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January 21, 2013

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

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

Dear Administrator Decker:

Sioux Valley Energy, on behalf of its 22,000 consumer members in South Dakota and Minnesota, would like to comment on the Federal Register Notice concerning the draft recommendations of the Western/DOE Joint Outreach Team (JOT).

Sioux Valley Energy is a preference customer through its power suppliers, East River Electric Power Cooperative, Inc. and L&O Power Cooperative. Sioux Valley Energy provides electricity to electric cooperative members throughout a seven county region in South Dakota and Minnesota.

Thank you for taking the time and effort to examine the impact of the initiatives set forth for the Power Marketing Administrations by Secretary Chu and gathering stakeholder feedback. We have reviewed the JOT's recommendations and are concerned about the impact those specific recommendations will have for our cooperative members.

Our cooperative members depend on the reliable and robust Integrated Transmission System (IS). We urge the Department to resist any recommendations of defining the 'commercial value' of parts of the federal system. The IS was created by the Western Administration, cooperatives and other preference customers. The jointly-owned transmission network currently meets all federal requirements of open access and NERC standards and has a strong history of integrating new technology and sustainable

reliability. As prescribed under federal law, first priority should remain with preference customers and any notion of “selling” federal assets as a result of defining ‘commercial assets’ should be dismissed as it would be detrimental to our customers.

We ask that the JOT final recommendations avoid measures which would increase costs, go beyond federal statutory authority of Western or compromise reliability of the IS.

In addition, please accept the following comments:

- Many of the JOT recommendations are already being studied by the Western Area Power Administration. 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 be conducted by Western in collaboration with its preference customers.
- We urge the JOT to study and consider the additional costs and other burdens placed on Western if the agency were to undertake the JOT recommendations. We are concerned these costs could impact Western’s ability to meet its core mission responsibilities.
- 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 these recommendations.
- We ask the JOT to consider regional difference and avoid using a one-size-fits-all approach when offering final recommendations. Consolidation and standardization will not always guarantee efficiency when vast regional differences are considered.
- 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.

- The Energy Planning and Management ("EPAMP") 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. Therefore, Western needs to clearly identify what they consider to be deficiencies in the IRP process and in what regions those deficiencies lie. They might be more easily solved within the current practices.
- Western should not 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 picture.

Thank you for this opportunity to comment. If you have any questions, please feel free to call me at the number below.



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