in negotiations with the House. The bill includes language that electric co-ops support on hydropower, water heater and reliability issues from those negotiations. It may go to the Senate floor during July.

### ***House Committee Approves Several Energy Bills***

The House Energy and Commerce Committee passed several energy-related bills that NRECA supports. Two hydropower bills passed on voice votes: The Hydropower Policy Modernization Act (H.R. 3043) would make the Federal Energy Regulatory Commission (FERC) the lead agency on hydropower project licensing; a second bill (H.R. 2786) would update the Federal Power Act permit process for small conduit hydropower facilities. A bill to improve agency coordination on natural gas pipeline siting (H.R. 2910) passed 30-23. The Enhancing State Energy Security Planning and Emergency Preparedness Act (H.R. 3050) passed (voice vote) with an NRECA-supported amendment requiring state energy security plans to be drafted in consultation with energy infrastructure owners and operators. The Nuclear Waste Policy Amendments Act (H.R. 3053) to keep Yucca Mountain as the long-term spent fuel storage site, and authorize interim storage sites, passed 49-4.

### ***Defense Bill Changes EMP Commission Selection Process***

The House Armed Services Committee passed an FY18 Defense authorization bill with language that essentially replaces the electromagnetic pulse (EMP) commission structure. The House and Senate Armed Services chairmen and ranking members would appoint an equal number of commission members in a new process. NRECA supports that change, as it would give electric co-ops more opportunity for input on commission appointments. Under the current process, the Defense Department and Federal Emergency Management Agency make the appointments.

### ***FERC Quorum Issue Highlighted by Another Commissioner Stepping Off***

FERC Commissioner Colette Honorable will step down today as her terms ends. Honorable announced in April that she would not seek another term. The decision leaves only Acting Chairwoman Cheryl LaFleur seated on the commission, which now needs at least two more members to have a quorum. Two Republican nominees, Senate aide and former NRECA employee Neil Chatterjee and Pennsylvania Public Utility Commission member Robert Powelson, cleared committee review and wait for a full Senate vote. After Honorable said she is stepping off this month, the President said he plans to nominate Richard Glick, Democratic General Counsel for the Senate Energy and Natural Resources Committee, to fill the vacancy.

The Senate voted ([88-9](#)) to confirm Nuclear Regulatory Commission Chairman Kristine Svinicki to a third term, ensuring the commission has a quorum. Senate Environment and Public Works Committee votes on NRC nominees Annie Caputo and David Wright were postponed. The Senate Agriculture Committee voted (16-5) to send Commodity Futures Trading Commission Acting Chairman Christopher Giancarlo's nomination to the full Senate.

### ***Interior Department Seeks Input on Regulatory Reform Initiatives***

The Interior Department is seeking [public comment](#) on possible reforms under the President's [Enforcing the Regulatory Reform Agenda](#) executive order. This is an opportunity to identify environmental regulatory burdens for repeal, replacement or modification. The agency did not set a deadline for comments and it will review comments on an ongoing basis. NRECA will send comments on behalf of electric co-ops.

### ***Happy Fourth of July! Next Update on July 14***

The pace in Washington will slow next week for the Fourth of July holiday. Notes from NRECA will break from the weekly routine. You will get the next update on July 14<sup>th</sup>. We send our electric co-op family wishes for a happy and safe Fourth of July!