



August 17, 2012

Memorandum in Response to the Proposed Changes to the Western Area Power Administration (Western)

My name is Walt Jones and I am the Assistant General Manager – Operations and Engineering at Intermountain Rural Electric Association (IREA). IREA is a member-owned electric distribution cooperative serving over 140,000 members in ten counties to the east, west, and south of Denver, Colorado. Three members of IREA's staff and I attended the July 31<sup>st</sup> stakeholders meeting in Loveland, Colorado. On behalf of IREA, I am submitting the following response to Secretary Chu's memo dated March 16, 2012 (Memo), and the stakeholders meeting on July 31, 2012, in Loveland, Colorado.

IREA is one of the largest cooperatives in the United States and currently receives a nominal 30 MW allocation from Western. Western's mission, which dates back to the Reclamation Project Act of 1939 and the Pick Sloan Act of 1944, is to market and deliver reliable, cost-based federal hydroelectric power and related services. Historically, Western has provided power to its customers at a reasonable cost, which are born by the entities that purchase Western's power.

Western has collaborated with many public and private entities and, in my experience, is one of the most responsive government agencies when it comes to working on joint projects. For example, the Westconnect Project, the Path 15 Project, and the California Oregon Transmission Project demonstrate Western's high level of collaboration and its successful results working with public and private agencies.

Western actively participates in the regional planning and reliability processes, coordinates with adjacent system operations, and is compliant with National Energy Regulatory Commission (NERC) requirements; Western's focus demonstrates that it is already fully engaged in addressing regional reliability and planning issues.

With the Memo, the U.S. Department of Energy (DOE) is essentially bypassing 70-years of legislative and legal precedent. Western's preference customers have invested in upgrades and installation of infrastructure from the very beginning. Many of the directives put forth in the Memo would require existing customers to pay for improvements that would benefit third parties, which have not invested a cent in Western's system, and exact mandates on existing customers that provide no identifiable benefit.

The items discussed in improving the Power Marketing Administration's (PMA) rate designs, energy efficiency programs, demand response programs, and preparation for electric vehicle deployment are all items that need to be addressed at the retail, not the wholesale, level. Most, if not all, of Western's retail customers are and have been addressing energy efficiency and demand issues. Integration of variable resources is a generation issue, not a wholesale transmission issue.

DOE and Western should heed the overwhelming customer response that Secretary Chu's memo has generated and seriously consider the input of the PMA customers during the next stage of the "Designing the Future" initiative. Do not spend millions, perhaps billions, of ratepayer and taxpayer dollars to fix something that is not broken.

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