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August 9, 2012

The Honorable Steven Chu
Secretary of State
Washington, D.C. 20585

Dear Secretary Chu:

I am writing to express my concerns with the new direction and the initiatives contemplated for the Power Marketing Administrations (PMA's) in your memorandum dated March 16, 2012.

As you know, the PMA's have responsibility marketed federally generated hydropower for decades to approximately 1,100 electric utilities in 34 states, providing this clean electricity to more than 40-million Americans. They have also built and maintained thousands of miles of high voltage transmission, critical to the national power grid and the delivery of reliable, affordable electricity to rural Iowa. Through a partnership with their customers, the PMA's repay the federal investment in these systems with interest annually. This public-private partnership between the PMA's and their customers is a model that works extremely well for Iowa, this country, and for all U.S. taxpayers. Changes to this model should be made very carefully taking into consideration the concerns of all impacted stakeholders.

It is my understanding these proposals also constitute a fundamental shift away from regional planning to a Washington D.C.-based, top-down approach. I am concerned that the Department of Energy appears to be sidestepping the legislative process and the role of Congress which is to debate and oversee policies relating to the PMA's.

As a State Representative from northwest Iowa, constituents from my District have voiced their grave concerns with the initiatives and direction you have mapped out in your memo. Secretary Chu, you identify your intention to direct the PMA's to act in areas involving transmission expansion, renewable energy, energy efficiency, cyber security and electric vehicles in order to ensure a modern, secure and reliable electric transmission grid. While these are important public policy goals, I am very concerned these new initiatives have not had been sufficiently assessed and evaluated. Potential negative impacts to the consumers of the clean, reliable electricity marketed by the PMA's will be significant.

Iowa utilities have taken the initiative to take action on the objectives the Department of Energy has identified. They are working together in a collaborative, cost effective manner to accomplish many of your initiatives. For example;

- Since 2008, all Iowa utilities been actively involved with aggressive, collaborative energy efficiency and demand side management programs. Some utilities have had ongoing energy efficiency programs for nearly 30 years.

- Many northwest Iowa utilities have active demand-side load control systems that are saving their consumers millions of dollars annually. These programs help utilities utilize their electric generation during utility system peak occurrences. Unfortunately, these highly successful programs are being threatened by the proposed Reciprocating Internal Combustion Engine (RICE) rules that limit the backup generation potential. Furthermore, the new Department of Energy water heater standards that could virtually eliminate existing water heater load control programs.
- Iowa utilities have been very aggressive investing in wind generation and integrating locally owned renewable resources without any mandates.

I have heard from northwest Iowa public power utilities and rural electric cooperatives on the directives identified in your memo. They are very troubled by the potential cost impacts of these directives and by a perceived expansion of the role of the PMA's beyond their current statutory authority. Challenges are unique to each PMA region so a one-size fits all approach as identified in the memo is too broad and prohibitively expensive. Added costs with no additional value place an even heavier financial burden on Iowa PMA electric customers and will further cripple our economy as many Iowans continue to struggle during this economic downturn.

The federal power program is integral to keeping electricity rates affordable and reliable for Iowa customers of community-owned and consumer-owned utilities. I strongly urge you to pursue meaningful collaboration with stakeholders, including ratepayers and Congress, prior to moving forward with these new initiatives.

Thank you for the opportunity to comment on these important issues.

Sincerely,



Rep. Chuck Soderberg
Iowa House of Representative
District 3