



**National Rural Electric
Cooperative Association**

A Touchstone Energy® Cooperative

Glenn English
Chief Executive Officer

June 28, 2012

Dear Member of Congress:

On behalf of the National Rural Electric Cooperative Association (NRECA), I write to urge you to immediately pass H.R. 4348, the Surface Transportation Extension Act of 2012, which includes bipartisan pension stabilization provisions already passed by the Senate with 74 votes.

NRECA is the national service organization representing over 900 not-for-profit, member-owned, rural electric cooperative systems, which serve 42 million customers in 47 states. NRECA estimates that cooperatives own and maintain 2.5 million miles or 42 percent of the nation's electric distribution lines covering three-quarters of the nation's landmass. Cooperatives serve approximately 18 million businesses, homes, farms, schools and other establishments in 2,500 of the nation's 3,141 counties.

Over 880 rural electric cooperatives provide more than 58,000 hardworking employees with the means to assure financial security during our retirement years by being a part of the NRECA's "multiple-employer" defined-benefit pension plan. But, today's pension funding rules jeopardize our members' ability to afford these plans going forward.

Over the past several years, the government has made a concerted effort to keep interest rates artificially low to stimulate the economy. Unintentionally, this effort is having an extremely adverse effect on pension plan sponsors like electric co-ops by massively inflating liabilities and funding obligations, even though plan benefits have not changed. In 2013, under current law, co-op contributions to our Plan would increase significantly just to meet the Federal minimum funding requirements.

These substantial increases will force our co-ops to either (1) increase electricity rates on our consumer-owners or much more likely (2) cut jobs and benefits to pay for massively inflated short-term liabilities. We are "at cost" businesses that cannot simply absorb increased operating costs. This is a no-win situation for us.

The bipartisan, pension stabilization provision included in H.R. 4348 completely prevents this massive back-door electricity tax hike by addressing the funding crisis effectively in the short-term, basing plan interest rates on historical averages. Most importantly, it enables our Plans to remain affordable for co-ops, and available to employees.

NRECA urges the House and Senate to pass the Surface Transportation Extension Act of 2012.

Sincerely,

A handwritten signature in black ink, which appears to read "Glenn English", is placed over a white rectangular background.

Glenn English