

**Poudre Valley Rural Electric Association, Inc.**

Comments on

DOE / WAPA Joint Outreach Team: Defining the Future

January 22, 2013

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Poudre Valley Rural Electric Association, Inc. (PVREA) thanks the Western Area Power Administration (WAPA) and the Department of Energy (DOE) for the opportunity to comment and reflect upon the Joint Outreach Team's (JOT) Defining the Future Draft Recommendations in response to Secretary Chu's March 16, 2012 memorandum.

A core part of PVREA's mission is to provide reliable electricity at the lowest cost possible to our 35,000 plus consumers. PVREA is a not-for-profit distribution electric cooperative serving the Front Range of Northern Colorado with over 3,900 miles of transmission and distribution line. We are a member/owner and full power requirement customer of Tri-State Generation and Transmission Association, Inc. (Tri-State). PVREA has assigned our preference power allocation from WAPA to Tri-State.

PVREA has reviewed Secretary Chu's memorandum outlining several proposed changes to the Power Marketing Administrations (PMAs) and believe the proposed changes threaten to impose drastic economic burdens on the PMA federal hydropower customers by:

- pushing the PMAs to increase preference customer costs in order to promote the development of non-hydro, intermittent renewables;
- asking the PMAs to focus on operation issues currently being addressed (such as reliability and cyber security);
- altering the PMAs' rate structures to incentivize programs for energy efficiency, demand response, and electric vehicle deployment;
- and "improving" collaboration with owners and operators of the grid through steps such as entering into an energy imbalance market – a FERC regulated entity that would feature a bid-based market (as opposed to cost of service rates) that could be a precursor to a regional transmission organization in the West.

PVREA appreciates and supports the set of principles used by the JOT in formulating its Recommendations since they are important to maintaining the existing successful partnership between WAPA and its preference customers. However, there continues to appear to be the potential for WAPA to undertake activities which the preference customers believe are inappropriate and may be outside the authorities granted WAPA by Congress (ex: broad language such as "incorporate policies and industry trends in long-term strategic planning contexts that ensure long-term viability and relevance and contribute to strengthening America's energy security, environmental quality, and economic viability"). This is not part of WAPA's core mission.

We do believe additional terms need clarification such as Stakeholders; tribes are preference customers the same as we are and will want to participate in the same manner we do. Meetings and discussions with one or the other group should be held in common rather than separately; there should be no need for secrecy; an open and transparent process is what we all desire.

Our wholesale provider, Tri-State, is willing and able to participate and contribute to WAPA's efforts in the research and study of the Recommendations and in the implementation of those that are of benefit to WAPA and its preference customers.

A significant amount of time and expense on the part of all WAPA customers continues to be incurred in an effort to have meaningful participation in this process. However, the JOT report does not address how this project moves into the future. We understand a final report will be prepared and sent to Secretary Chu and will also be published in the federal register. We anticipate this report will have recommendations on how this process is to proceed. We would appreciate WAPA letting their customers who have participated in this process know when the report is published.

We encourage the JOT to not view our comments or others negatively, but rather as input from a long-term preference customer who has had a good relationship with WAPA and is similar in nature to WAPA.

As requested our contact information is:

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