



News Release

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APPA CALLS FOR EXPANDED SUPPORT FOR MUNICIPAL BONDS; SEEKS EXEMPTION FROM SWAP DEALER THRESHOLD

WASHINGTON, D.C., March 12, 2013 - Members of the American Public Power Association's (APPA) Legislative & Resolutions Committee today approved seven resolutions at its annual Legislative Rally, including resolutions opposing efforts to tax municipal bonds and urging the Commodity Futures Trading Commission (CFTC) to exempt government utilities from the swap dealer \$25 million special entity *de minimus* threshold.

With regard to tax-exempt financing, APPA continues to oppose any efforts to interfere in state and local governing decisions by taxing, wholly or in part, the interest on municipal bonds. Further, APPA opposes attempts to cap the tax value of municipal bonds, a "flat dollar cap," and the replacement of municipal bonds with "direct payment" or "tax credit" bonds.

APPA is also concerned about not-for-profit utilities' ability enter into transaction with both swap dealers and non-financial entities to hedge commercial operations risks. Non-financial entities provide needed market competition and highly customized products that "Wall Street" firms are unable or unwilling to provide. Many of these non-financial entities, however, have said they will not transact with government-owned utilities, if doing so will force them to register as swap dealers under the \$25 million "sub threshold." Losing these swap counterparties will expose government-owned utilities to greater risks and/or increased prices—costs that will be passed onto their ratepayers. APPA and other government-owned utility stakeholders have petitioned the CFTC to provide a narrow exemption from the special entity *de minimis* threshold for transactions hedging government-owned utilities' commercial operations risks.

Other resolutions include support for better coordination between the electric and natural gas industries as well as support for maintaining self-supply in capacity markets.

More than 600 locally elected and appointed officials, legislative experts, and APPA members are attending the rally March 11-13.

The approved resolutions (available at www.PublicPower.org) are as follows:

Resolution 13-01: In Support of Municipal Bonds

Resolution 13-02: In Support of Equitable Treatment of Utilities Seeking to Hedge Operations-Related Risk

Resolution 13-03: Calling for Rate Refund Parity Between The Federal Power Act and The Natural Gas Act

Resolution 13-04: In Support of Maintaining Self Supply in The Capacity Markets

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Resolution 13-05: An Effective Mutual Aid Network Is Critical to Recovery Efforts after Major Storms/Events

Resolution 13-06: In Support of Protecting Existing Hydropower and Improving the Mandatory Conditioning Authority Process

Resolution 13-07: Adoption of Equitable and Supported Cost Allocation Measures

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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 47 million customers.