



Legislation Details (With Text)

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Title: Draft Resolution - Approval of National Rural Utilities Cooperative Finance Corporation (CFC) - Cooperative System Integrity Fund - F Wolff & D Ballard

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Draft Resolution - Approval of National Rural Utilities Cooperative Finance Corporation (CFC) - Cooperative System Integrity Fund - F Wolff & D Ballard

Submitted By: Freddy Wolff

Department: Controller

Financial Impact and Cost/Benefit Considerations: No expenditure of Cooperative funds is expected; expenditures of staff time estimated in amount of 4 hours in addition to ordinary processing requirements. The Cooperative expects reimbursement of approximately \$105,608 in defense costs related to regulatory litigation.

On April 18, 2016, the Board of Directors approved submission of costs to the National Rural Utilities Cooperative Finance Corporation ("CFC") - Cooperative System Integrity Fund ("Fund") with respect to regulatory litigation arising from a service territory dispute with a neighboring municipally-owned electric utility. This regulatory litigation is finally resolved. The prior resolution requested \$25,000 or amounts that may otherwise be eligible from the CFC Integrity Fund.

The Fund serves as a resource to the rural electric program to support the efforts of cooperatives to resist threats to the integrity of their service territory, to protect the right of rural electric systems to provide non-electric energy services, and to assist cooperatives that are facing regulatory, judicial and legislative challenges that threaten a cooperative's existence under the cooperative business model.

Grant assistance from the Fund is open to any rural electric system whether or not a CFC member. Eligible expenses include, among others, fees and expenses for legal and special consultants. The Cooperative is a CFC member and has contributed to the Fund.

CFC has notified the Cooperative that the Integrity Fund now supports requests up to \$250,000 and may generally pay up to 50% of a cooperative's eligible expenses.

The Board may now consider submission of a request for \$105,608 (50% of its total expenses of \$211,217.00) for this regulatory litigation from the Fund.

This request supersedes any prior request of PEC.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, that the Cooperative apply to the National Rural Utilities Cooperative Finance Corporation - Cooperative System Integrity Fund for assistance in its efforts resisting an attempt by a non-rural electric cooperative system to over-build electric distribution facilities as well as serve electricity load in the Cooperative's singly-certified service area in violation of Texas state law;

BE IT FURTHER RESOLVED, that the Board seeks assistance in efforts to protect and strengthen the territorial integrity and rights of rural electric systems to provide electric energy services to consumers by seeking regulatory, judicial, or legal resolution that may serve as a state-wide precedent for other rural electric systems serving similar facilities;

BE IT FURTHER RESOLVED, that the Cooperative has expended \$211,217.00 in its regulatory litigation, and the Cooperative therefore requests assistance from the Cooperative System Integrity Fund in the amount of \$105,608 or amounts that may otherwise be eligible;

BE IT FURTHER RESOLVED, that the Board authorizes the Chief Executive Officer, or designee, to take all such actions to implement this resolution.