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The Honorable Bill Nelson
United States Senate
716 Hart Senate Office Building
Washington, DC 20510

Dear Senator Nelson,

The Senate Agriculture Committee is working to draft a new Farm Bill that they hope to consider, in Committee and on the Senate floor, in the coming weeks. We have been notified that the Committee is likely to include harmful changes to the Rural Utility Service (RUS) Cushion of Credit program. Several of Florida's electric cooperatives currently have over ***$300 million*** invested in this program, which ***can only be used to pay RUS debt***. The proposed changes would have a decidedly negative impact on Florida's electric cooperatives who made investments relying on the current terms of the Cushion of Credit program.

On behalf of Florida's electric cooperatives, we respectfully request that you reach out to your colleagues on the Senate Agriculture Committee and ask that this troublesome language be removed from the bill.

These are the details that have been proposed:

- Interest on ***current*** cushion of credit deposits would be ***reduced*** from 5% to the interest rate paid on 5-year Treasury notes (2.81% as of today).
- The proposal retains the current law requirement that cushion of credit deposits may only be used to repay RUS loans or guarantees and ***may not be withdrawn from the account***, despite the drastic changes to the program.
- ***No future deposits*** would be allowed after October 1, 2018 (the beginning of FY2019).
- The Committee estimates that this could generate $2B in savings for the federal government that they could use ***to pay for other provisions*** in the Farm Bill.

The Cushion of Credit program is a valuable tool available to RUS borrowers. These escrow-like accounts earn 5% interest on deposits and can only be used to pay RUS debt. Therefore, the program provides greater certainty to the federal government that loans will be repaid, particularly in the event of disasters or other unforeseen disruptions that can negatively impact a co-op's cash flow. The result is a healthy RUS program that keeps electricity affordable for our consumer-members while remaining financially sustainable for the federal government.

Thank you for your time and consideration. Please let me know if you would like to discuss this issue in more detail.

Respectfully,

Mike Bjorklund

Mike Bjorklund
Exec. V.P. & General Manager
Florida Electric Cooperatives Association