




**National Rural Electric
Cooperative Association**

A Touchstone Energy® Cooperative 

Jo Ann Emerson
Chief Executive Officer

April 8, 2014

The Honorable Frank Lucas
Chairman
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Collin Peterson
Ranking Member
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

 
Dear Chairman Lucas and Ranking Member Peterson:

The National Rural Electric Cooperative Association (NRECA) supports H.R. 4413, the Customer Protection and End-User Relief Act, legislation to reauthorize the Commodity Futures Trading Commission (CFTC) to be considered by the House Committee on Agriculture on April 9, 2014.

NRECA is the national service organization for more than nine hundred rural electric utilities and public power districts that provide electric energy to approximately forty-two million consumers in forty-seven states or twelve percent of the nation's population. Kilowatt-hour sales by rural electric cooperatives account for approximately eleven percent of all electric energy sold in the United States. Cooperatives operate on a not-for-profit basis and all the costs of the cooperative are directly borne by their consumer-members.

Importantly, H.R. 4413 includes language that protects the National Rural Utilities Cooperative Finance Corporation (CFC), a non-profit cooperative lender owned by the rural electric cooperatives, from the potentially significant costs of margin requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

The CFTC reauthorization legislation also amends the Commodity Exchange Act (CEA) in a very narrow but important way: to clarify Congressional intent that CFTC shall not regulate as "swaps," contracts relating to nonfinancial commodities, where the parties intend physical settlement of their contract obligations. These nonfinancial, physical commodity contracts with optionality are necessary for electric cooperatives to secure adequate power supplies and hedge their fuel risks.

On behalf of rural electric cooperatives across the country, NRECA would like to thank the leaders of the House Agriculture Committee for seeking to clarify in statute that not-for-profit cooperatives do not pose risk to our financial system, and need not be regulated in the same way as a Wall Street bank.

We would like to urge all members of the House Committee on Agriculture to vote in support of H.R. 4413.

Sincerely,



Jo Ann Emerson
CEO, NRECA