



May 13, 2015

The Honorable K. Michael Conaway
The Honorable Collin C. Peterson
Committee on Agriculture
U.S. House of Representatives
1301 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Conaway and Ranking Member Peterson:

On behalf of the American Public Power Association (APPA), I am writing in support of the Commodity End-User Relief Act (CERA). The legislation includes important relief for public power utilities and other end-users seeking to use swaps to hedge commercial-operations risks. APPA is the national service organization representing the interests of more than 2,000 not-for-profit, locally-owned electric utilities in the United States. These public power utilities are in every state in the nation, except Hawaii, and provide electricity to more than 48 million Americans.

Public power utilities use swaps, options, forward contracts and other tools to manage commercial operations risks. As not-for-profit entities, the goal is to provide affordable and reliable power to customers. APPA supports the market clarity and oversight provided by the Commodity Exchange Act (CEA), and supports appropriately funding the Commodity Futures Trading Commission (CFTC). However, implementation of the Dodd-Frank Act amendments to the CEA shows clear short-comings.

CERA would address these concerns, for example, by incorporating the provisions of H.R. 2041, the Public Power Risk Management Act (PPRMA). PPRMA would codify recent changes to CFTC rules that previously had resulted in public power utilities losing—on average—half the available counterparties to swaps needed to hedge their commercial operations risks. CERA would also address issues related to the definition of “*bona fide* hedging,” swap reporting in illiquid markets, and forward contracts with volumetric optionality. All would help public power utilities and other commercial end users.

Some argue that the recent shift in CFTC policy to be more sympathetic to end user concerns argues against the need for legislation. However, it is precisely because such a substantial shift could occur without congressional action that Congress should codify these changes—ensuring they remain intact until Congress decides otherwise.

Thank for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads 'Susan N Kelly'.

Susan N. Kelly
President & CEO