

I am Dick Johnson and I am the CEO/General Manager of West River Electric Association. Our cooperative headquarters are in Wall, SD. We serve 15,750 meters to a little over 12,000 members covering 4,500 square miles of territory predominately in Pennington and Meade Counties of South Dakota. Our peak load is about 60 MW. Our main power supplier is Basin Electric Power Cooperative provided through our generation and transmission cooperative Rushmore Electric Power Cooperative of Rapid City, SD. We receive about 17% of our total power needs from Western.

While this directive by Secretary Chu may be laudable, these policy goals lie far outside the primary role of the PMAs and Western, and quite possibly outside their statutory authority as well. Additionally the directive calls for new rate design and reduced Congressional oversight. We are concerned with the Administrations current PMA proposals for a few of the following reasons:

- **Increase cost to consumers:** The plan outlined by Secretary Chu would force PMA's to implement policies that are far from their primary purpose of marketing affordable and reliable hydropower. The PMAs would serve as expensive laboratories to test Washington's fluctuating energy initiatives, and coop consumers around the country would bear the burden of these new costs.
- **Unfairly target rural consumers:** The Chu proposal would mainly single out one segment of electric consumers to pay for the benefits to others. It's simply a tax on existing customers in certain regions of the country who benefit from hydro power.
- **Represent Department of Energy overreach:** Secretary Chu's approach disregards the intent of Congress. Such a radical change in the purpose of the PMAs should be decided by the body that has authored, expanded, and refined the PMAs' governing statutes.
- **Demand Response Program:** Our coop is 100% AMI deployed and has been for close to 10 years. With this system, we are part of the smart grid of the future already. We are completing installation of a demand response system to help curb our peak demand. This system will cost our members well over \$1 million to install. Now isn't demand response one of DOE's new goals? Many of the rural electric cooperatives, like ours, have taken the initiative and are already doing demand response at a local level where it belongs. I question the need to add another layer of bureaucracy and cost to our rates.
- **Electric Vehicle Incentives:** Electric vehicles in the private market have not gained traction like many would like. Electric cars may be workable solutions to big city problems. However, with the vast rural area we serve, electric cars are extremely impractical. Where would you place charging stations in these areas? Nothing that I can see in the proposal would be of a benefit in most of Western's footprint.
- **Transmission Rights:** Our rural electric members we serve have paid for the existing transmission system through cost based rates. I feel a major concern for Western, which is not properly being addressed from a funding standpoint, is the aging Western infrastructure that is well over 50 years old. It needs critical updates to continue to provide reliable, renewable hydro power to the people who have paid for it, instead of spending unneeded funds to integrate renewables. Let the providers of renewables pay for their transmission system like we the cooperatives have.

In conclusion, I feel that we need to maintain federal ownership of the Power Marketing Administrations and low cost-based rates for PMA power – cornerstones that help keep electric rates affordable for rural Americans. We serve a very large number of low income members who struggle each month to pay their electric bills. For this very reason, we will maintain opposition to any proposals to raise electricity costs in areas of the country served by PMAs, either by redefining the purpose of the PMAs or requiring the PMAs to sell power at market rates.

Everyone recognizes that WAPA hydro power is in fact renewable energy and the most reliable and cost effective generation technology available. Local and regional decision making is preferable to top-down government mandates that seem inevitably to lead to cost increases; something our economy and local rural members do not need. As one commenter stated, DOE is in search of a solution for a problem that doesn't exist. There is no reason to fix something that isn't broken.