

Bon Homme Yankton Electric Association Inc.
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January, 18, 2013

Anita J. Decker, Acting Administrator
Western Area Power Administration
PO Box 281213
Lakewood, CO 80228-8213

RE: Comments in Response to November 20, 2012, Federal Register Notice
Emailed to: JOT@wapa.gov

Dear Administrator Decker,

Thank you for this opportunity to comment on the draft recommendations of the Joint Outreach Team. As a small rural electric cooperative, Bon Homme Yankton Electric Association located in Tabor, South Dakota, relies on Western Area Power Administration to supply our wholesale power provider, East River Electric Power Cooperative, with significant low cost hydro power from the dams on the Missouri River. Along with power supply Western also provides transmission services that are vital in that power delivery. The federal power system is extremely important to the rural area cooperatives like ours which have very low population density. Low population density makes electric distribution costs much higher than serving towns or cities that normally have 30 to 40 consumers per mile of line. Our cooperative currently serves about 2800 members with approximately 3570 active services in place. We have a little over 1300 miles of distribution line to serve our members, leaving us about 2.7 consumers per mile of line. Our membership make up is about half from farms and the other half from rural residential housing. We serve one large commercial account which is a rural water district and that accounts for about 8.8% of our total sales.

As a small cooperative serving in an area of low or limited growth, it is of the utmost importance that we maintain a portion of low cost power to maintain reasonable costs to our members. Over the last five years we have seen significant increases in our supplemental and Western power supply. Much of the increases come from regulations that have required enhancements to power plants to meet environmental compliance and resource requirements along with the drought adder from Western. The relationship that the rural electric cooperatives have had over the years with Western have been very successful and it has benefited not only the current members but other citizens as well through benefits such as flood control, irrigation, barge traffic and recreation. The current customers have paid the majority of costs for the facilities while many others receive the other benefits and we feel obligated to defend our position to maintain our preference status. We hereby submit the following comments for consideration.

- Several of the JOT recommendations are already being studied by the Western and to assist the Secretary of Energy in his deliberations, each JOT recommendation should include brief descriptions of ongoing Western studies, etc. that are already addressing the issue identified by the JOT.
- Further development of JOT recommendations should include input and a working relationship with the customers of Western. There needs to be open discussions and a working relationship between the customers of Western and the DOE that is transparent and a two-way conversation, not just mandates down to the customers without their input.
- Western customers are concerned about the burdens on Western staff and the additional costs to undertake JOT recommendations without compromising the ability of Western to meet its core responsibilities. The JOT recommendations should include cost estimates for pursuing each recommendation and the budget impacts to the customers along with the time constraints that this puts on personnel.
- Some of the JOT recommendations appear to conflict with projects' statutory authorities and responsibilities (e.g. inter-regional transmission rate consolidation). Before moving forward with studies on these recommendations, Western should conduct a thorough legal review of the "do-ability" of these recommendations. If implementation of these recommendations would require legislation, Western should defer further study until Western has consulted with customers about the advisability of pursuing legislation and come to some type of agreement of a course of action to be taken.
- A guiding principle for JOT is sensitivity to regional differences among Western's projects, yet the draft recommendations suggest consolidation and standardization. JOT should reconsider the extent to which consolidation is desirable in light of its commitment to respect for regional differences. Regional differences for power utilization and impacts to the end user also need to be defined. Power being used to supply a large municipal system will have less impact per service than the costs passed onto rural electric members in low density regions of the country.
- The draft recommendations do not align with Western's core mission – the marketing and delivery of federal hydropower to preference customers at the lowest possible rate consistent with sound business principles. The expanded mission envisioned by the JOT recommendations offers little for Western's preference customers, while threatening additional costs unrelated to Western's core mission. Here again we would be subject to higher costs for low density population areas. The whole purpose of at cost hydro facility power is to make it possible for power delivery to the very rural areas of this country which provides affordable costs in keeping the wholesale power prices lower in the higher cost distribution areas.
- The Integrated Resource Planning process is a valuable tool for Western's customers; but again, a "one size fits all" approach applied to all of Western's customers cannot accommodate regional differences, or the ability of different preference customers to implement end-use programs. Changes in the EPAMP will require a public process.

Western needs to clearly identify what they consider to be deficiencies in the IRP process and in what regions those deficiencies lie. It is possible that they might be more easily solved within the current practices.

- In no event, should Western consider using the IRP process as a means to implementing some of the end-use programs noted in the March 16 Memorandum. Nor should Western attempt to change the IRP program to reward or penalize preference entities. JOT needs to remember that, for the most part, Western provides only a portion of preference customers' resource needs. State Public Utility Commissions have been active in this arena. There is no reason for Western to complicate the situation.

In closing I hope you will receive these comments in a positive light and the decisions made will do nothing to harm or incur additional expenses to the Western customers. The current electric customers have been paying the costs of the benefits of these projects and any suggested changes which will increase costs beyond the normal or previous agreed operations of the system seem to be counterproductive to our members who end up paying these costs. We would therefore urge you to include customer input for any potential changes that may take place. You should not create additional cost measures to the customers while other segments of the population get benefits and are not being asked to contribute to these costs. Common sense approaches have been beneficial in the past and need to be considered going forward.

Sincerely,

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