The Honorable Jack Kingston

Chairman

Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies 2362-A Rayburn House Office Building Washington, DC 20515-6016

The Honorable Sam Farr

Ranking Member

Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies

1016 Longworth House Office Building

Washington, DC 20515-6016

Dear Chairman Kingston and Ranking Member Farr:

As you consider the fiscal year 2013 Agriculture Appropriations bill, we write to express our strong support for funding Rural Utility Service (RUS) Electric Loans at the level requested by the President, a level lower than last year’s enacted level which has been in place since Fiscal Year 2008.

Consumer-owned, not-for-profit electric cooperatives generate less than five percent of the nation’s electric power but maintain nearly half the nation’s electric distribution lines.  Electric cooperatives’ distribution systems cover 75 percent of this country’s land mass while serving 12 percent of American electric consumers. Electric cooperatives use RUS Electric Loans to finance electricity generation and distribution and provide affordable, reliable electric service to approximately 42 million people every day.

As you know, these loans are repaid with interest and have an extraordinary track record of repayment.  RUS Electric Loans also contribute to deficit reduction.  In fiscal year 2013 alone, electric loan repayments will net more than $300 million to the U.S. Treasury.

The President’s Budget recommends that portions of the total loan amount be directed toward specific purposes.  Instead, we suggest RUS lending continue to be driven by the needs of the borrower, rather than limited by the type of project proposed.  This flexibility will help meet the diverse challenges of RUS electric borrowers and ensure loans are available whether the project is for environmental upgrades to current generation, the construction of renewable or natural gas generation, or the development of new baseload generation.

Lowering the U.S. deficit and keeping consumer co-op electric bills affordable are mutually beneficial goals we can all support.  Thank you for your consideration of our request.