

Rolling Hills Electric Cooperative, Inc.

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It is not right that the standards set forth by your board for reporting applicable liabilities in the private sector of business, be forced upon the cooperatives of the business world. We should rightfully be able to classify any margins as equity and eventually pay this all back to our consumers, who it actually belongs to.

This maybe thirty years later or maybe it will be next year if that consumer dies. We should be afforded the opportunity to clear the deceased members estate in a timely manner. This may apply to only a small percent of the equity that is shown on our books. Therefore all equity shouldn't have to be classified as a liability.

This would have a profound effect on the balance sheets of electric cooperatives as patronage capital is the only significant source of equity for electric cooperatives. With such thin equity after complying with FASB No. 150, many cooperatives would find themselves in technical default of their loan agreements with lenders.

We are therefore asking for a reversal or exemption from FASB No. 150 as the approved accounting standard for the electric cooperatives.

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