

Wells Rural Electric Company (WREC) appreciates the opportunity to provide input on the development of regulations for the Nevada Conservation Credit System (NCCS).

From its inception, we believe the NCCS had a three-fold mission: 1. Protect Greater Sage Grouse (GSG) habitat, 2. Avoid having the GSG listed as an endangered species, and, 3. Perpetuate multiple-use management of lands controlled by federal agencies. By protecting multiple-use management, Nevada would support existing resource-dependent industries as well as foster economic development opportunities, not the least of which is to give financial value to improvements to GSG habitat.

We commend Governor Brian Sandoval for creating the Sagebrush Ecosystem Council and applaud the accomplishments of the council members and staff. Their dedication and service is extraordinary. The research that has been compiled, the policy that has been developed and the willingness of land owners to participate holds tremendous promise for fulfilling the missions of the SEC.

In order for the work of the SEC to achieve its full potential, Memorandums Of Understanding (MOU) with the federal agencies need to be developed that incorporate the NCCS during the evaluation of permit applications. The federal agencies should consider the positive impacts of the NCCS projects during the National Environmental Policy Act (NEPA) process. Alternatively, the NCCS should be incorporated through Land Use Plan Amendments (LUPA). To date, the actions taken by the Bureau of Land Management (BLM) and the United States Fish and Wildlife Service (USFWS) seem only to clarify that neither agency has the authority to require or accept mitigation.

The United States Forest Service (USFS) has included the conservation plans developed by the State of Utah in their Draft Environmental Impact Statement. There is little evidence to suggest that more than minor adjustments will be made to land use plans adopted by the federal agencies in 2015 for Nevada. Barring inclusion of the NCCS, it is difficult to see how the USFWS can meet its mandate to provide "sufficient regulatory assurance" that the GSG does not warrant listing as an Endangered Species.

As the SEC develops regulations to implement the NCCS, please consider both the actions and inaction of the federal agencies during the recent past as well as future action which could occur.

Conservation efforts comparable to the measures accepted by the NCCS were implemented for the Bi-State Sage Grouse population. Those efforts included numerous habitat improvement projects as well as encumbering private property with conservation easements. All of these conservation efforts were ignored when a federal magistrate ruled that the Bi-State Sage Grouse population should be listed as "Threatened". Given the uncertainty that both judicial and administrative actions create, the proposed regulations should include provisions to nullify obligations incurred under the NCCS should the GSG be listed as "Threatened" or "Endangered". In addition to protecting citizens of Nevada, such a safety valve could preserve the value of conservation credits by giving potential litigants, administrators and magistrates something to lose when considering listing decisions. These provisions might also reduce the likelihood that other State agencies or officials will consent to agreements that are not aligned with the work of the SEC.

Despite acknowledging that wildfire and invasive species are the predominant threats to GSG, the federal agencies have made no meaningful changes to management practices that will reduce excessive fuel loading or direct more aggressive fire suppression efforts. As a result, over 1.2 million acres of priority GSG habitat was decimated by fire during 2018. Neither the limited rehabilitation currently

planned nor a credit system of any scale can reverse such losses. The proposed regulations should acknowledge this issue by releasing land-owners of the obligations incurred under the NCCS, at the very least temporarily, when wildfire destroys their projects. Furthermore, when the sagebrush ecosystem is destroyed by fire, it is no longer habitat and disturbances that may be offset by the NCCS become of no consequence. Purchasers of credits under NCCS should therefore also be relieved of their obligations.

Whenever conservation projects are intact, private property owners and credit purchasers should automatically receive the protections provided by the Endangered Species Act for "Conservation Agreements with Assurances".

The documentation announcing the development of the proposed regulations states that, "the regulation will improve upon efforts to avoid a sage grouse listing, which would likely have significant detrimental impacts to ranchers, ranching communities, agriculture and other industries." It has been WREC's experience that even as a non-listed species, the GSG has already incurred significant detrimental impacts. We have made significant changes to our operating procedures and construction practices. If adopted by the federal agencies, we anticipate that the NCCS will provide an alternative to some of the stipulations imposed on our right-of-way permits. We recognize that the value of the credits has to be sufficiently high to entice land owners to commit to project. However, the SEC should strive for regulations that will produce cost-effective conservation credits rather than a system that mandates the purchase of credits. Such a mandate could become as onerous as the regulations the SEC is attempting to moderate.

WREC looks forward to future opportunities to support the SEC in the development of a conservation credit system that holds great promise not only for our organization, but for the diverse membership we serve.

Respectfully submitted,

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