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Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, DC 20219
Email: regs.comments@occ.treas.gov

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Email to: regs.comments@federalreserve.gov
Electronically to: <http://www.federalreserve.gov>

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

Re: Comments on **Standardized Approach for Calculating the Exposure Amount of Derivative Contracts**, as proposed by:

Department of Treasury, Office of the Comptroller of the Currency, 12 CFR Parts 3 and 32, Docket ID OCC-2018-0030, RIN 1557-AE44;
Federal Reserve System, 12 CFR Part 217, Docket R-1629, RIN 7100-AF22; and
Federal Deposit Insurance Corporation, 12 CFR Part 324, RIN 3064-AE80

Dear Ms. Misback, Mr. Feldman and the Comptroller of the Currency:

The Patriots Energy Group Financing Agency respectfully submits these comments to the Board of Governors of the Federal Reserve System the Federal Deposit Insurance Corporation; and the Office of the Comptroller of the Currency, Treasury regarding the above-captioned notice of proposed rulemaking (hereinafter, "NOPR"), published at 83 Fed. Reg. 64,660 (December 17, 2018).

PEGFA appreciates the efforts of the banking regulators, through the NOPR, to update their respective derivatives-related capital requirements for advanced approaches banking institutions to be more risk sensitive and to better account for common risk-reducing practices like netting and the posting of variation and initial margin. However, PEGFA is very concerned that the rule would undermine the end-user

exception to the clearing requirement for swaps the margin requirements established by the Commodities Futures Trading Commission. Accordingly, it submits these brief comments.

PEGFA is a joint action agency under South Carolina law, organized as a public body and body corporate and politic in 2018 pursuant to the state's Joint Agency Act (the "Act"). Its members are Chester County Natural Gas Authority, Lancaster County Natural Gas Authority, and York County Natural Gas Authority, each of which is a special purpose district to provide retail natural gas in its service area located in the north central region of South Carolina. In 2018, PEGFA completed a prepayment transaction for the supply of long-term natural gas ("Municipal Prepayment Transaction") that has provide tremendous value to PEGFA's communities. In addition, the members of PEGFA routinely engage in commodity forward contracts for physical sales of natural gas as a method to control price risk ultimately born by their consumers.

For the reasons explained in detail in the comments of the American Public Gas Association filed on February 15, 2019, PEGFA is very concerned that the NOPR if implemented would disrupt these vital natural gas transactions on which PEGFA and its members have relied. PEGFA endorses the comments of APGA and its request that the NOPR be altered accordingly.

Sincerely yours,

A solid black rectangular box used to redact the signature of Jeffrey L. Deason.

Jeffrey L. Deason, CPA, CFE, CGMA
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