



June 7, 2018

Jim Matheson
Chief Executive Officer

The Honorable Pat Roberts
Chairman
Senate Committee on Agriculture
RM 109 Hart Senate Office Building
Washington, DC 20510

The Honorable Debbie Stabenow
Ranking Member
Senate Committee on Agriculture
Room 731 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Roberts and Ranking Member Stabenow,

America's Electric Cooperatives appreciate your efforts to pass a bipartisan Farm Bill. Unfortunately, the Senate bill contains a provision that will have a significant negative impact on our members and is strongly opposed by NRECA and our members.

Electric cooperatives serve the poorest, most rural parts of the country. To help keep electric rates affordable in these high-cost areas, co-ops have access to low-cost financing through the Rural Utilities Service Electric Loan program. As you well know, the RUS electric loan program is among the most successful infrastructure development programs across the federal government, and annually generates a positive revenue stream of several hundred million dollars. One of the tools available to RUS borrowers is a "cushion of credit" account. 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 end result is a healthy RUS program that keeps electricity affordable for rural communities while remaining financially sustainable for the federal government.

Our understanding is that the Farm Bill proposes to reduce interest on previous deposits into the cushion of credit, retroactively changing the rules on our members, while also eliminating the option of deposits into the cushion of credit in the future. This change, designed to raise revenue to fund other Farm Bill priorities, would break the government's commitment to RUS borrowers. For not-for-profit utilities like us, these changes will very likely result in increased costs for our consumers and undermine, rather than enhance, the RUS electric loan program.

We share your commitment to rural America. I hope we can continue to work together to craft a Farm Bill that America's Electric Cooperatives can support.

Sincerely,

Jim Matheson