

Chelan Public Utility District • 327 N Wenatchee Ave • Wenatchee, WA 98801

Board of Governors of the Federal Reserve System

Ann E. Misback, Secretary

20th Street and Constitution Ave. NW

Washington, DC 20551 Office of the

Comptroller of the Currency

Legislative and Regulatory Activities

Division

400 7th Street SW, Suite 3E-218

Washington, D.C. 20219

Federal Deposit Insurance Corporation

Robert E. Feldman, Executive Secretary

550 17th Street NW

Washington, D.C. 20429

March 18, 2019

Re: Comment to Notice of Proposed Rulemaking – Standardized Approach for Calculating the Exposure Amount of Derivative Contracts [Docket ID OCC-2018-0030; Docket No. R-1629 and RIN 7100-AF22; RIN 3064-AE80]

Chelan Public Utility District (Chelan) is a consumer-owned utility in Washington providing retail electric service to approximately 50,000 customers. Chelan is a NERC-registered balancing authority and operates three FERC-licensed hydropower projects generating approximately 10 million megawatt hours of clean, renewable, low-cost electricity annually. Chelan respectfully submits these comments in response to the Notice of Proposed Rulemaking regarding proposed revisions to the standardized approach for calculating the exposure amount (“SA-CCR”) of derivatives contracts of financial holding companies (the “Proposed Rule”).

Chelan is an active market participant in the Northwest physical electricity trading market. While we do not trade financial instruments at this time, we are proponents of liquid financial and physical trading. While we understand the need for prudent regulation, we are concerned that the Proposed Rule will unduly increase capital requirements of bank counterparties. The liquidity that banks add to the power market allows lower transaction costs for hedging in the market and ultimately results in lower costs to end users.

We would like to thank you for considering our comments regarding the Proposed Rule and respectfully ask that you reconsider the proposed metrics under SA-CCR for calculating counterparty credit risk. Please feel free to contact me at 406-221-7006 or at bryan.bradshaw@chelanpud.org if you have any questions regarding our comments.

Respectfully,

Bryan Bradshaw

Manager, Chelan Public Utility District