



April 1, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
403 3rd Street, SW
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza:

On behalf of the National Rural Electric Cooperative Association (NRECA), the national trade association representing nearly 900 local electric cooperatives, I'd like to thank you for your work in supporting America's small businesses as they work to maintain operations during this difficult time. I am writing today to ensure America's electric cooperatives are eligible to benefit from the recently enacted federal support included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

America's electric cooperatives are privately-owned businesses, formed by and for the benefit of the communities that they serve and comprise a unique sector of the electric industry. From growing suburbs to remote farming communities, electric cooperatives power 1 in 8 Americans, serving as engines of economic development for 42 million Americans and providing power to 93% of the nation's persistent poverty counties. Additionally, electric cooperatives are increasingly working toward meaningful and diverse solutions to bridge the digital divide by providing internet and broadband services to the communities they serve.

Nearly all of America's electric cooperatives are classified as "small" under the Small Business Administration (SBA) size standards. The average distribution cooperative employs just under 50 people and faces many of the same challenges that are afflicting other small businesses during the coronavirus pandemic. These challenges include difficulties in retaining employees, maintaining payroll, and covering certain day-to-day expenses. Despite these challenges, electric co-ops must continue to keep the lights on while many of their customers are unable to pay their electric bills.

The CARES Act appropriately recognized the need to provide support during this critical period to small businesses across the economy and we are encouraged that the SBA and Department of the Treasury will be taking a leading role. The expanded eligibility for the newly created Paycheck Protection Program, combined with changes to the personal guarantee and 'credit elsewhere' requirements, will help ensure this assistance goes to small businesses that truly need the support.



The Paycheck Protection Program rightfully increases eligibility to generally include “any business concern” of not more than 500 employees or meeting the applicable SBA size standards. It is our understanding, however, that SBA has traditionally questioned whether a consumer cooperative (like an electric cooperative) is a “business concern”. As you develop the guidance, regulations, and application forms for implementing the Paycheck Protection Program and other provisions of the CARES Act, we request you ensure America’s electric cooperatives are deemed as qualifying business concerns and are able to fully participate and benefit as small businesses serving their local communities.

Finally, NRECA would like to set up a call or web meeting this week to discuss this issue further and to provide any additional information as might be necessary. Please contact Russell Wasson, Senior Regulatory Issues Director with NRECA at Russell.Wasson@nreca.coop or (703) 402-2510, to facilitate this request.

Sincerely,

Jim Matheson
CEO
National Rural Electric Cooperative Association