

**Mt. Wheeler Power, Inc.
Ely, Nevada
August 13, 2012**

Comments to WAPA regarding the use of PMA's for experimental purposes

Mt. Wheeler Power is a rural electric cooperative with approximately 5000 members serving 16,000 square miles in eastern Nevada and western Utah. We have relied for decades on the preference power available through CRSP and WAPA to provide our rural members with affordable and reliable power. We have paid our share of costs and rate increases in accord with our responsibilities as preference power customers.

Secretary Chu's memo and DOE's approach has the effect of "nationalizing" a resource specifically authorized for and funded by those being served. It suggests that entities with no responsibility for or rights to these resources be either subsidized or supported by the preference power customers. It also suggests that high-level control from Washington, DC would be more effective than the regionalized, grid-specific system management currently in place. The role and impact of FERC and WECC requirements are largely ignored. The memo exhibits a lack of understanding and appreciation for the PMA structure from either a legal or a functional perspective. Further, it does not enhance the value of the PMA resource, but only satisfies the agendas of intermittent power generators.

As with electric cooperatives, federal funding was used to finance the initial investment in the PMA's but has been or is being repaid by those being served. Any attempt to disrupt the PMA structure can only result in additional cost and administrative interference in a program which is currently serving its customers effectively. It will also disproportionately increase costs without identifiable benefit to these customers, while providing subsidy to stabilize inherently intermittent and unreliable power generation resources.

Mr. Chu more than anyone should recognize that reliability comes from the strengths of a system's components and the system's ability to recognize and isolate unstable and unreliable sources. As the percentage of intermittent and unreliable resources rises, more and more of the system's resources are required for the system to survive, not just function.

Baseload generators in the electric grid are required to provide or purchase reserves to protect the grid from unplanned events. Intermittent generation without reserves or backup generation requires the grid to either subsidize or compensate for its characteristics. The PMA's should not be required to support this generation segment's inherent deficiencies.

Allocating either direct costs or overheads for experimental purposes to serve non-PMA purposes is counter to the express mission and scope of the PMA's. Their required reliability should not be jeopardized by operational experimentation. In the real world failure has consequences, and that burden should not be placed on the shoulders of the preference power customers.

Mt. Wheeler Power serves a very large area with very low customer density. Affordable power supply is essential for our members' livelihoods and economic opportunities, and this proposal can only increase those costs without any benefit to them. It can only add cost and increase risk to our customers, just the opposite of the stated objectives of improved reliability and affordability.

We would strongly encourage Mr. Chu and DOE to follow the suggestions of the South Dakota PUC by answering the questions raised in their comments. A rational analysis of the PMA's legal and functional environment would provide a factual basis for determining whether PMA's can play a useful role in future grid operation developments without violating their authorized responsibilities, while maintaining the affordability and reliability they have been able to provide their legitimate customers.

We would hope that DOE will propose a plan with identifiable and measurable objectives, accompanied by an evaluation of the costs and benefits, before it jeopardizes an existing, effective electric grid resource.