



OWNED BY THOSE WE SERVE

August 8, 2012

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

Re: Exempt Cooperatives

Dear Secretary Stawick and Commissioners:

On behalf of Choptank Electric Cooperative, Inc., 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 Choptank to financial cooperatives that serve the electric cooperative network, such as the nonprofit National Rural Utilities Cooperative Finance Corporation (CFC) of which we are a member-owner. We believe that this "pass-through" is appropriate due to the unique member-owner structure of cooperatives.

Choptank serves 52,000 members located in all 9 counties of Maryland's Eastern Shore on the Delmarva Peninsula. As a member-owner of CFC, Choptank relies on CFC to provide us with essential financial products that are critical to meeting the needs of our electric consumers. Our cooperative has used CFC funds for about 30 years and uses CFC as the sole lender for long term capital spending needs.

In connection with making loans to us, CFC uses over-the-counter interest rate swaps to mitigate its business risks. This use of such financial tools 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 Choptank's member-owners in the form of higher rates. Cooperatives like ours maintain high reliability by investing in infrastructure financed by long term funding and given the economic times, our membership is sensitive to rate increases.

I 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 Choptank would be exempt if they executed these transactions on their own.

Thank you very much for allowing me the opportunity to express my views on this issue.

Sincerely,

A handwritten signature in blue ink that reads "Michael I. Wheatley". The signature is written in a cursive style with a large, sweeping "M" and "W".

Michael I. Wheatley
President and CEO

Choptank Electric Cooperative Board of Directors

