



May 14, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy:

On behalf of America's electric cooperatives, thank you for all you are doing to respond to the needs of American families and businesses during the coronavirus pandemic. Electric cooperatives are community-owned, not-for-profit electric utilities serving 1 in 8 Americans. Because the health of electric co-ops is directly tied to the wellbeing of their local communities, we are partners in the effort to support rural America.

The fallout from the coronavirus pandemic has the potential to be catastrophic across many rural communities. As local businesses close their doors and hardworking Americans lose their jobs, new economic projections show the nation's electric cooperatives could suffer an immediate and lasting impact. We estimate the impact of lost load and unpaid bills to total \$10 billion through 2022.

As you continue with deliberations to address the ongoing health and economic crisis, please consider these proposals to give electric co-ops the flexibility and relief to meet the immediate need of their communities' and ensure the delivery of affordable, reliable electricity.

1. Take advantage of unprecedented low interest rates to reprice RUS debt without penalty. Nearly half of all electric cooperatives depend on RUS to finance their operations. Collectively, electric cooperatives hold over \$40 billion in RUS Electric Program loans. Many of these older RUS electric loans are set at significantly higher interest rates compared to the current market. However, unlike most other consumer loans, RUS debt cannot be refinanced without penalty. A prudent step toward providing electric cooperatives with near-term flexibility is to reprice RUS loans to today's low rates without requiring pre-payment penalties. This will save money for the co-op and the community in the near term and establish a stronger foundation for the future.

2. Increase the amount of lending available under the RUS Guaranteed Underwriter Program. The Guaranteed Underwriter Program provides guarantees for loans made to electric cooperatives by private cooperative banks such as the Cooperative Financing Corporation (CFC) and CoBank. These not-for-profit lenders are an essential part of the financing portfolio for our members and are agile in times like these.

3. Increase Federal Assistance for Utility Payments. NRECA estimates that co-ops will see an unpaid bill total of \$2.6 billion due to a surge in unemployment, combined with the effects of suspending disconnections. We are pleased that the HEROES Act includes utility payments as eligible expenses in both the emergency rental assistance and mortgage assistance programs. Funding to help American families pay their utility bills is also available through increased funding for the Low



Income Home Energy Assistance Program (LIHEAP). However, more funding is needed. As we move into warmer months, especially with many seniors sheltering in place, access to air conditioning will be imperative. We believe that no less than \$4.3 billion in additional LIHEAP funding is necessary to serve the growing need.

4. Ensure eligibility for 501(c)(12) businesses under the Paycheck Protection Program. Additional guidance from Treasury and the Small Business Administration or explicit inclusion of 501(c)(12) businesses in future legislation is necessary to ensure continued support for electric cooperatives that might need this assistance during this difficult time. The House-introduced HEROES Act includes a provision that would broaden PPP eligibility to all 501(c) entities. We look forward to continuing to work with you to pass this important provision into law.

5. Invest in and support high-quality broadband in Rural America. Today's rural communities lack the digital connectivity necessary to thrive in the modern economy. NRECA members want to ensure that rural families and businesses have access to robust broadband service, regardless of their zip code or which entity provides the service. That means taking meaningful steps to facilitate access for those who lack it while also ensuring consumers can continue to afford their broadband bill throughout the pandemic. The HEROES Act recognizes that investment in broadband is needed by including some immediate-term proposals. We look forward to continuing to work with you and other stakeholders on these items and other long-term solutions as this conversation moves forward and as future recovery efforts take shape.

Thank you for your consideration of these proposals. America's electric cooperatives stand at the ready to work with you to support bipartisan, emergency solutions for the communities we serve and the nation.

Sincerely,

Jim Matheson