



February 6, 2019

Submitted via e-mail to: comments@FDIC.gov

Robert E. Feldman, Executive Secretary
Attention: Comments/RIN 3064-AE80
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429.

Re: Docket No.: RIN 3064-AE80
Request for an Extension of the Public Comment Period on the
FDIC's Proposed Rulemaking, "Capital Adequacy: Standardized Approach for
Calculating the Exposure Amount of Derivative Contracts"

Dear Mr. Feldman:

On December 17, 2018, The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (together, the agencies) invited public comment on a proposal that would implement a new approach for calculating the exposure amount of derivative contracts under the agencies' regulatory capital rule. The proposed approach, called the standardized approach for counterparty credit risk (SA-CCR), would replace the current exposure methodology (CEM) as an additional methodology for calculating advanced approaches total risk-weighted assets under the capital rule.

The proposal would also modify other aspects of the capital rule to account for the proposed implementation of SA-CCR. Specifically, the proposal would require an advanced approaches banking organization to use SA-CCR with some adjustments to determine the exposure amount of derivative contracts for calculating total leverage exposure (the denominator of the supplementary leverage ratio). The proposal also would incorporate SA-CCR into the cleared transactions framework and would make other amendments, generally with respect to cleared transactions.

My firm represents purchasers of commodities (natural gas) that finance long term purchases, in part, with the assistance of derivative contracts. Clients include municipally owned gas companies that also acquire, sell, finance, and manage supplies of natural gas for other municipally owned gas districts and other municipalities. Many of the approximately 900 public gas districts in the United States are relatively small and primarily rural; their customers are both residential and industrial.

Mr. Robert E. Feldman
Executive Secretary, Federal Deposit Insurance Corporation
"Capital Adequacy: Standardized Approach for Calculating the Exposure Amount of
Derivative Contracts"
Docket No. RIN 3064-AE80
February 6, 2019

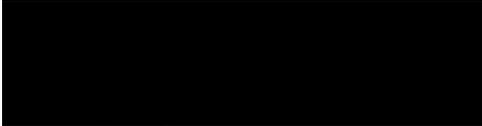
The FDIC's proposed rule appears to increase the transactional costs for commodity trading activities conducted by financial holding companies and amend risk-based capital requirements, among other actions. Such changes impact not only financial holding companies, which play a significant role in physical commodities markets, but also other participants in those markets, including municipally owned natural gas districts that finance the purchase of natural gas via long term pre-paid purchase transactions. These transactions utilize the services and assistance of financial holding companies, and the nature of our business and the manner in which these transactions are structured necessitate the involvement of financial holding companies. The result in prior such transactions has been to secure the long term, stable availability of natural gas for discounted prices which benefits our customers.

Considering the potential implications of the proposed rule on the public natural gas industry, additional time is needed for stakeholders to develop substantive comments that will provide meaningful, constructive information to the agencies. The current comment period is insufficient to allow the industry, and particularly end user counterparties, to analyze fully the potential implications of the agencies' proposals.

I respectfully request additional time for review of the proposed rule so that interested parties may have sufficient time to provide meaningful substantive comments to the agencies. Please accept this request that the public comment period for the agencies' proposal, "Capital Adequacy: Standardized Approach for Calculating the Exposure Amount of Derivative Contracts" be extended through **April 30, 2019**. Moreover, as the 116th Congress has only recently convened in January 2019, sufficient time for members' input on the proposed rule would seem appropriate.

While I believe the requested modest extension of time is appropriate, I would like to reserve the right to submit substantive comments prior to the current deadline.

Thank you for your consideration.



George B. Harris

cc: Mr. Charles Yi, General Counsel