

October 27, 2017

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

President Signs Second Disaster Relief Bill

The President signed a \$36.5 billion hurricane and wildfire disaster relief package (H.R. 2266). The bill, which passed the Senate on an 82-17 vote, includes \$18.8 billion for the Federal Emergency Management Agency Disaster Relief Fund, and \$4.9 billion for low-interest U.S. Treasury loans to Puerto Rico and the U.S. Virgin Islands. There is another \$16 billion in debt relief to the National Flood Insurance Program, and \$576.5 million for fighting wildfires. So far, Congress has approved more than \$52 billion in disaster assistance this year. The White House plans to send Congress a request for a third emergency aid package, but will also ask that it be offset by reducing other spending.

House Passes Budget Resolution, Tax Reform Plan Expected Next Wednesday

The House agreed ([218-212 vote](#)) on an FY18 budget the Senate already passed, setting the stage for tax reform. House Republicans agreeing to the Senate spending blueprint advances the timeline for tax reform debate by a couple of weeks. The budget will allow tax reform legislation to pass on a simple majority vote in the Senate. House Ways and Means Chairman Kevin Brady (R-TX) is expected to release tax reform legislation next Wednesday, and House and Senate committee hearings are expected to start soon after. Some House Republicans put aside concerns about the lack of spending cuts and other issues, but those concerns could resurface in the debate.

NRECA Explains Concerns on Grid Resiliency Proposal, More Time for Review

NRECA is [urging](#) the Federal Energy Regulatory Commission (FERC) to ensure that an Energy Department [proposal](#) to reform wholesale electricity markets provides regional grid operators the flexibility and reasonable deadlines to consider stakeholder input. NRECA is asking FERC to take no final action on the proposed “grid resiliency pricing” rule as proposed, but promptly start further proceedings to allow adequate time for public comment and a technical conference so that the issues are fully considered. NRECA emphasized that co-ops share Energy Secretary Rick Perry’s concerns that electricity market reforms are needed to ensure the delivery of affordable, reliable and resilient power. NRECA has raised these issues to Congress, FERC and energy sector leaders.

NRECA also sent a letter to Secretary Perry recognizing his efforts to start the conversation on power market reforms and explain electric co-op concerns. The letter also expressed NRECA’s continued commitment to working with the agency, FERC and others to enhance the markets.

FERC Proposes to Approve NERC's Security Management Controls for Grid Cyber Systems

Utilities that must comply with NERC reliability standards would be required to install new cybersecurity safeguards to protect the electric grid against malware threats from portable electronic devices, including laptop computers and flash (thumb) drives, under a Federal Energy Regulatory Commission [proposed rulemaking](#). The proposed rule is intended to improve Critical Infrastructure Protection standards to address risks from devices used at low-impact bulk electric system cyber systems. The proposal also [directed](#) NERC to update the standards to provide clear, objective criteria for electronic access controls for low-impact cyber systems. NRECA is reviewing the proposal and will work with our Cybersecurity Task Force to develop comments to submit by the December 26 deadline. For questions, contact NRECA's [Barry Lawson](#).

EPA Lists Clean Power Plan in Regulatory Reforms Report

EPA released a [report](#) listing several energy-related regulations being considered for repeal or major changes to comply with the "Energy Independence" [executive order](#) President Trump issued in March. The list includes several regulations that impact electric co-ops: Clean Power Plan, New Source Review power plant standards, Waters of the U.S., ozone standards, power plant wastewater guidelines, and coal ash disposal. EPA's plan includes [four initiatives](#): review and simplify the New Source Review application and permit process, improve and streamline ozone standards compliance, evaluate employment impacts of regulations, and relaunch the Smart Sectors Program to work with industry on regulatory issues. The EPA report is among several issued by agencies ordered to reconsider regulations that impact U.S. energy producers.

Senate Committee Sends EPA, NRC Nominations to Full Senate

The Senate Environment and Public Works Committee approved three senior EPA nominations. The committee voted along party lines (11-10) on the EPA Assistant Administrator appointments of William Wehrum (Office of Air and Radiation) and Michael Dourson (Office of Chemical Safety). The nomination of David Ross for Assistant Administrator (Office of Water) passed on a voice vote along with the reappointment Jeffery Baran to another term on the Nuclear Regulatory Commission. Senate leaders have not announced a schedule for floor votes, but some Republicans are holding up nominees for the Federal Energy Regulatory Commission in an effort to ensure the EPA nominees get a floor vote.

NRECA Urges New WOTUS Rule be Clear, Defensible and Sustainable

NRECA is urging EPA and the Corps of Engineers to ensure any new or revised Waters of the U.S. rule is clear, defensible and sustainable. In comments at a small stakeholder meeting, NRECA recommended that EPA address two primary issues in any future WOTUS proposal to replace the rule to be withdrawn under a [proposal](#) issued in June. A new rule should be defensible and sustainable, with respect for shared federal and state oversight responsibilities, and reflect all U.S. Supreme Court rulings on Clean Water Act issues. A new WOTUS rule should set clear lines on which waterways are covered under the regulation and which are exempted. NRECA said it will continue to work with both agencies on recommendations for a more workable WOTUS rule.

House Panel Raises Broadband Issues at FCC Oversight Hearing

Several lawmakers brought broadband issues to the Federal Communications Commission (FCC)

members' attention during a House oversight hearing on a wide range of issues. Energy and Commerce Communications Subcommittee members voiced interest in speeding broadband deployment in rural areas, improving broadband coverage data and addressing spectrum allocation issues, all important issues for electric co-ops. All five FCC commissioners said they recognize the need to improve broadband infrastructure and access, discussed the status of some efforts. It was the first hearing since the Senate confirmed two new members and one reappointment and all five commission seats are filled

FCC Starts Rulemaking on Access to Wireless Broadband Frequencies Used in Rural Areas

The Federal Communications Commission (FCC) voted (4-1) to start a [proposed rulemaking](#) to change priority access license rules for Citizens Broadband mid-band frequencies (3.5 GHz) that some rural wireless broadband providers use to connect unserved and underserved rural areas. The FCC [intends](#) to promote faster "5G" network deployments of fixed and mobile service by combining small and large broadband providers in the band. Potential changes include longer license terms and different sized licenses. NRECA is reviewing the proposal for rural impacts and will submit comments. A *Federal Register* notice will start a 30-day comment period.

Senate Committee Still Working for Agreement on Wildfire Management Legislation

A Senate Environment and Public Works Committee hearing on draft wildfire legislation ended with lawmakers recognizing there are problems with wildfire management policies, but no clear agreement on how to resolve those issues. The panel is still working to balance concerns of environmentalist and industry interests over how to manage forest lands to reduce fire risks. Lawmakers plan more changes to a legislative draft before it is introduced. Committee Chairman John Barrasso (R-WY) wants to pass a wildfire management bill this year.

ECBA Provides Valuable Tools for Co-op Counsel

With nearly 800 members, the Electric Cooperative Bar Association (ECBA) is committed to being [co-op attorneys' trusted resource](#) for electric co-op legal issues. An active email listserv, sample documents, free webinars, and an online library place valuable information at members' fingertips allowing them to [provide quicker, less costly, and better informed legal advice](#) to their co-op clients. Through October 31, new attorney members can take [\\$75 off dues](#). Paralegals may now join ECBA with one free year of membership (restrictions apply). Contact NRECA's [Bill Roche](#) for more information.