



August 14, 2012

Dept. of Energy

Joint Outreach Team

Dear Sirs:

Garkane Energy is a small Rural Electric Cooperative that provides electrical energy to approximately 15,000 customers spread out across south central Utah and north central Arizona. We are very dependent upon the Western Area Power Administration (WAPA) to deliver both federally generated hydro power generated a federally operated dams and supplemental power purchased from other interconnected power suppliers.

Garkane is one of the cooperatives that stepped up many years ago when the federal dams and power systems were being constructed and committed to purchase the federal hydropower at, what was then, above market rates. In the intervening years the power users have reimbursed the government for the cost of construction, maintenance and operation of the federal power facilities. WAPA has been founded on the principle of preference power and the beneficiary pays for the facilities.

It is regrettable that Secretary Chu has the opinion that the WAPA power system is not being adequately maintained and is being improperly operated. This opinion seems to be derived from the fact that because many of the facilities are old they must be in poor condition and/or obsolete. Over the years WAPA has performed ongoing maintenance and updating of equipment.

In the 16 March 2012 Memorandum from Secretary Chu, he outlined a number of 'new initiatives' that WAPA was directed to undertake. Prior to circulating the Chu Memorandum, no consultation took place with the power users which will be directly impacted by the initiatives outlined in the memo. The memo outlines a number of potentially costly initiatives without defining who or how the cost on the new initiatives will be paid. WAPA has, from the beginning, operated on a basis of the 'beneficiary pays'. Thus in keeping with established principals the existing electric customers should not be asked to subsidize programs that benefit others.

In addition to the issue of cost and who pays for the new initiatives the shifting of control of the PMAs to the office of the Secretary and away from the existing power users is a major concern.

The green power initiatives that WAPA is directed to undertake such as electric vehicle and wind power integration into the electric grid are functions that the local distribution companies are already undertaking and are much better suited to deal with. WAPA has never dealt directly with the end use customers, that has always been and rightly should be a function of the local distribution companies.

Respectfully,
Garkane Energy Cooperative Inc.

A handwritten signature in black ink, appearing to read "Carl R. Albrecht". The signature is fluid and cursive, with the first name "Carl" being the most prominent.

Carl R. Albrecht
CEO