



# PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE

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Your Touchstone Energy® Cooperative 

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## **Plumas Sierra Rural Electric Cooperative Comments on the Department of Energy “Defining the Future” Initiative**

The Plumas Sierra Rural Electric Cooperative (PSREC) is a Cooperative formed in 1937 serving nearly 7,000 customers in an area of over 1500 Square miles in Northern California and Nevada. Our distribution and transmission network includes over 1200 miles of energized lines and covers portions of four counties in Northern California and Nevada. The Plumas Sierra Electric Cooperative offers innovative and fundamental services to our member owners at the lowest possible costs. Plumas Sierra Electric Cooperative has been a Western customer for many years and has been a long time champion of the important role that DOE and Western plays in ensuring low cost and reliable service for our rural customers. Our Western contract for energy supply represents over 30% of our energy supply and is a critical part of our portfolio. As such we have long worked to preserve and protect the federal mandate for the Western Area Power Administration.

PSREC takes pride in our efforts to work collaboratively with Western and other federal agencies to enhance the efficiency of the Western operations and Bureau of Reclamation resources. The recent “Defining the Future” proposal by the Department of Energy in coordination with the PMA’s implies that efficiency improvements are not being made and that the system is suffering as a result. However the Western Area Power Administration, specifically the Sierra Nevada region has worked actively to upgrade the transmission system and the Bureau of Reclamation facilities in our area to help ensure efficiency and reliability. PSREC is a participant in the CVP O&M funding program and other Western coordinated and sponsored efforts which have invested millions of dollars in generation and transmission system improvements. We have seen through these efforts and others that Western is actively working to enhance the efficiency of their operations and facilities. We remain concerned that the proposal by DOE seems to be searching for a solution to a problem without a careful assessment of whether a problem exists and if so the nature of the issues.

Similarly many of the initiatives suggested by the DOE involve activities or programs (e.g. renewable resource development and energy efficiency programs) which local utilities such as PSREC already have underway. Any efforts instigated by the DOE could and most likely will conflict or duplicate efforts either underway or under the jurisdiction of local authorities. The proposal by DOE seems to ignore the ongoing efforts by Western customers and stakeholders and threatens to duplicate efforts by local jurisdictions at added costs.



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Among the different issue areas discussed by the DOE initiative was the enhancement of the Western transmission authority under the Section 1222 program and the Transmission Infrastructure program (TIP). Our experience indicates that these programs offer a very limited benefit, if any, to stakeholders. It is of some benefit to have Western support transmission planning and coordination efforts but it should be recognized that federal involvement can only go so far. The stakeholder meetings have implied that DOE understands that cost responsibility should be based on the "beneficiary pays" concept. We agree with this principle but are very concerned about how this principle can be modified or changed over time and end up costing Western customers either directly or indirectly for projects we have no need for. It is imperative that projects under these authorities and other programs initiated by DOE/Western must clearly have costs allocated to parties who participate in the project and there is no risk for cost allocation to existing Western customers unless they have elected to participate in the program or project. In addition to cost allocation we are especially concerned that DOE is focusing on "expanding" Western responsibilities rather than examining more productive efforts like federal coordination of permitting or operations and regulations. The proposed effort stands to distract Western from its existing responsibilities and potentially reduce the agency effectiveness in areas where the Western mission is clear. A more prudent approach from our perspective would be to work with existing customers to better define the problems as they exist and determine what efforts are already underway to address these issues. Some of the examples mentioned in the DOE Issue papers reference issues such as aging transmission infrastructure and reliability standards. These examples do not recognize the millions of dollars in investments in some areas for transmission and generation system improvements nor do they properly recognize the ongoing efforts by the Western Area Administration to meet NERC and other applicable standards.

Our chief concerns are that our contracts and Western's obligations should not be affected by efforts to address problems which are already being addressed. In addition we feel that cost allocation principles must be carefully defined and structured to ensure existing customers are not saddled with costs for programs we have not elected to participate in. We recommend that DOE take a more focused approach to the issues and in close collaboration with customers develop a strategy that will address the real issues in a manner that is appropriate for both the customers and the Agency.

Sincerely



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Plumas Sierra Rural Electric Cooperative