

By Kelsey Tamborrino | 02/12/2018 10:00 AM EDT

With help from Darius Dixon, Annie Snider and Eric Wolff

A PEEK INTO TRUMP'S BUDGET WISH LIST: The White House will lay out President Donald Trump's budget proposal for fiscal year 2019 today, proposing cuts to domestic spending in spite of the budget increases Congress just agreed to last week. While the White House will continue to urge austerity, budget director Mick Mulvaney said the administration will also release an addendum to the budget outlining its ideas for how to spend the extra \$63 billion in nondefense spending lawmakers agreed to for next year, Pro's Sarah Ferris and Jennifer Scholtes [report](#). Though the budget is unlikely to be enacted by Congress in the form presented - and the accompanying infrastructure plan faces its own steep odds - here's what ME will be watching for in today's roll-outs:

At EPA: The ax will be out again for EPA. "You still are going to see some reductions in our proposals to the EPA," budget director Mick Mulvaney told "Fox News Sunday." "There's still going to be the president's priorities as we seek to spend the money consistently with our priorities, not with the priorities that were reflected most by the Democrats in Congress." While Congress is still working out the details of an omnibus spending bill for FY18, lawmakers have so far proven unwilling to cut as deeply as Trump and Mulvaney would like. The House, for example, has supported [\\$1.9 billion more](#) than White House's requested for EPA, and the relevant Senate subcommittee is [asking for even more](#).

- **Water infrastructure is expected to be a winner** in the EPA budget, being a priority of both Trump's and EPA Administrator Scott Pruitt's. Last year the White House proposed a modest increase for the popular Clean Water and Drinking Water State Revolving Funds, which are frequently targeted for cuts in presidential budgets since Congress can be counted on to restore funding. Expect WIFIA, the new innovative financing tool, to be a winner as well.

At the Energy Department: Last year, the Trump administration called for [cutting](#) the Energy Department's budget by more than 9 percent when compared to enacted fiscal 2017 levels, a whack that would've brought the agency down to \$28 billion. The proposal disproportionately hit DOE's energy programs - cutting the fossil and renewable energy offices by more than half, for example - because the administration sought to increase spending on DOE's National Nuclear Security Administration by \$1 billion. The Washington Post [reported](#) that Trump wants to cut DOE's energy efficiency and renewable energy office by 72 percent on current levels, so don't expect a new tune this year.

At the Interior Department: Look for Interior to be called on to help advance Trump's infrastructure agenda today. Republicans have long called for the department to expedite the construction of pipelines, roads and other projects on the public lands it oversees. Interior is also a key player in Endangered Species Act reviews that industry groups complain make permitting more difficult for all sorts of projects.

- **What about environmental protections?** A senior administration official said during a briefing on Saturday that the White House has no intention of dismantling environmental protections. But it remains unclear what changes it may seek to make in existing laws that, for example, allow EPA to veto

permits issued by the Army Corps of Engineers. "We're not saying you can have a bigger impact on endangered species, or the water can be dirtier or the air can be dirtier, or anything like that," the official said. More from Pro's Brianna Gurciullo on what to expect in Trump's infrastructure plan [here](#).

Other areas: The White House is [expected to press](#) for changes to the National Environmental Policy Act in its upcoming infrastructure proposal, [as well as cut](#) the independent Chemical Safety Board [once again](#). And The New York Times [reports](#) that the budget will look to trim NASA's earth science directorate, which includes climate research.

- **Look for staff reductions:** Trump's budget also will "for the first time making public the White House's plans for trimming staff and operations across the federal government," Sarah and Jennifer report. "Those 'workforce reduction' plans - which rely on hiring freezes, buyouts and stripping protections that make it easier to fire workers - are the result of nearly a year of back-and-forth between OMB and agencies."

COMING SOON: While it won't be ready for today's festivities, federal agencies are putting the finishing touches on an agreement to work toward quicker permitting, POLITICO's Andrew Restuccia [reports](#). A draft memorandum of understanding being reviewed by 17 agencies commits "to cooperate, communicate, share information, and resolve conflicts that could prevent meeting milestones." The memo aims to implement an [executive order](#) Trump signed in August that set a goal of completing the environmental review process for major infrastructure projects within two years. The permitting timeline is expected to be one element of the infrastructure plan Trump will unveil today, though the memorandum is not expected to be finalized in time for this week's rollout.

In Congress, Democrats remain cool to setting a time limit, Pro's Anthony Adragna [reported](#) Friday.

COUNTER PROGRAMMING: A coalition of 55 House Democrats calling itself the Sustainable Energy and Environment Coalition plans to release its own set of [principles](#) today, calling for investments in things like sustainable transportation, water infrastructure and reducing carbon emissions. And the Wilderness Society on Friday released [its own look-ahead](#) for Trump's budget and infrastructure proposals, highlighting the Land and Water Conservation Fund and whether it will echo last year's suggested cuts to wildfire-fighting efforts, among other issues to watch.

HAPPY MONDAY! I'm your host Kelsey Tamborrino, and no one guessed the first congressional override of a presidential veto occurred in 1845 over a veto by lame-duck President John Tyler on an appropriations bill. For today: How many European countries begin with the letter 'S'? Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter [@kelseytam](#), [@Morning_Energy](#) and [@POLITICOPro](#).

CEQ OFFICIAL RESIGNS: Amid the continued fallout of White House staff secretary Rob Porter's resignation last week, a second official - who worked at the Council on Environmental Quality - has resigned over his own domestic abuse allegations, Andrew [reports](#). Speechwriter David Sorensen submitted his resignation after being confronted by White House officials over allegations made by his ex-wife, who said he had been physically and verbally abusive. Sorensen [released](#) a statement,

published by a Daily Caller reporter, disputing the allegations, while his ex-wife put out her own statement [here](#).

PEER QUESTIONS AUTHORITY OF 3 DOI DIRECTORS: The watchdog group Public Employees for Environmental Responsibility says three senior officials at the Interior Department are serving illegally. In a [complaint](#) being filed with Interior's inspector general's office today, PEER says the acting heads of the Fish and Wildlife Service, Bureau of Land Management and National Park Service were not appointed in accordance with the Vacancies Reform Act. The 1998 law was passed to prevent the president from circumventing Senate confirmation requirements by appointing acting heads on a long-term basis. PEER argues that FWS Acting Director Greg Sheehan, NPS Acting Director Daniel Smith and Brian Steed, BLM's deputy director for programs and policy who Interior says is "exercising authority of the director" did not serve as Interior Department staffers for 90 days during the year preceding their appointment and were not appointed by the President - violations of the law.

PEER contends that all of the actions taken by these acting officials are illegal, including a number of listing decisions under the Endangered Species Act under Sheehan's name and a move he signed off on to give states a greater role in ESA decisions. "This chronic leadership failure casts a deep, murky legal shadow across of a wide range of Interior decisions which may be legal nullities," PEER Executive Director Jeff Ruch said in a statement.

PRUITT TRAVEL TOPS \$90K: Between a recent trip to Morocco focusing on natural gas exports and a tendency to fly first-class, Pruitt's travel has often come under scrutiny. But a new report from the Post highlights at what cost the EPA chief's travel has come to the taxpayer, zeroing in at least \$90,000 for Pruitt and his aides during a June international trip, according to receipts obtained by the Environmental Integrity Project under FOIA. The costs of Pruitt's 24-hour security detail are not included because that figure has not been disclosed. The Post also adds a few new destinations to Pruitt's expected upcoming international itinerary, reporting that he has trips planned to "to Israel, Australia, Japan, Mexico and possibly Canada, according to officials familiar with his schedule." Read the details [here](#).

WATER YOUR THOUGHTS? The new chief of EPA's water office sat down with Pro's Annie Snider last week to discuss Pruitt's water priorities, the contentious Waters of the U.S. rule and nutrient pollution problems, among other topics. Here's a sampling of Annie's sit-down with David Ross:

- **On drinking water and water quality:** "Bridging both of those is infrastructure. That is key. The numbers that we see in this country on aging infrastructure from a water and wastewater standpoint are staggering. ... In infrastructure, people talk about roads and bridges, there's a huge space in infrastructure. For me, I focus in on the basic life needs: how do we have clean water for our citizens and then what do we do after we use that water."

- **On WOTUS:** "If you're talking about the litigation on the 2015 rule, there are people in this building who are working it, Department of Justice is working it, I'm not. Litigation going forward on rules that we do obviously I am not prohibited from working those because that's new regulatory action and new litigation. We have very strong ethics rules here, we're abiding by them, I knew what they were coming in and set up the walls." Read the full Q&A [here](#).

NARUC COMES TO TOWN: State regulators are swarming Washington this week for their annual winter meeting, a lineup that includes FERC commissioners, Energy Department officials and a keynote by Alaska Sen. [Lisa Murkowski](#), a regular speaker at the conference. Electric grid resilience, the "implications and complications" of last year's tax law, and the energy-water nexus are among the most prominent subjects over the next few days at the National Association of Regulatory Utility Commissioners' meeting. Natural gas and renewables each get plenty of attention too but for a group that is fairly unified on getting the federal government to collect the nuclear waste building up in their states, the meeting only touches on the subject tangentially with a panel on reactor decommissioning. The ongoing court battles around nuclear-friendly state policies also seem noticeably absent from the agenda. Today's [program](#) kicks off at 9 a.m. at the Renaissance Washington Hotel.

COAL FINANCING TEST CASE PULLED: PetroVietnam has withdrawn [an application](#) for U.S. financial support for a coal-fired power plant in the country, the Export-Import Bank said on Thursday. The move, The New York Times [reports](#), brings "to an abrupt end a closely watched test of whether Washington would back international projects that could potentially contribute to climate change." It wasn't immediately clear why the company withdrew its request for the plant, Long Phu 1. But the project - already under construction - faced criticism inside and outside the United States, the Times reports.

PERSONAL FINANCE: Former Massey Energy CEO Don Blankenship has not raised a single cent for his Senate campaign in West Virginia, the Charleston Gazette-Mail reports via Blankenship's recent [FEC filing](#). Instead, the former coal boss loaned himself \$400,000 in November and his campaign since then has spent more than \$250,000, mostly on TV advertising. Patrick Morrissey also poured personal loans into his campaign for the Republican nomination for Sen. [Joe Manchin](#)'s seat, the Charleston Gazette-Mail [reports](#).

THE GAS TAX IMPACT: Energy Innovation is out with a new research note today, focusing on the effects of the U.S. Chamber of Commerce's proposed gas tax increase. The research found by 2050, a \$0.25 gas tax increase would generate \$840 billion in revenue and would cost U.S. drivers \$30 billion per year by 2022, with yearly costs decreasing over time. The tax increase would also reduce annual fuel consumption by 40-45 million barrels, according to the research, and cut total fuel use by more than 1.3 billion barrels. Read the document [here](#).

MAIL CALL: National Rural Electric Cooperative Association CEO Jim Matheson sent letters to congressional appropriators asking them "to dedicate significant funding to rural infrastructure, particularly rural broadband, from the \$10 billion dedicated to infrastructure development." Read the letters [here](#) and [here](#).

- Sens. [Bill Cassidy](#), [Manchin](#), [Chris Coons](#) and [Shelley Moore Capito](#) [are urging](#) appropriators to ensure full funding for DOE's Title XVII Innovative Technology Loan Guarantee Program.

QUICK HITS

- Blackout hits northern Puerto Rico following fire, explosion, [Associated Press](#).

- Zinke moves to expand big-game hunting on federal land, [Washington Examiner](#).
- Trump's infrastructure plan may ignore climate change. It could be costly, [The New York Times](#).
- Pipeline ruling on hold as judge weighs arguments; decision expected next week, [The Advocate](#).
- There's a global race to control batteries - and China is winning, [The Wall Street Journal](#).
- De Niro takes aim at Trump's climate change policy, [Associated Press](#).

THAT'S ALL FOR ME!