Our publicly owned utility, Wadena Electric & Water, receives a portion of our power supply through a long-term contract with the Western Area Power Administration (WAPA) Upper Great Plains Region (UGPR). Missouri River Energy Services (MRES) provides the remaining requirements above the WAPA portion.

Wadena Electric & Water takes pride in providing reliable electric service at the lowest reasonable cost, consistent with good environmental stewardship. As a representative of Wadena Electric & Water, I would like to express some concerns about some recent action proposed by U.S. Energy Secretary Steven Chu that would threaten to increase the cost of our power, and increase electricity rates in our community.

On March 16, 2012, Secretary Chu sent a memorandum to WAPA, and other power marketing administrations (PMA), directing them to change their fundamental and long-successful purpose to include a wide variety of new programs. Secretary Chu wants the PMAs to "play a leadership role" by offering incentives for energy efficiency, and making investments in transmission for the purpose of integrating renewables in the market.

First, our community questions the need for such new programs by the Department of Energy (DOE). Many of these efforts – such as increasing energy efficiency, and demand response, and integrating renewable resources – have already been initiated years ago by our utility through the assistance of WAPA and our supplemental supplier MRES. The City of Wadena Electric & Water has saved 1,415,774 Kwhs from 2008 thru 2011 with our Bright Energy Solutions program. The 1,415,774 Kwhs are all for new incentives without compounding from the previous years. Furthermore, with WAPA UGPR providing a fixed amount of power and energy, demand-side management activities do not reduce WAPA UGPR obligations but instead impact the supplemental supplier such as MRES.

More importantly, we are very concerned that many of the changes proposed by Secretary Chu would force the PMA customers to pay for changes that could benefit customers well beyond those of the PMAs. Current power customers would be required to pay for these new or expanded programs, even if they do not benefit from them. This would raise electricity costs in our region substantially and move away from the "beneficiary pays" principle.

Lastly, decisions about the PMA's and the federal hydropower projects from which they sell power will be shifted away from the regions they serve to more decision making by the DOE in Washington, D.C. This approach has little or no relationship to the needs of our local electric customers.

WAPA's mission is to market and deliver surplus hydropower generated at federal multipurpose dams to preference customers at the lowest possible rate consistent with sound business principles. Energy Secretary Chu's directives are unnecessary, and frankly, outside WAPA's statutory limited authority. Expanding WAPA's role as prescribed would increase electricity costs for our community's families and businesses. Secretary Chu should withdraw his directives and allow WAPA to continue their successful and low-cost operations as statutorily defined.