



Press Advisory
For Immediate Release

October 30, 2008

**LPPC Urges Bernanke and Paulson to Assist Municipal Power
Providers**

The Large Public Power Council (LPPC) has urged Federal Reserve Board Chairman, Ben Bernanke and Treasury Secretary, Henry Paulson to include tax exempt and other debt of municipal issuers in the newly created Commercial Paper Funding Facility (CPFF) and in other programs to stabilize financial markets.

In letters sent to Chairman Bernanke and Secretary Paulson, the LPPC asserted that the municipal power sector has been “hard hit” by the ongoing disruption of the short term financial markets.

“Our members have experienced skyrocketing interest rates on commercial paper notes and other forms of short term variable rate tax exempt debt,” the LPPC told Bernanke and Paulson. “In addition to driving interest rates significantly higher,” the LPPC stated, “a continued credit crisis will force our members to delay billions of dollars of capital investments in generation, transmission and distribution systems.”

Attached is a copy of the letter sent to Chairman Bernanke. An identical letter was sent to Secretary Paulson. Noreen-Roche Carter, Chair of the LPPC Tax & Finance Committee **is available for questions and comments** at: 916 732 6509.

The LPPC’s membership includes 23 of the nation’s largest publicly owned, not-for-profit energy systems. Members are located in 10 states and provide power to some of the largest cities in the country including Los Angeles, Seattle, Omaha, Phoenix, San Antonio, Orlando and Austin.

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The Large Public Power Council

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October 29, 2008

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Dear Chairman Bernanke,

I am writing to express the significant concern of the Large Public Power Council (LPPC) about the current state of the financial markets, their impact on our members, and the need for the Department of the Treasury and Federal Reserve to include the obligations of State and local governments in any programs designed to provide assistance to corporate and other issuers of debt.

LPPC is an organization comprised of 23 of the nation's largest locally owned and controlled power systems. From New York to California and from Washington State to Florida, LPPC members provide reliable, low-cost electric service to most of the more than 45 million people served by public power. This includes tens of thousands of large and small businesses in some of the fastest-growing urban and rural residential and commercial markets in America.

Along with many other state and local government entities, the municipal power sector has been hard hit by the ongoing disruption of the short term financial markets. In particular our members have experienced skyrocketing interest rates on commercial paper notes and other forms of short term variable rate tax exempt debt and in some cases have been unable to market (or remarket) the notes at all. Our members rely heavily on these instruments to manage cash flow as well as for capital programs, whether issued in anticipation of long term bond issuances or, in the case of variable rate demand notes, as long term financing.

The needs of our members and many other State and local governments are very similar to corporations, who are to be the beneficiaries of the newly created Commercial Paper Funding Facility (CPFF). We strongly encourage you to include the tax exempt debt of municipal issuers in that program and in any other program created to assist corporate borrowers.

It is important to note that the problems faced by LPPC utilities and other municipal issuers in placing short term debt and variable rate demand notes have nothing to do with the creditworthiness of the entities themselves. That creditworthiness remains very strong.

Rather, it is being caused by credit problems with the banks that traditionally provide liquidity facilities to municipal issuers, and by the general lack of confidence at present in the market overall. None the less, it is our customers who will ultimately bear the cost of these increased rates -- customers that include millions of consumers and small businesses already keenly feeling the impacts of the financial crisis.

In addition to driving interest rates significantly higher, a continued credit crisis will force our members to delay billions of dollars of capital investments in generation, transmission and distribution systems. Electricity plays a critical function in our local and national economy. Access to the credit markets is essential to LPPC members to insure continued maintenance, improvement and expansion of the infrastructure that produces and delivers that electricity. A properly functioning municipal bond market is critical to our members and to other State and local governments.

The Federal Reserve and the Treasury Department have recently created several programs like the CPFF and the Troubles Assets Relief Program, designed to stabilize the financial markets and provide much needed access to credit. The LPPC urges you to expand the reach of these programs to include municipal issuers.

Sincerely,

A handwritten signature in black ink, appearing to read "RP Johnston", with a stylized flourish at the end.

Robert P. Johnston, Chair