

## RESPONSE TO SECRETARY CHU'S MARCH 16, 2012 MEMO

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I appreciate the opportunity to once again address the issues the Secretary's March memo raises. I spoke in Billings last summer at a "listening session" and again in early November in Great Falls, MT for a productive 5 ½ hour working dinner discussion. Most recently I attended the joint session of the Montana Senate and House hearing Jan. 9, 2013 in Helena, MT and enjoyed another conversation that afternoon along with other leaders of Montana electric cooperatives.

As a trustee at Flathead Electric Coop on the BPA system and the President of the statewide association, I'm afforded a broad view of two primary PMA's addressed in the Secretary's memo. From that perspective I would like to address what I see as a primary priority, variable generation. At this point that is mostly wind and secondarily solar. The costs associated with the variability and how those costs are allocated to all users of the system is the real issue.

We're asked to "prioritize our concerns" and this is my number one priority: Recipients of WAPA and BPA power near the generation points should not unfairly pay for system upgrades to deal with variable power shipped 1,000 plus miles away. Costs that are disproportionately allocated to subsidize distant beneficiaries is an unworkable suggestion. "Cost causers should be cost payers" is a driver in all of our rate decisions and we've done an admirable job both recognizing all the costs and implementing fair rates in both transmission and distribution systems. Both WAPA and BPA are model examples of successful, cooperative government/private partnerships already and lead the way in integrating new technology and generations **cost effectively** into the systems.

Repeated requests to improve the memo by giving specifics resonated and I sincerely hope will be incorporated in the next draft. Specifics regarding a time frame for recommendations are just as key as the specific recommendation. Is it 4-6 yrs or 5-10 yrs? Staffing and allocating limited resources takes time to cost effectively address any specific issue. Just throwing money at it is never the answer, it's allocating the right resources for the right task.

Addressing broad perceived national issues in a local arena is critical. Identifying transmission issues east of the Mississippi River and trying to solve them west of the Mississippi River is misdirected.

It all comes down to **specifics**. Identifying **specific** issues in **specific** regions and sub regions and cooperatively working toward solutions within those regions to address them in a **specific** time frame. **SPECIFICS**

I would suggest continuing to work locally, from the ground up, is a better approach to take as we go forward.

Thank you,

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