



News Release

For Immediate Release

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APPA APPLAUDS INTRODUCTION OF SENATE COMPANION TO PUBLIC POWER RISK MANAGEMENT ACT

Washington, D.C., December 11, 2013 – The American Public Power Association applauds the introduction today of S. 1802 – the Senate companion to H.R. 1038, the Public Power Risk Management Act of 2013 – by Senators Joe Donnelly (D-IN) and James Inhofe (R-OK). Joining Senators Donnelly and Inhofe in sponsoring the bill are Senators Sheldon Whitehouse (D-RI), Patrick Leahy (D-VT), Heidi Heitkamp (D-ND), Dan Coats (R-IN), Susan Collins (R-MN), and Roy Blunt (R-MO).

“This bill provides much-needed relief to public power utilities. It allows them to hedge commercial operations risks - not with just the biggest banks and swap dealers, but with regional utilities, natural gas distributors, and independent power generators who have served as swap counterparties in the past,” said APPA President and CEO Mark Crisson. “Public power just wants to be treated like the rest of the electric utility industry. This bill does that by leveling the playing field between public power utilities, investor-owned utilities, and rural electric cooperatives.”

The House passed H.R. 1038 on June 12, 2013, with a 423 to 0 vote, after the House Agriculture Committee approved the bill unanimously. Among the stakeholders supporting the legislation are the U.S. Chamber of Commerce, Public Citizen, the Consumer Federation of America, the Edison Electric Institute, and the Commodities Markets Oversight Coalition. Introduction of a companion bill in the Senate sends a clear signal that Congress intends to fix this error. APPA appreciates the efforts of Senators Donnelly, Inhofe and others to advance this important bill.

The legislation addresses CFTC regulations intended to ‘protect’ public power utilities from abuses by large banks and swap dealers. These regulations have instead left public power utilities limited to engaging with large banks and swap dealers as their only potential counterparties to swaps. This increases the cost of swaps. It also limits the ability of public power utilities to find the customized swaps necessary to meet diverse needs driven by wide regional variations in customer base, weather, climate, power availability, fuel sources and reliance on renewable – and highly variable – power. These regulations violate Congress’s goal of increasing transparency in swap markets and creating increased conduct standards for banks and large swap dealers, while holding end-users, including public power utilities, harmless to needlessly onerous additional burdens.

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“The Public Power Risk Management Act returns the Dodd-Frank Act to its original intent and will re-establish a level playing field for public power organizations,” said Indiana Municipal Power Agency President and CEO Raj Rao. “Senator Donnelly’s bill will continue to provide for market transparency, while allowing public power entities like the Indiana Municipal Power Agency to better manage their commercial risks, thus protecting Hoosier ratepayers. We thank Senator Donnelly for taking an interest in this issue and being a champion for public power not only in Indiana, but throughout the country.”

“Our ability to hedge against power and fuel price fluctuations will be critical to controlling future costs for our customers, which is something public power takes very seriously,” said Dan Sullivan, CEO and Director of Investments for the Grand River Dam Authority. “Unfortunately, CFTC rules implementing Dodd-Frank have left us and our public power counterparts at a competitive disadvantage. We are grateful that Congress is stepping in to rectify this situation.”

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Based in Washington, D.C., APPA is the national service organization for the nation's more than 2,000 community- and state-owned not-for-profit electric utilities serving 46 million customers.

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