



City Of Webster City
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August 20, 2012

Dr. Steven Chu, Secretary
Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

RE: OPPOSITION TO CHANGES IN HYDROPOWER RATE DESIGN

The City of Webster City, Iowa, a member of the Corn Belt Power Cooperative, opposes proposed changes to Hydropower Rate.

This hydro power rate proposal which seeks to raise rates to pay for non-hydro renewable energy development, energy efficiency, demand response systems, and electric vehicles goes back on a commitment from the Federal government nearly 50 years ago. At that time, rural electric cooperatives agreed to pay higher costs for hydropower in exchange for long term access and a promise of future, lower rates.

As with other Iowa electric cooperatives and their cooperative members, we oppose this new rate design because it would:

- **Increase costs for consumers.** This new rate design abandons the promise of keeping hydropower affordable.
- **Unfairly target rural consumers.** People in rural areas who receive the hydropower would be paying higher rates to fund programs for others.
- **Duplicate programs already in existence.** Electric cooperatives have a long-standing record of promoting renewable energy, energy efficiency programs and demand response programs. In the Corn Belt Power system, electric co-ops have set a goal to spend more than \$8.4 million in energy efficiency programming from 2010 to 2014. This investment goal increases to \$83 million statewide for all electric co-ops in Iowa over the five-year period.

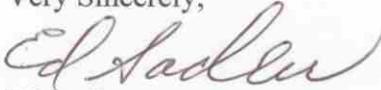
Moreover, Corn Belt Power Cooperative received a grant in 2009 from the U.S. Department of Energy that has been used to install automatic metering and smart grid technology needed for the co-ops' load management program. Our demand response program has been launched with new water heater controls added each month. Corn Belt Power is actively controlling load and reducing its monthly peak.

Energy efficiency and demand response are efforts that belong at the retail level of local electric cooperatives, not at a federal government level. We have in place active programs that do not need to be duplicated by the Power Marketing Administrations by charging higher rates on hydropower.

Finally, Webster City believes that placing additional pressure on rates at a time of slow economic growth will have a negative impact on our ability to support job creation in rural America. This is especially of concern in Webster City, Iowa, as we lost two Electrolux facilities in 2009 and 2010 that resulted in the dislocation of over 1000 jobs from a community of 8,100 people. In our efforts to replace these jobs, create new investment in our community, and ensure we can provide essential services for the long term we have actively pursued economic development projects only to find that our existing electric rates place us at a disadvantage when competing with other more urban areas.

Communities like ours will be seriously burdened by this proposal. We respectfully request your reconsideration.

Very Sincerely,

A handwritten signature in cursive script, appearing to read "Ed Sadler".

Ed Sadler
City Manager

CC: Corn Belt Power Cooperative