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**RE: COMMENTS ON THE JOINT OUTREACH TEAM DRAFT RECOMMENDATIONS
TO THE SECRETARY OF ENERGY RESULTING FROM THE MARCH 16, 2012
SECRETARIAL MEMORANDUM CONCERNING THE POWER MARKETING
ADMINISTRATIONS AND THE FOCUS ON THE WESTERN AREA POWER
ADMINISTRATION AS THE FIRST TEST CASE**

January 22, 2013

Ladies and Gentlemen,

These comments are filed on behalf of the Irrigation and Electrical Districts' Association of Arizona (IEDA). IEDA consists of 29 members and associate members that acquire Federal hydropower marketed by the Western Area Power Administration from Colorado River dams authorized and built pursuant to the Colorado River Storage Project, the Boulder Canyon Project and Parker-Davis Project authorizing legislation. As such, we have an abiding interest in anything Western is doing, or contemplating doing, that involves either the generation the members or associate members purchase or the transmission lines that deliver those resources. With that in mind, we wish to inform you that we have reviewed the comments of the American Public Power Association, the National Rural Electrical Cooperative Association and the Colorado River Energy Distributors' Association as well as those of several individual utilities and other organizations that have already been submitted to you. We support those comments and the insights they bring to this dialogue.

Rather than repeat them, we wish to provide you with some related views that may assist you in going forward with your process.

One common theme among the comments we have reviewed is that the commenters are concerned that "stakeholders" as a defined interest group indicate the very essence of the problem created by the March 16, 2012 memo from Secretary Chu. Since existing preference customers per se are not recognized, the entire process is viewed with suspicion. Indeed it is the common paranoia of PMA customers generated by the March 16th memo that has propelled an amazingly large and uniform resistance to that memo and its directions to the PMAs. Not acknowledging preference customers as a separate class of entities to consider, consult with, and otherwise treat, furthers the rampant suspicion that has colored this process from the very beginning. The fact that these entities and their

associations, including ours, are not recognized in this exercise only feeds further suspicion that our best interests are not being considered here in spite of representations to the contrary.

Discussion of constructs such as “societal needs,” without recognizing and articulating legal limitations or changes that might be proposed under that rubric, only further that suspicion. Many read “societal needs” to be spelled “VER integration at our expense”. It is a fairly uniform feeling that wind and solar developers not only seek access to the systems that deliver our hydropower, but access to our hydropower to support their variable energy resources. Nothing in this process to date, in our view, demonstrates otherwise.

The collective suspicion (or paranoia) is heightened by the announcement that recommendations received by today will be evaluated over the next week and final recommendations will be then given to the Secretary. We have been working for months, collectively and individually, to fashion comments based on analyses of these recommendations. Getting consideration of our comments for only a week seems to be giving them short shrift. It also is some evidence, in the minds of many, of the lack of sincerity of those driving the bus.

We have previously suggested and suggest again that the recommendations going to the Secretary from the Joint Outreach Team be made public, and interested parties, including ourselves, be given an opportunity to react to those and provide further comment if necessary.

If anything productive is going to come out of this process, two things must happen. First, Western, using the Joint Outreach Team or otherwise, must analyze its legal authorities and limitations specifically by project. There is no point in studying things you can't do. There is no point in studying things or proposing to study things that will get you sued. We looked at the Colorado River Storage Project and its transmission system and its Basin Fund and wondered how any of these potential directions benefit the project's preference customers and the people they serve. We looked at the Boulder Canyon Project and Hoover Dam and the recent legislation allocating all of its capacity to customers, existing and future, and wondered how transmission systems that provide delivery for those resources could possibly be used for other purposes to the derogation of delivery of Hoover power. We look at the Parker-Davis system, pretty much totally advance funded by your customers and wondered, if it comes under attack, whether the customers will continue to want to keep the project out of the appropriation process in this fashion. This sort of analysis has been totally missing from the exercise but needs to be done. We rather suspect that preference customers in CVP and Pick-Sloan and other places may feel the same.

Second, we need to know who's going to pay for these studies and exercises. If we are going to be on the hook and our power rates are to absorb these costs, then don't we deserve to be at the table? Indeed, don't we deserve to help shape the table? And how much will these things you want to do cost? Have you thought of asking us whether there are other, cheaper ways of approaching these efforts? What happens when 15 minute scheduling is the norm as FERC Order 764 is implemented? What happens with further implementation of FERC Order 1000? Are any of these recommendations compatible with the direction FERC is pushing the industry?

In sum, some concrete answers about legal authority as well as basic pocket book issues (who pays, how much, and why) need to come out of this process if it is to have a meaningful next phase. We hope you will consider recommending this to the Secretary of Energy.

Thank you for the opportunity to comment on this interesting and controversial process.

Sincerely,

/s/

Robert S. Lynch, Counsel
Assistant Secretary/Treasurer

RSL/lmd

cc: Anita Decker
Darrick Moe
American Public Power Association
National Rural Electric Cooperative Association
Colorado River Energy Distributors' Association
IEDA Presidents/Chairmen and Managers