

Town of Slaughter
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February 21, 2017

Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Via Agency Website

Re: Docket No. R-1547; RIN 7100 AE-58, Risk-based Capital and Other Regulatory Requirements for Activities of Financial Holding Companies Related to Physical Commodities and Risk-based Capital Requirements for Merchant Banking Investments, Notice of Proposed Rulemaking

This letter concerns the Federal Reserve's Notice of Proposed Rulemaking (NOPR) which, as did the Advanced Notice of Proposed Rulemaking (ANPR), presents a threat to the natural gas consumers in our communities. We did not file comments on the ANPR, as we had not yet been made aware of and educated in the issues at hand. We have become actively involved through our colleagues at Black Belt Energy, as well as the Louisiana Municipal Gas Authority (LMGA), the latter of which we are a member. After learning about the threat these regulations pose to our business and our communities, we met personally with the Louisiana congressional delegation, both here in Louisiana and in Washington, D.C. We are relieved that the provisions of the ANPR were not passed, and we do not find the provisions of the NOPR to be a suitable alternative. The NOPR imposes capital requirement restrictions that will disincentivize Financial Holding Companies (FHCs) from participating in long-term municipal gas supply transactions. These transactions have provided our residential, retail and industrial consumers with discounted gas that will be flowing for decades to come. It is possible that FHCs, handicapped by these regulations, will be driven out of the market. The consequence will be an increase in gas prices for our customers. Our small-town, rural communities have come to depend upon the discounted gas provided by these transactions. Working people, for whom every cent counts, will be the ones who pay the price for these regulations.

Sincerely,

Robert Jackson
Robert Jackson
Mayor of the Town of Slaughter, Louisiana