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Dept. of Energy
Joint Outreach Team

RE: Preference Customers Are Not Just Another Stakeholder

I'm troubled that throughout the pre-read materials it appears that the Department of Energy sees Western's customers as "just another stakeholder."

Unless the Department of Energy fully understands and appreciates the historic, legal and operational alliance between Western and its customers, I can't see how we can possibly be partners in any process that is supposedly intended to improve the system.

The Department of Energy must recognize that Western's customers:

- Pay all of the costs associated with generating and delivering clean, renewable electricity from the federal dams;
- Pay the costs of associated programs—such as the environmental mitigation work under the Central Valley Project Improvement Act;
- Contribute up-front funds to both Western and the Bureau of Reclamation to ensure that needed repairs, replacement and improvements are made;
- Are contractually bound to purchase the output of the federal system; and
- Have a statutory first right to purchase federal power.

Treating Western's customers as simply one among many stakeholders is legally faulty and economically inequitable:

- As public entities and preference customers, we have a first right to the federal resource - - and efforts to divert it for the benefit of others runs counter to that statutory relationship;
- We pay for the costs of Western's program and expect to get comparable benefits, -- and we should not be asked to subsidize programmatic costs that are intended to benefit others;
- We are financial partners in these projects—and implications that this valuable asset is in a dilapidated state are simply erroneous; and
- We are fiscally responsible utility directors and locally elected officials—and we shouldn't be asked to use public dollars to implement programs and policies that don't have a sound operational or economic basis, and that won't benefit the customers we serve.

We are partners with a unique standing in this process. It is important that we are treated as such as this process advances.

Regards,
Patrick Kolstad

Council Member
City of Santa Clara