

September 15, 2017

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

Co-ops Make Great Progress in Aftermath of Hurricane Irma

The electric co-op family has once again demonstrated the incredible cooperative spirit in facing the overwhelming force of Hurricane Irma. Co-op employees in Florida, Georgia, Alabama and South Carolina have worked around the clock to restore power after the storm, and have been joined by co-op crews from more than 20 other states. They made great progress in recovery, and about 85 percent of outages were restored in the hardest hit areas of Florida and Georgia. There are many [stories](#) of co-op crews' courage, sacrifice and compassion, as well as patient determination among hundreds of thousands of co-op members waiting for the lights to go on.

Texas and Louisiana electric co-ops and their members also still face a long and hard recovery. NRECA continues to coordinate with government to ensure co-op needs and concerns are addressed.

Co-op Leader Highlights Co-ops' Story at Rural Summit

Roanoke Electric Co-op CEO and NRECA Vice President Curtis Wynn highlighted the electric co-op story at a [rural summit](#) hosted by Senate Democratic leaders. Wynn spotlighted electric co-ops' 80-year track record of partnering with government, such as the Agriculture Department and Rural Utilities Service, to provide power for small and farm communities and boost rural economic development. He stressed that as electric co-ops continue to provide affordable, reliable and safe electricity that is critical to all economic sectors and jobs, they are also working to develop improved and innovative technologies and services.

Wynn also spoke about rural Americans' need for greater access to robust telecommunications services including broadband technologies for electric grid systems and consumer broadband. More resources, including government loans and grants, are needed to bridge the digital divide. The summit, attended by NRECA CEO Jim Matheson and other organizations' leaders, included discussion on 2018 farm bill legislation. Senate Agriculture Committee Ranking Member Debbie Stabenow (D-MI) said she will consider comments heard at the summit when working on the farm bill rural development section.

Co-op Pension Bill Gaining Support, Urge House Members to Cosponsor!

Bipartisan House legislation that would help protect NRECA's Retirement Security Plan and other co-op defined-benefit pension plans has the American Retirement Association's [support](#). The Rightsizing Pension Premiums Act of 2017 ([H.R. 3596](#)) would reduce Pension Benefit Guaranty Corp. insurance premiums paid by NRECA and electric co-ops with their own defined-

benefit pension plans. We're asking all co-ops to get their employees to go to [Action.coop](#) to urge your House members to cosponsor [H.R. 3596](#). NRECA signed a [letter](#) with co-ops and charities supporting the bill led by Reps. Mike Kelly (R-PA) and Ron Kind (D-WI). The bill is similar to [legislation](#) the Senate Finance Committee unanimously passed last year.

Cyberthreat Safeguards, Grid Study Focus of Electricity Advisory Panel

Strengthening grid resiliency in the face of growing cybersecurity threats was a key topic at the Energy Department's Electricity Advisory Committee meeting hosted at NRECA's building. After hearing expert views on the increasing potential for cyberattacks, the panel discussed the utility sector's significant efforts to defend against hacking of power control systems, current industry practices and standards for quickly recovering from potential incidents, and recommendations for further research and development and assistance to industry in this area. The committee also had its first discussion on the Energy Department's [grid reliability report](#) finding that availability of natural gas at low prices is among the main reasons behind changes in the power generation portfolio.

NRECA, Co-ops to Partner in Energy Cybersecurity Projects

NRECA and electric co-ops are partners in energy cybersecurity [projects](#) that will share \$20 million in an Energy Department initiative. NRECA will work with Lawrence Berkeley, Oak Ridge and Pacific Northwest national labs on five critical infrastructure reliability and resiliency projects. Minnesota Valley Electric Co-op and South River EMC (NC) will partner on another Pacific Northwest lab project. The initiative includes research and development of cybersecurity resources and technologies, and increasing cyberthreat information sharing.

EPA Delays Parts of Power Plant Wastewater Rule Deadlines

EPA issued a [final rule](#) to delay by two years deadlines to comply with the 2015 [power plant wastewater limits](#) for scrubber wastewater and bottom ash transport water. The final rule will take effect when published in the *Federal Register*. EPA earlier announced plans to reconsider and possibly revise the limits for those two wastewater streams. EPA intends to complete a new rulemaking for those two wastewater streams in the fall of 2020, before the regulatory stay ends. The final rule will not extend the current deadlines for other wastewater streams (such as fly ash transport water) in the 2015 Effluent Limitation Guidelines rule.

EPA to Reopen Coal Ash Rule to Consider Changes

EPA will reconsider its coal ash disposal regulations to review concerns and consider changes raised by a utility sector group that includes NRECA. EPA Administrator Scott Pruitt's [letter](#) to the Utility Solid Waste Activities Group said EPA will consider possible changes to coal ash disposal and management requirements and clarify beneficial uses. EPA will also ask a federal appeals court to issue a temporary hold on legal challenges to the coal ash regulations until the agency completes its reconsideration. EPA issued [interim guidelines](#) in August for states that want to set up coal ash permit programs. We are seeking more information about the decision and how it will affect the state programs. NRECA is urging EPA to include the new authority for risk-based requirements and implementation through permits provided in the [Water Infrastructure Improvements for the Nation Act](#) (WIIN Act) passed last December.

House Passes FY18 Spending Package

The House passed (211-198) a final FY18 omnibus spending bill (H.R. 3354) that provides funding to several electric co-op priority programs while ignoring some proposals in the Administration's budget request that were opposed by co-ops. The \$1.2 trillion bill includes funding for the RUS electric loan program and rural broadband program, along with other priorities at USDA including the Rural Economic Development Loan and Grant program and other programs in the Rural Business Services division of USDA. The spending bill includes funding for the Low Income Home Energy Assistance Program supported by co-ops and funding for a U.S. Agency for International Development program that works with NRECA's International Program to bring electricity to rural areas of developing nations.

The bill did not include the proposal to sell the transmission assets of the Power Marketing Administrations that was proposed in the Administration's budget. It also lifts potential procedural hurdles to withdrawing the Waters of the U.S. rule. The bill goes to the Senate, but it remains unclear how the Senate will work to pass the bills that fund various government agencies. Congress passed a stopgap spending measure that funds the government until December 8, giving House and Senate leaders time to continue developing a detailed spending bill.

Trump Reaching Out to Democrats on Tax Reform, House Framework Expected Soon

President Trump met with several Senate and House Democrats and Republicans on potential tax reform proposals. Those sessions included dinners with Senate Minority Leader Chuck Schumer (D-NY) and House Minority Leader Nancy Pelosi (D-CA); and then Sens. Joe Donnelly (D-IN), Heidi Heitkamp (D-ND), Joe Manchin (D-WV), Orrin Hatch (R-UT), John Thune (R-SD) and Pat Toomey (R-PA). House Republican leaders plan to release a tax reform framework the week of September 25, with a goal to pass a bill in October. NRECA continues to work with lawmakers to address co-op tax priorities, including the geothermal heat pump, new nuclear generation and carbon capture utilization and storage tax credits.

Senate Committee Voices Support for Carbon Capture Tax Incentives

Carbon capture utilization and storage tax credits legislation (S. 1535) drew strong bipartisan support during a Senate Environment and Public Works Committee hearing, even as lawmakers differed on whether environmental regulations limit technology development. Committee Chairman John Barrasso (R-WY) and Ranking Member Tom Carper (D-DE) spoke favorably of the tax incentives bill for carbon capture technology. Barrasso said the technology could help reduce carbon dioxide emissions with tax incentives and less regulatory barriers, and Sens. Mike Rounds (D-SD) and Jim Inhofe (R-OK) agreed. While state and industry leaders raised concerns about regulatory barriers, Carper said limited financing is the biggest challenge to developing the technology and S. 1535 would help close the financing gap. Sen. Sheldon Whitehouse (D-RI) also highlighted the bill and suggested more Republican cosponsors are needed to move it.