

June 23, 2025

The Honorable John Thune  
Majority Leader  
United States Senate  
511 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Mike Crapo  
Chairman  
U.S. Senate Committee on Finance  
239 Dirksen Senate Office Building  
Washington, DC 20510

Senate Leader Thune and Chairman Crapo:

Thank you for the opportunity to provide feedback on the Senate reconciliation proposal. As you continue to work to find agreement, please consider the unique needs of electric cooperatives. To meet rapidly growing demand for electricity, co-ops need equitable treatment for available tax incentives, whatever shape they ultimately take. And we need business certainty for the underlying credits that allow us to plan for the future.

Electric cooperatives are not-for-profit, tax-exempt electric utilities serving some of the poorest, most rural parts of the country. Since our inception in the early 20th Century, we have been guided by the mission of delivering affordable, reliable energy to those hardest-to-serve places. While co-ops aim to deliver electricity at-cost, whenever a co-op has excess revenues, they are returned directly to our member-owners.

It is essential that we maintain equal access to energy tax incentives, regardless of how they are ultimately reformulated by the final legislation. For many years, as tax-exempt utilities, co-ops could not directly access the tax incentives that were available to other electricity providers. When that changed in 2022, it unleashed a flurry of new energy projects at co-ops across the nation at a significant cost savings for local consumers. As you finalize this legislation, please preserve elective pay in its current form.

The shape of the underlying energy tax credits is also critical. As the demand for electricity skyrockets across the nation, electric co-ops are deploying new technologies and building new infrastructure to meet that challenge. To make these projects pencil out, many co-ops have counted on access to tax credits for renewables, battery storage, nuclear and more. Electric co-ops need certainty and continued access to these tax credits as they conduct long-term planning and make decisions today to ensure delivery of affordable, reliable power tomorrow.

We share your goal of building a more efficient and reliable power grid, but the Senate Finance Committee draft pivots too quickly from one set of longstanding rules and tax incentives to a radically different system. There are many co-op projects already under development that will face significant disruption due to the abrupt changes if the proposal is adopted as drafted. A longer runway is needed to reshape our plans for the future, and a few months as proposed in the current Senate draft is not nearly enough time.

I'm grateful for our productive relationship built on service to our shared constituency in rural America. We look forward to working with you to make sure your legislation addresses these two key policy items and promotes a more affordable and reliable energy future.

Sincerely,



Jim Matheson