



A Touchstone Energy® Cooperative



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August 16, 2012

Commodity Futures Trading Commission
David A. Stawick, Secretary of the Commission
1155 21st Street NW
Washington, D.C. 20581

Dear Commissioners:

On behalf of Allegheny Electric Cooperative, Inc. (Allegheny), I am writing to support the Cooperative Exemption that would allow certain financial cooperatives to qualify for exclusion from the potentially costly clearing and margin requirements of the Dodd-Frank Act.

The proposed Cooperative Exemption would effectively pass through the end-user exception available to co-ops like Allegheny to financial cooperatives that serve the electric cooperative network, such as the nonprofit National Rural Utilities Cooperative Finance Corporation (CFC) of which Allegheny is a member-owner. We believe that this “pass-through” is appropriate due to the unique member-owner structure of cooperatives.

Allegheny provides the power requirements for the 14 rural electric distribution cooperatives in Pennsylvania and New Jersey that collectively serve more than 230,000 rural households, businesses and industries, representing more than 600,000 consumers. As a member-owner of CFC, Allegheny relies on CFC to provide essential financial products that are critical to meeting the needs of electric cooperative consumers in Pennsylvania and New Jersey. Allegheny has used CFC funds since 1980 to meet a variety of its long-term financing needs.

In connection with making loans to Allegheny, CFC may use over-the-counter interest rate swaps to mitigate its business risks. This use of such financial tools by CFC—which are intended solely to hedge commercial risks that arise from its own business activities and are not utilized for speculative purposes—is instrumental in helping CFC make loans to rural electric cooperatives at the lowest possible cost of funds. If new requirements are imposed on CFC, the increased costs will undoubtedly be borne by our consumers in the form of higher rates.

We believe it is appropriate for CFC, as a cooperative financial entity owned by electric cooperatives, to be exempt from clearing and margin requirements, just as individual co-ops like Allegheny would be exempt if they executed these transactions on their own.

I appreciate your consideration of my views.

A handwritten signature in blue ink, appearing to read "Craig A. Colantoni". The signature is fluid and cursive, with the first name "Craig" being more legible than the last name "Colantoni".

Craig A. Colantoni
Vice President-Finance & Accounting
Allegheny Electric Cooperative, Inc.