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PUBLIC MEETING OF THE JOINT OUTREACH TEAM
FOR WESTERN AREA POWER ADMINISTRATION &
THE DEPARTMENT OF ENERGY

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ORIGINAL

Taken at
Best Western Ramkota
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A P P E A R A N C E S

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P R O C E E D I N G S

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3 MR. ROBERT HARRIS: I'd like to welcome
4 everyone this evening to the first of six listening
5 sessions. For those of you who don't know me, I'm
6 Bob Harris. I'm the Upper Great Plains Regional
7 Manager for Western. South Dakota is in the Upper
8 Great Plains Region, as most of you realize, and so
9 I get the pleasure of being able to welcome you
10 tonight.

11 First of all I'd like to acknowledge my
12 appreciation for the time that you've all spent, a
13 lot of you anyway today in the workshop, a lot of
14 time, a lot of energy. I know there was a lot of
15 thought and preparation, and so it's very much
16 appreciated your time and energy to participate in
17 this process. And to stay tonight as part of this
18 listening session is also one thing that we very
19 much appreciate.

20 This is a listening session because we're here
21 to listen; we want to hear what you have to say. So
22 I appreciate anything and everything that you have
23 to add to this process and your time and energy
24 tonight.

25 It's been suggested that it might be well to

1 give a little background of Western for some that
2 may not know Western and the PMAs. I see a lot of
3 familiar faces so I'll keep it quite short and maybe
4 highlight some of the areas that I think are fairly
5 pertinent.

6 Western came out of and the PMAs came out of
7 the Department, the creation of the Department of
8 Energy. Western, in particular, was part of the
9 Bureau of Reclamation, and a lot of our authorities
10 are different in the different regions. It's quite
11 complicated and something that I don't think that
12 I'm able to describe in detail, particularly for all
13 the regions.

14 The Upper Great Plains Region has legislative
15 pieces that are much different than Sacramento or
16 Parker-Davis down in Phoenix, you know, so it is a
17 little bit complicated when we look at all of our
18 authorities.

19 One thing that I think is important to
20 understand, Western markets the power energy out of
21 the federal dams, especially in the upper Great
22 Plains which are owned and operated by the Corps of
23 Engineers and the Bureau of Reclamation. And we
24 sell that under our marketing plans to preference
25 entities within our marketing areas. And we do not

1 have local responsibility, which is something that
2 is surprising to some people who aren't familiar
3 with the program.

4 Because of that, supplemental power suppliers
5 developed in the '60s. I think it was in the '60s.
6 Our last plant was Yellowtail that went on-line
7 which I think was '68, if I remember right.

8 And so the supplemental power suppliers were
9 necessary to meet the customers' (unintelligible)
10 growth responsibility above and beyond what Western
11 can supply. And because of that we have a very
12 close-knit relationship with the supplemental power
13 suppliers and the customers. This was a power
14 supply relationship that wasn't, didn't have a lot
15 of precedence. Most of the time you had a utility
16 providing full service, and here we had maybe two
17 utilities or sometimes even three today that provide
18 power supply to individual customers.

19 And so in this region the transmission system
20 was developed, together with the supplemental power
21 suppliers. And in the upper Great Plains our
22 transmission system is part of what we call the
23 integrated system, which is owned by Basin Electric,
24 Heartland Consumer Power District and Western Area
25 Power Administration in this region and all marketed

1 under one tariff, integrated system tariff, which is
2 an open access transmission tariff which is part of
3 the FERC 888, you know, meets the FERC 888 orders.

4 The other regions of Western also have an open
5 access transmission tariff, and because of that our
6 transmission is open to everyone with commensurate
7 rates to what we charge ourselves. A lot of people
8 don't really realize that, and so I kind of
9 highlight that. And I know most of the people in
10 the audience already know that, but I think it's
11 important to realize that we work very closely with
12 supplemental power suppliers and the customers and
13 the integrated transmission system that we have.

14 Unless you want to have more tutorial on or
15 have any questions about Western, what I would like
16 to have the pleasure of doing is introducing Lauren
17 Azar. Lauren is the Special Assistant to the
18 Secretary of Energy, Secretary Chu, and she's come
19 here from D.C., very interested in this process and
20 very involved, along with the rest of us, into
21 hearing what you have to say. And so I'd like to
22 introduce Lauren who will have some remarks, and
23 then we'd like to hear what you have to say.

24 Lauren?

25 MS. LAUREN AZAR: Thanks very much, Bob.

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And good evening, everybody. I know for the folks that were here for the workshop this is a very long day and thank you for staying this long, and I look forward to hearing your public comments later tonight.

Let me just start off by saying I'm hoping that everybody in this room, that we have some shared goals. And those shared goals would be to make sure that our nation remains healthy, secure and can remain competitive in the global economy. And if we start off with an understanding of shared goals, it often helps us when we're moving forward and trying to figure out how best to achieve those shared goals. And, of course, the purpose of these series of workshops that we're holding is to determine what role Western and the other power marketing administration should be playing in helping to achieve those shared goals.

As you can imagine, having an economy that's competitive in the global economy, having a prosperous and safe nation includes also having an electricity supply that is safe, reliable and affordable. It also includes a transmission grid that is flexible and resilient. And as I was hearing the readouts of the summary session this

1 afternoon, a lot of the comments were reflective of
2 those goals. Although I think we have some further
3 dialogue to occur on how best we can achieve those
4 and what the role of the PMAs are with regards to
5 that.

6 Let me just say that the Federal Power Program,
7 as Bob indicated, owns a significant part of the
8 nation's transmission infrastructure and electric
9 infrastructure. Just to give you a snapshot from
10 Western, Western owns 17,135 miles of transmission
11 lines. That's obviously not all within Bob's region
12 but throughout their footprint. And they own 321
13 sub-stations.

14 To give you an idea of the age of that
15 system -- Western has both steel and wood poles, but
16 I just want to focus on the wood poles for right
17 now. 61 percent of Western's wood poles are 50
18 years old or older. They are beyond their useful
19 life. 17 percent are between 40 and 50 years. They
20 will soon exceed their useful life. So, in other
21 words, 78 percent of Western's wood poles are at or
22 near their useful life and will need to be replaced
23 in the near term.

24 The transformers of Western also have some
25 challenges with regards to the useful life. We've

1 got 24 percent of the transformers that are over 40
2 years old, and that's the end of their useful life.
3 One of which, which I'm amazed at and it shows you
4 what a good job that Western has been doing on
5 operation of maintenance of the transformers, one
6 transformer is 77 years old. That is mind boggling.

7 In addition to the 24 percent that are over
8 their useful life, 6 percent are nearing the end of
9 their useful life, so that brings us up to about
10 one-third of Western's transformers are going to
11 need to be replaced in the near term.

12 Western plays, as many of you know, if not all
13 of you know, plays an incredibly important role in
14 ensuring that its customers have safe, reliable and
15 affordable electric service. And they also have
16 pretty tremendous obligations with regards to the
17 transmission grid as well.

18 We are all here because in March Secretary Chu,
19 Secretary of the Department of Energy, sent a memo
20 to the power marketing administrations laying out a
21 roadmap for how the federal power marketing agencies
22 can help lead the way to ensure that we've got a
23 grid that will accommodate the needs of the 21st
24 Century and that are necessary to support continued
25 economic growth and energy security in the U.S.

1 To begin that process, Western and DOE have
2 convened a joint team of experts. And I do want to
3 emphasize "joint" because the team that is looking
4 at this actually I believe has more representatives
5 from Western than it does, actually significantly
6 more representatives from Western than it does the
7 Department. And this team of experts is going to
8 use the input that we receive from the workshops, as
9 well as from the listening sessions. In other
10 words, we're going to use the input from
11 stakeholders like you to evaluate how Western can
12 help to achieve the shared goals that I talked about
13 at the beginning.

14 Both Western and DOE understand the importance
15 to local families and businesses about the need to
16 have good access to reliable and affordable energy.
17 Western and DOE also recognize the importance of
18 hearing from communities. And as we move forward to
19 help modernize and secure the electrical system, we
20 are wanting to hear from the communities, the
21 businesses and the residences to hear input on these
22 initiatives, which is precisely why we are holding
23 public meetings as well as the workshops across the
24 Western service area over the next three weeks.
25 We're holding five different workshops and six

1 listening sessions.

2 We'll also be working with members of Congress
3 and their staff throughout this process as well to
4 lead in the transformation of the nation's electric
5 grid and to ensure that the consumers of this great
6 nation have access to secure and affordable
7 electricity.

8 As Bob referenced, many of you, probably most
9 of you sat through and participated in the workshops
10 today. For those who didn't, let me just tell you
11 quickly about the three -- what the workshops did.
12 They broke out into three different topical
13 sessions. One had to do with the operations of the
14 planning of transmission. The second had to do with
15 the kind of transmission services that are sold by
16 Western over their lines. And the third had to do
17 with new authorities that Congress gave the power
18 marketing administrations on developing new
19 transmission.

20 So what this group did, this group of experts
21 from Western and DOE facilitated discussion among
22 the participants in each of these three topic areas
23 and came out with a number of different summaries
24 which were summarized at the end of the session.

25 So we look forward to hearing from you tonight.

1 The listening sessions that we are about to embark
2 on, let me just give you how we anticipate this is
3 going to unfold. We want to make sure that
4 everybody has the opportunity to speak, so from the
5 get-go, each speaker will have three minutes to
6 speak. We will call the names of the folks who
7 pre-registered on the website at the beginning, and
8 I believe we've got probably about 24 from Rapid
9 City that have registered so far.

10 If you did not pre-register and you want to
11 speak, we will have time to hear you speak. Just
12 sign up. And raise your hand because we do want to
13 get your name written down in advance so that we can
14 give it to the court reporter and I can call it out.

15 So we'll go through the pre-registered folks
16 first. Then we'll go through those that are
17 registered here at the site.

18 Obviously we've got a court reporter in the
19 room who is capturing all of your comments. Your
20 comments tonight, as with all of the input from this
21 afternoon's workshops, will be considered by the
22 team of experts from Western and DOE as they're
23 doing their evaluations.

24 So when I call your name, if you have never
25 given testimony before a court reporter, there's a

1 few ground rules that will make her life a heck of a
2 lot easier. One is -- I'm going to call your name.
3 When you come up to the microphone, please state
4 your name. And if you don't remember to state your
5 name, don't be surprised because I'm going to
6 interrupt you, because otherwise the court reporter
7 is not going to know how to record your testimony.
8 And if you can remember, if you've got an unusual
9 last name, if you could spell that last name.

10 Speak clearly and slowly. And we look forward
11 to hearing your input with regards to the, as we're
12 calling it "Defining the Future Initiative" at the
13 Western Area Power Administration.

14 So with that, here's what I would like to do:
15 I'm going to be sitting over there, so I'm actually
16 not going to be calling names out through the
17 microphone, so hopefully you guys will be able to
18 hear me.

19 The first person that we have to call does have
20 a time constraint, and I'm hoping I'm pronouncing
21 his name right, Qusi Al-Haj. He is from Senator
22 Thune's office.

23 And if there's anybody else who has time
24 constraints, we'd love to accommodate those. So
25 when I get to the next person that I'm calling, if

1 you have a time constraint, just put up your hand
2 and I'll flag you.

3 MR. QUSI AL-HAJ: I think when Lauren was
4 referring to difficult last names she was talking
5 about me. So I anticipated this by giving the lady
6 here my card.

7 Qusi Al-Haj, I am with Senator John Thune, West
8 River Director. And I'm here to read a few of the
9 remarks on behalf of the Senator. The remarks are
10 in the form of bullets, and they're under several
11 headlines.

12 First for background, Secretary Chu's
13 March 2012 memo represents a significant expansion
14 of Western's narrow role as a wholesale power and
15 transmission provider.

16 While Western's role has changed over the past
17 decades, its core mission is still to market power
18 generated at federal dams at the lowest possible
19 rate consistent with sound business principles.

20 Secretary Chu's memo lays out several policy
21 goals that appear to conflict with this basic tenet.

22 Costs: In many cases, utilities in South
23 Dakota and across Western's footprint are already
24 pursuing the policy goals of the Chu memo. He
25 believes retail electric utilities are in the best

1 position to meet the needs of ratepayers in terms of
2 integrating variable sources of energy, increasing
3 energy efficiency, and deploying new technologies
4 such as installing smart meters and electric
5 vehicles.

6 Expanded demands on Western's customers from
7 Washington, D.C. will only drive up costs for
8 ratepayers in South Dakota without providing
9 measurable benefits.

10 Legal questions: The March 2012 Chu memo also
11 raises significant legal questions about the extent
12 of Western's statutory limitations. While PMAs are
13 authorized by a variety of federal statutes, the Chu
14 memo recommends incentive-based rates for complying
15 with the new policy objectives. These rates seem to
16 violate the statutory requirement for the cost-based
17 rates.

18 In closing, there is a lot of uncertainty in
19 the economy right now. Unfortunately, a lot of that
20 uncertainty is coming from new regulations out of
21 Washington, D.C. We are hearing that Secretary
22 Chu's memo and the potential rate increases that may
23 follow, are only adding to these uncertainties.

24 As the Department of Energy continues to pursue
25 this new agenda for Power Marketing Agencies, I

1 encourage you to stay within the legal confines of
2 Western's authority and to ensure that any increases
3 in costs are met with measurable and commensurate
4 benefits.

5 Additionally, I encourage you to not only
6 listen to, but act upon the concerns of Western's
7 current customers. The details of this new mission
8 should come from the bottom up, not the top down.

9 Finally, decisions to expand Western's mission
10 should protect businesses and families from higher
11 rates at a time when we can least afford it.

12 I wish you a pleasant evening. Thank you.

13 MS. LAUREN AZAR: Does anybody else have a time
14 constraint?

15 (No response)

16 MS. LAUREN AZAR: If not, let's go to Maude
17 Grantham-Richards from Tri-State.

18 MS. MAUDE GRANTHAM-RICHARDS: Good evening.
19 I'm Maude Grantham-Richards, and I'm here on behalf
20 of Tri-State Generation & Transmission Association.

21 DOE and Western's obligation is to use the
22 federal transmission system built with preference
23 customer dollars to deliver to preference customers
24 electricity generated at the federal hydroelectric
25 facilities and sold at cost-based rates to recover

1 operation, maintenance and investment costs
2 (principal and interest to Treasury). Should there
3 be excess transmission capacity that can be sold, it
4 is Western's obligation to post it on the OASIS and
5 sell it. The revenues received from such sales
6 should reduce the monies required from the
7 preference customers and then returned to Treasury.

8 Tri-State does not support DOE/Western
9 requiring its customers to have energy efficiency
10 programs, demand response programs, requiring them
11 to integrate renewable resources or prepare for
12 electric vehicle deployment. Tri-State and its
13 members are responsible for ensuring the policies,
14 programs and procedures are in place to provide
15 these opportunities should they be requested by
16 their members and customers.

17 Tri-State supports DOE advocating that
18 hydroelectric resources, in any size, are and should
19 be considered renewable (and proven) resources.

20 Tri-State supports DOE's development of new
21 hydroelectric power at existing dams (April 17th,
22 2012 press release) and if possible, increasing the
23 generation output of its existing facilities
24 throughout the United States.

25 Tri-State supports H.R. 5892, the Hydropower

1 Regulatory Efficiency Act which would direct DOE to
2 complete a study of the technical flexibility and
3 potential of pumped storage facilities and
4 technology to support intermittent renewable
5 generation and provide grid reliability benefits,
6 and, two, the range of opportunities for hydropower
7 from conduits.

8 Tri-State, along with other preference
9 customers, strongly supports the operation and
10 maintenance of WAPA facilities and willingly pays
11 through its rates for the maintenance of those
12 facilities and through other cost-sharing measures,
13 the development and expansion of needed facilities,
14 with the principle that the beneficiary pays.

15 Tri-State's position is that it is not a DOE/
16 Western role to be a "leader". It is DOE and
17 Western's obligation (and role) to participate with
18 other industry participants in the ongoing efforts
19 in working through the issues to arrive at the best
20 solutions; Western is one of many participants.

21 Western's obligation is to provide the services
22 its customers are paying for: Firm power and energy
23 with associated transmission and other ancillary
24 services as requested by the customer. When and if
25 Congress allocates additional funding and personnel

1 for new endeavors or projects, then Western can
2 proceed with those other projects. That funding
3 should be non-reimbursable and not an additional
4 responsibility to the firm power customers.

5 Western covers a very large geographical area
6 with a very diverse social, economic and geographic
7 topology. DOE needs to ensure this is given
8 substantial consideration in any changes they may
9 consider and propose. What may work in California
10 may not work in New Mexico, Utah or the Dakotas.

11 Western participates in many endeavors
12 throughout the Western Interconnection, from reserve
13 sharing groups, to communications planning,
14 transmission planning, maintenance planning,
15 reliability organization, et cetera. They are
16 active participants in every facet of the electric
17 utility industry and should not be placed in a
18 position of superiority as "leaders". They are
19 participants and are appreciated for that and should
20 support ongoing efforts.

21 As a result of the Federal Energy Regulatory
22 Commission standards, Western, as other electric
23 utilities in the US are required to do, must follow
24 the 693 reliability standards as well as the 706 CIP
25 standards which requires them to coordinate

1 operations with neighboring BAs.

2 MS. LAUREN AZAR: When you get a chance, could
3 you try to wrap up? You're at about four and a half
4 minutes.

5 MS. MAUDE GRANTHAM-RICHARDS: Sure.

6 MS. LAUREN AZAR: Thank you.

7 MS. MAUDE GRANTHAM-RICHARDS: Past policy
8 initiatives have been specifically addressed by
9 Congress such as salinity control and endangered
10 fish recovery, where those specific policy
11 initiatives would have had a rate impact on
12 preference customers. The opportunity for
13 preference customers to present their positions to
14 Congress on new DOE/Western or others' programs that
15 are thought to have an economic impact on their
16 economy and their end-use electric customers is a
17 right that should not be usurped by the Department
18 of Energy.

19 We appreciate having had the opportunity to
20 present comments tonight and hope to be able to
21 participate in the future. Thank you.

22 MS. LAUREN AZAR: Thank you very much.

23 Josh Gackle?

24 If you are reading written comments, it would
25 be very nice for you to give them to the court

1 reporter afterwards because it's going to make her
2 life a lot easier. So if you have an extra copy,
3 that would be very much appreciated.

4 I'm sorry, Josh. Go ahead.

5 MR. JOSH GACKLE: It's more of an outline.

6 My name is Josh Gackle. I've met many of you
7 earlier today. I am here today representing Wind on
8 the Wires. Wind on the Wires is a regional wind
9 energy advocacy organization based in St. Paul,
10 Minnesota. We work throughout the Midwest, United
11 States in the Midwest, mostly in the Midwest ISO
12 footprint. Some of our work, of course, happening
13 in North Dakota, South Dakota, and very interested
14 in the process that DOE has started here with
15 Western.

16 Just a little background on Wind on the Wires.
17 Our membership includes wind developers, turbine
18 manufacturers, clean energy advocates, tribal
19 organizations, and others broadly interested in the
20 development of more wind in the Midwest.

21 Our interest in these workshops and listening
22 sessions is to have discussion with DOE, WAPA and
23 WAPA's customers about how to more fully develop the
24 tremendous wind resource that exists here in WAPA,
25 WAPA in general and specifically in WAPA Upper Great

1 Plains.

2 Wind, in our experience, and I think in many
3 folks' experience, has proven to be a cost-effective
4 resource. And the discussion that is happening here
5 today and will be going on over the next few weeks
6 about improving and expanding the transmission grid
7 in the region will ultimately benefit consumers
8 whether wind is the preferred resource or not. The
9 added reliability benefits and reduced congestion
10 that expanded transmission can bring to a region
11 will benefit all consumers.

12 And beyond that, the numerous economic benefits
13 that wind development brings to landowners, farmers,
14 ranchers and communities throughout the region is
15 again another (unintelligible) of the discussion
16 that is happening here, starting here today.

17 I would like to say that we certainly recognize
18 that WAPA's customer makeup is different than what
19 an organization like Wind on the Wires has worked
20 with in the past in areas such as the Midwest ISO.
21 The multiple municipal and rural electric co-ops
22 that exist here play -- operate in the system a
23 little bit differently, and we want to say upfront
24 that we recognize that.

25 However, we participated fully in the process

1 that the Midwest ISO went through in developing
2 their recent cost allocation tariff for multi-value
3 projects, large transmission projects in the
4 Midwest, and we think that there are some examples
5 from that that can be of benefit to WAPA and the DOE
6 as you consider what steps might be taken here.

7 Finally, I will just conclude and say, as the
8 previous speaker did, that we look forward to
9 continuing this process with DOE and WAPA and as the
10 customers move forward. We thank you for the
11 opportunity to participate today and in the
12 listening session tonight. And, again, we look
13 forward to the next steps.

14 Thank you.

15 MS. LAUREN AZAR: Thank you.

16 Victor Simmons?

17 MR. VICTOR SIMMONS: I am Victor Simmons,
18 Rushmore Electric Power Co-op. We are the
19 wholesaler to eight of the co-ops here in Western
20 South Dakota, so welcome to our home.

21 Earlier today I participated in the panels and
22 made some comments there that I will submit
23 electronically, but I need to add two things. And
24 this is a question, first off, that was asked
25 earlier this morning that I find somewhat appalling

1 that we can't get an answer to, and that is how much
2 is this whole process costing and who's paying for
3 it? We've asked that twice now and still don't get
4 an answer. And the reason I say that is because I
5 think I know the answer and that is we are paying
6 for it as customers. That's who pays for everything
7 that WAPA does.

8 We have a long history of a good working
9 relationship with the Western Area Power
10 Administration, especially the Upper Great Plains
11 Region that we serve here.

12 I think we're trying to fix something that
13 isn't broken.

14 And with that I will submit my comments
15 electronically and look forward to the process as we
16 continue.

17 Thank you.

18 MS. LAUREN AZAR: Thank you.

19 Let's go to Alan Johnson.

20 MR. ALAN JOHNSON: Good evening. My name is
21 Alan Johnson. I am a rancher, farmer, and a rate
22 payer on the end of an electric co-op line. I am
23 also a 20-year director with Moreau-Grand Electric,
24 distribution co-op in Timber Lake, South Dakota, and
25 a ten-year director with the Rushmore Electric G&T

1 Cooperative here in Rapid City.

2 You folks from the DOE have been and will be
3 presented with a host of opinions on why the
4 proposed changes to WAPA are not in the best
5 interest of the rate paying stakeholders in
6 attendance here this evening. I am sure you will
7 hear those same opinions at your future meetings. I
8 am not here to reiterate them.

9 What I have to say is this: I fear the
10 decision on WAPA's future direction has already been
11 made. What we are participating in here this
12 evening is simply a facade designed to make it
13 appear that the DOE is open to hearing what us folks
14 way out here in what you call "fly-over" country
15 have to say about your grand scheme. I know there
16 are several others here in the crowd who feel the
17 same way but they're not going to say it.

18 I see the Department of Energy as an entrenched
19 Washington, D.C. bureaucracy staffed with typical
20 bureaucrats who seem to excel at two things,
21 preserving their jobs and fixing things until they
22 are broken. Bureaucrats, as such, have little real
23 interest in hearing what those who are to be
24 affected by the schemes think about said schemes.
25 However, it is also necessary for those bureaucrats

1 to have the appearance of being willing to listen to
2 what the people who are going to be affected have to
3 say, hence tonight's listening session.

4 I am not a natural born skeptic, and like most
5 folks who were born and raised in this part of the
6 country, I tend to trust what I am being told until
7 the teller has proven themselves to be
8 untrustworthy.

9 In recent decades my level of skepticism and
10 distrust when it concerns any Washington, D.C.
11 bureaucracy has increased considerably. The old
12 joke, "We are here from Washington, D.C. and we are
13 here to help" has seemingly become more and more
14 real and also more and more frightening with each
15 passing year.

16 I would like to invite you to give good honest
17 consideration to the things that you are hearing
18 from the rate payers at these listening sessions.
19 Try to prove to me that I am wrong. Perhaps now is
20 a good time for you to consider that the right
21 approach to doing whatever is going to be done is
22 not to be found by starting in Washington, D.C. and
23 pushing it downhill onto the people who will have to
24 live with its consequences. But rather, allow the
25 people who have their feet on the ground and will

1 suffer, or benefit, on a daily basis from what is
2 done to be the ones who decide how it should be
3 done.

4 We hear lots of talk about "grassroots
5 solutions". Now is the right time to look to and
6 employ them in achieving these shared goals that are
7 being sought.

8 Thank you.

9 MS. LAUREN AZAR: Thank you.

10 Matthew McLarty?

11 (No response)

12 MS. LAUREN AZAR: Jeffrey Nelson?

13 MR. JEFFREY NELSON: My name is Jeff Nelson.

14 I'm the general manager of East River Electric Power
15 Cooperative headquartered in Madison, South Dakota.

16 East River is owned by 25 rural electric
17 cooperatives that serve an area the size of the
18 State of Indiana in Eastern South Dakota and Western
19 Minnesota, about 92,000 consumers. About two
20 customers per mile of line is the average amount of
21 lines necessary to serve those customers.

22 East River was made possible by the creation of
23 the resources that are represented and managed today
24 by the Western Area Power Administration. So these
25 are our resources to us in a forum that is a

1 conversation not about foundational goals but about
2 foundational resources.

3 Because of our affiliation with and the
4 enabling nature of Western as a proven partner in
5 both transmission and power supply, the 25 retail
6 systems that are the owners of East River have
7 integrated into their systems 96 percent, 96 percent
8 penetration of automatic meter infrastructure.

9 In the last 25 years we have invested, through
10 our coalition of interests, \$70 million in grants
11 and loans directed to consumers for energy
12 efficiency and conservation programs.

13 We have had, since 1985, a (unintelligible)
14 management program that has clearly proven all of
15 these are features that today are described as smart
16 grid that, from Secretary Chu, suggests need to be
17 considered for the 21st Century. Actually, most of
18 the cooperatives in this region began working for
19 the 21st Century long ago.

20 We are very concerned about the basis for the
21 Chu memo that has suggested that Western is not a
22 proven provider of resources, that it is not
23 resilient.

24 I appreciate the recitation by Ms. Azar about
25 the aging infrastructure. Most of the utilities in

1 this region are faced by a similar problem. We are
2 committing resources to it. DOE, if it wishes to
3 help address Western's challenges in this region,
4 could do well by bringing additional federal
5 appropriations to help, to join the customers who
6 are providing substantial resources in order to
7 continue to support the system.

8 We are skeptical because of actions by the
9 department, most recently a letter that went to 166
10 members of Congress comparing the outages on the
11 East Coast rising from a super storm that put many
12 folks in the dark to somehow being connected to the
13 responsibility for the role that Western has in this
14 part of the country. We find that to be outrageous.
15 We find it to be a misrepresentation and an example
16 of the uncertainty that we have about this whole
17 proposition.

18 This afternoon I also participated in the
19 workshops, and I was heartened in the discussion
20 that I hope the agents of the Department of Energy
21 and the representatives of the Department of Energy
22 heard, that by and large Western is a proven
23 provider, is respected in this region and the
24 actions that it is undertaking are, by and large,
25 meeting all of those needs that are defined in the

1 memo from Secretary Chu.

2 We also talked about the important need to
3 respect a simple principle, and that is as Western
4 continues to adapt, as it continues to join the
5 nonprofit community in this region that has
6 developed, integrated and is using substantial
7 amounts of renewables, that it will respect the
8 no-harm principle so that customers that rely on
9 these resources don't suffer.

10 MS. LAUREN AZAR: Jeff, if you could try to
11 wrap, that would be great.

12 MR. JEFFREY NELSON: I will.

13 MS. LAUREN AZAR: Thank you.

14 MR. JEFFREY NELSON: Let me finish by saying
15 that so far this process has been clumsy at best and
16 at worst lacking in any coherent organization.

17 The Chu memo was introduced without any
18 collaboration yet this is described as a
19 collaborative process. The process itself has,
20 represented itself as offering information, yet does
21 so without notice. Today during the hearings yet
22 another fundamental change was introduced as part of
23 how the outcome of this process will be considered.

24 It all leads to much concern on what the real
25 goals are and what the outcome of this process will

1 be.

2 We will continue to participate in this
3 process, submit statements for the record, and we
4 are hopeful that the department will give serious
5 consideration to those who are paying for the
6 system.

7 Thank you.

8 MS. LAUREN AZAR: Thank you.

9 William Appel?

10 MR. WILLIAM APPEL: I'm Bill Appel, a member of
11 the Islands Energy Consortium. That is a group that
12 operates in the extreme northwest of the contiguous
13 48 states.

14 I'm a guest here, and I'm going to say right
15 upfront I'm staying out of the WAPA issue. That's
16 how I've managed to stay married for 50 years. And
17 I recognize that I am a guest.

18 But I do have some things to say that have
19 emerged, have developed, have grown, and it has to
20 do with sometimes seeking to get something done
21 using a wrong party for the wrong purpose, partly or
22 fully. I'm not saying that WAPA is not being used
23 correctly. I have no comments about WAPA, except to
24 say that a lot of the issues are clearly things that
25 only can be resolved by DOE and not by WAPA. That

1 doesn't mean it has to be paid for by DOE, but it
2 doesn't mean it doesn't.

3 I think the issue of a collaborative process is
4 absolutely and fundamentally essential. And if the
5 parties are groping each other and it's rough and
6 people are saying, "This is too informal" or, "I'm
7 not hearing what I want to hear," we never do.

8 But if I'm not going to get a chance to be
9 heard by what I want to say, then the process has to
10 continue. There is a mid zone in this kind of an
11 area.

12 Elinor Ostrum who was the Nobel prize winner in
13 economics in 2009, she wasn't an economist, talked
14 about the forms of collaboration of how you handle a
15 public asset with a group of people without coercion
16 or with minimum coercion. But pretty clearly here
17 throughout the country some changes are going to
18 need to be made. You don't just fix roofs after the
19 rains.

20 And so we all know some change is coming. And
21 there's a collision as to what changes and what
22 future is being sought. People who buy into the
23 future will pay for it. That's what "buying into
24 the future" means. People who say that the present
25 is just fine and everything is fine aren't willing

1 to pay for a future that's different. Why should
2 they? But it does appear to me that there's a
3 difference, not just because of the way the lines
4 are drawn but the way the lines aren't drawn.

5 And from my observation -- and I live in an
6 extremely rural area. My home is, in fact, off the
7 grid, and -- my personal home. And it appears to be
8 a very strong divide between urban and rural,
9 between early adopters and people who feel that
10 stasis, protected stasis well designed makes sense.

11 And so whatever it is that comes out of this
12 process -- and I will be back in Washington State,
13 but the process involving this clearly needs more
14 collaboration. If this needs to change, why is it?
15 Why does it need to change? I think part of that
16 has already been described. We know some changes
17 have to come, and somebody has to pay for it. Well,
18 how much and how?

19 We are all in it together. Everything that
20 happens somewhere in this country affects everything
21 else on the grid. Everything that happens in one
22 place of the grid makes people think about another
23 place in the grid. It's not going to stop.

24 So all I can say is I hope personally that the
25 people in this room are willing to, are willing to

1 work together and that there's a convincing job of
2 what changes need to be made and why.

3 And that the possibility that DOE doesn't think
4 in terms of broad swatches of painting as painting
5 with a brush that's broader than the canvas, would
6 rather be willing to look at zones, areas of
7 concern, areas of willingness. That's how municipal
8 bonds are rated, by the way, two towns, same debt,
9 same tax base, but one town is willing to pay, and
10 the other town is not. They get rated differently.
11 They may have to be treated differently as more
12 people are brought aboard.

13 Examples will be made by those who go forward.
14 Let them go forward. Don't stop them. But DOE
15 should be willing to do this flexibly so that the
16 areas that want to go forward and are willing to go
17 forward can.

18 Thank you.

19 MS. LAUREN AZAR: Thank you very much.

20 Melissa Maher?

21 MS. MELISSA MAHER: And that is Melissa Maher,
22 M-a-h-e-r.

23 Okay, good evening. I am the General Manager
24 of Moreau-Grand Electric, with our headquarters in
25 Timber Lake, South Dakota. Equally as important as

1 being a manager of the co-op, I'm also a member and
2 a rate payer of Moreau-Grand Electric.

3 We serve 6,600 meters to 3,800 members with
4 6,950 square miles of territory taking in Corson,
5 Dewey and Ziebach Counties. Our peak load is 22
6 megawatts. Our annual kilowatt hour sales are 91
7 megawatts.

8 Our service territory is within the boundaries
9 of the Cheyenne River Sioux Tribe and the Standing
10 Rock Sioux Tribe Reservations. We serve some of the
11 poorest counties in the nation. And, in fact, all
12 three of our counties were ranked within the top 11
13 as the poorest per-capita income in the U.S. in the
14 2010 census.

15 Moreau-Grand goes on record for the past
16 several years as having the lowest megawatt hour
17 usage per mile of line in the State of South Dakota
18 and is one of the lowest usages per residential
19 meter in the state.

20 Our main power supplier is Basin Electric
21 provided through our G&T cooperative Rushmore out of
22 Rapid. We receive approximately 20 percent of our
23 power needs from WAPA and have had a very good
24 working relationship with WAPA and their staff over
25 the years.

1 Moreau-Grand has maintained an AMR, turtle
2 meters one-way communication system, since the year
3 2000, and we implemented that with the need of the
4 WAPA allocation to the tribes. We are currently
5 retrofitting this system to an AMI meter system
6 which will be fully implemented by next year. This
7 new smart meter system allows for two-way
8 communication and will also then incorporate load
9 control via demand response program. Our members
10 are responding very favorably to this.

11 This has been said many times today, and I
12 wrote this speech before today, but it just, as I
13 was reading the material -- and I've always lived
14 under the old adage that if it ain't broke, don't
15 fix it. And I've heard that so many times today,
16 and I think it's the best description of what we got
17 going on.

18 This would certainly apply to the role of the
19 PMAs and WAPA. Hydropower, which I deem a renewable
20 source of energy, has been reliable and cost
21 effective. I fail to see a problem with this
22 existing system and certainly don't feel that our
23 members can afford any duplication of service.

24 The idea is to keep member rates down. The
25 best way to accomplish this is to leave things as

1 they are.

2 Thank you for allowing me this opportunity to
3 voice my opinion on behalf of my members.

4 MS. LAUREN AZAR: Thank you.

5 Mark Grotbo?

6 MR. MARK GROTOBO: Hello, all. My name is Mark
7 Grotbo. I'm the General Manager from Marias River
8 Electric Cooperative up in Shelby, Montana. We are
9 the furthest most northwest cooperative that WAPA
10 serves, is my recollection. I had to drive about
11 700 miles because of the lack of the working session
12 that was held in Montana.

13 First off I'd like to thank Bob, the Upper
14 Great Plains, the WAPA staff. I think you do a
15 tremendous job. You've been very good advocates.
16 You've worked in the collaborative effort. I know
17 in the transmission planning and operations it came
18 out, I think Mr. Nelson said, No gaps that were
19 there. You've been a true advocate working in
20 partnership with Basin, Midwest Consumers
21 Association.

22 I serve as the spokesman for approximately
23 3,900 meters in Toole County Montana. As was just
24 spoken, a large percentage is below the poverty
25 line. We hear it being stated that this is going to

1 be a cost-based initiative, but if you throw in
2 excess costs and there are no benefits, we are a
3 very rural community that is not growing, therefore
4 we do not need the additional resources as to what
5 we're talking about. As she just said, if it's not
6 broke, we don't need to fix it.

7 But I guess I'm very concerned with Secretary
8 Chu's memo, as it insinuates that we have a system
9 that is broken and dilapidated. We do not. We do
10 not have brownouts. We do not have blackouts. We
11 pay for infrastructure, and we work in collaboration
12 with WAPA through Western states to pinpoint where
13 the money is needed, and they listen and we work
14 together.

15 WAPA was formed for regional and local control
16 and benefit. It has worked very well. I don't see
17 why there needs to be a change. I would ask that if
18 there is a change, which it sure appears that there
19 is an agenda to go that direction, that we look at
20 the cost or the benefits, that they pay for any
21 upgrades or any substantial changes that need to be
22 made, not the existing membership.

23 Like I said, as I'm one of several thousand
24 people up in Toole County, they shouldn't have to
25 pay for the upgrades for the benefit that's exported

1 to a different region.

2 Thank you.

3 MS. LAUREN AZAR: Thank you.

4 Barry Bettelyoun? Am I pronouncing that right?
5 B-e-t-t-e-l-y-o-u-n.

6 (No response)

7 MS. LAUREN AZAR: All right, not here.

8 Jeanne Barnard?

9 MS. JEANNE BARNARD: My name is Jeanne Barnard,
10 B-a-r-n-a-r-d. Of my many hats that I wear, the one
11 that I am wearing tonight is one of a rancher's
12 wife.

13 75 years ago, the Fort Peck Dam appeared on the
14 front cover of Life Magazine. The project was born
15 out of the Depression and in 1936 employed over
16 10,000 individuals. On the plains of northeast
17 Montana Fort Peck Dam would provide flood control
18 and generate affordable power.

19 Fort Peck was not only a project born out of
20 The Great Depression, it became a symbol of hope and
21 prosperity for the future. In the gloom and doom of
22 the Dirty '30s, Fort Peck provided jobs and was the
23 largest project in the country.

24 Downstream from the dam and along the Missouri
25 River were numerous farms and ranches. The

1 government, by eminent domain, condemned this land
2 and paid market value for the land. Because of the
3 depression and drought, this was just pennies on the
4 dollar. After the land was condemned and the
5 homesteaders left, the government came behind them
6 and burned their homes.

7 I bring this up because six of the ranches
8 condemned belonged to my husband's grandfather,
9 father, aunts and uncles. They had homesteaded in
10 Leedy, Montana which is now 60 feet under water.
11 While it seemed unfair at the time, the electricity
12 the dam now generates serves my husband and my son
13 on our ranch, truly a case where the benefit
14 exceeded the loss and heartbreak of being forced to
15 move.

16 What is not acceptable is to take this very
17 benefit that my family sacrificed for and give it
18 away to foreign entities. Preference power keeps
19 the lights on at affordable rates. The farms and
20 ranches of our area feed the world. They do this
21 with the same self-dedication and commitment as
22 those who gave up so much for future generations.
23 The margin of profit remains very small. Ranches
24 commit to keep the ranch in the family and the
25 lifestyle it affords.

1 It cost \$110 million to build Fort Peck, and
2 every penny due that was allocated to power was paid
3 back with interest over the last 75 years. The DOE
4 wants to take this success story of a model that
5 works and turn it into a bureaucracy nightmare. If
6 the government raises our rates with the low margin
7 of profit, it will drive many of our area farmers
8 and ranchers out of business.

9 The memo sent by Secretary Chu wants to
10 redirect and change the original mission of Western
11 Area Power. This change will only increase costs to
12 our farmers and ranchers. Affordable energy is the
13 backbone of our country. Take it away and our
14 nation will crumble. This is not the partnership
15 agreement my husband's family made with the
16 government 75 years ago when their ranch was
17 sacrificed.

18 I participated in the DOE pre-session webinar,
19 and it appears that the DOE has already made up its
20 mind in a pre-determined outcome. This is a
21 holdup and robbery of our preference power by the
22 Chu gang in the very area Kid Curry hung out with
23 his Hole in the Wall gang.

24 Western Area Power has always aligned with its
25 people. The DOE needs to move past the Chu memo and

1 focus on the original mission of Western Area Power.
2 Along with Congress, the DOE needs to realign itself
3 with the people of America or all will be lost, just
4 like those ranches sitting at the bottom of Fort
5 Peck Lake.

6 Thank you.

7 MS. LAUREN AZAR: Thank you.

8 Scott Odegard?

9 MR. SCOTT ODEGARD: I am Scott Odegard. I am
10 the general manager of Sun River Electric
11 headquartered in Fairfield, Montana.

12 According to, at least my understanding of
13 Secretary Chu's letter, is that his intent is
14 nothing less than to transform the nation's electric
15 sector. My concern is that the PMA's cost-based
16 approach to rates now would be transformed into
17 something not cost based, which really can only mean
18 higher.

19 I manage a small cooperative in rural Montana,
20 but we're not a sleepily little cooperative that
21 needs help from the DOE in order to somehow embrace
22 the 21st Century. My poles aren't falling down and
23 really neither are WAPA's. My transformers aren't
24 new, but they're certainly not in a state of
25 imminent failure.

1 We were the first co-op in Montana to embrace
2 automated meter reading. In fact, two years ago we
3 were on our second generation. We've thrown all
4 those out, and now we have smart meters.

5 We've had voluntary conservation programs in
6 place for years. I don't think that we need to be
7 told or we need any help in order to become more
8 progressive or more people friendly.

9 The price of Secretary Chu's experiment in the
10 dream of transforming the nation's electric sector
11 will be paid for by end users, which is Sun River's
12 members which is people. I would ask you not to put
13 them at financial risk.

14 Thank you.

15 MS. LAUREN AZAR: Thank you.

16 Jeff Peters?

17 MR. JEFF PETERS: I am Jeff Peters, and I
18 represent Missouri River Energy Services, a
19 municipal joint action agency that provides electric
20 energy and services to 61 communities in the states
21 of Iowa, Minnesota, North and South Dakota.

22 59 of the 61 Missouri River members are firm
23 power supply customers of WAPA, Upper Great Plains
24 Region. Any needs in excess of the WAPA allocations
25 are supplied by Missouri River Energy Services. In

1 aggregate, these municipalities represent over
2 20 percent of the UGP firm allocations.

3 The DOE has expressed its intent to have the
4 PMAs play a leadership role by offering incentives
5 for energy efficiency and making investment in
6 transmission for the purpose of getting more
7 renewables integrated into the market. Missouri
8 River and its members believe that leadership role
9 is already being fulfilled at the regional level in
10 collaboration with Western.

11 Missouri River members have a rich history of
12 employing DSM technologies. As an example, one of
13 the first formal demand site activities employed by
14 the members was load management. Several members
15 installed systems in the early 1980s.

16 Missouri River and its members have been
17 integrating and purchasing wind energy for over a
18 decade. This effort started 13 years ago. One of
19 the members, Moorhead Public Service in Moorhead,
20 Minnesota installed a wind turbine locally in 1999
21 and launched a Green Power Program that became
22 recognized nationwide.

23 Several other wind projects have been part of
24 the Missouri River resource portfolio since. As of
25 2012 the Missouri River portfolio wind generation

1 tops 85 megawatts, which represents about 9 percent
2 of its energy sales in 2012.

3 In regards to the energy and balance market,
4 the decision on participating in an EIM is a very
5 complex issue and requires much study and
6 consultation. Each regional utility operates in a
7 different environment with different market
8 conditions. Each PMA and WAPA region needs the
9 flexibility to conduct specific cost-benefit
10 analyses of operating within or out of an EIM.
11 Upper Great Plains is currently studying a similar
12 move by entering into a regional transmission
13 organization.

14 In summary, leadership has been demonstrated by
15 the Western Area Power Administration, working with
16 the regional consumer owned utilities without
17 Washington, D.C. dictating the terms. Missouri
18 River and its members are hopeful that the
19 administration will resist the temptation of
20 centralized PMA planning and program implementation
21 and support the record of success of the regional
22 PMA planning efforts.

23 Thank you.

24 MS. LAUREN AZAR: Thank you.

25 David Raatz?

1 MR. DAVID RAATZ: I'm not going to speak.

2 MS. LAUREN AZAR: Oh, you're not? All right.

3 Jerry Toenyas? Am I pronouncing that right?

4 MR. JERRY TOENYAS: Jerry Toenyas,

5 T-o-e-n-y-e-s.

6 I wasn't going to say anything, but a couple
7 things I need to comment on.

8 First, in the session that I attended today, I
9 heard over and over again a theme about how well
10 Western was working with its customers in
11 collaboration here, and I think that was very good
12 to hear, along with the leadership that they're
13 taking.

14 Now, in our session there was a couple things
15 we talked about where studies are ongoing for
16 improvements. One was EIM. One was central
17 dispatch. And then I heard kind of a summary today
18 that the comments are going to be taken and DOE is
19 going to develop a Federal Register Notice and come
20 up with recommendations. I don't know how, when
21 studies are ongoing that are so vitally important to
22 reliability in this nation, that recommendation can
23 be done before those studies are finished. So I
24 really think DOE needs to wait and let those studies
25 progress before they start making recommendations.

1 Otherwise we know what happens when you make
2 decisions before you have the studies done.

3 Thank you.

4 MS. LAUREN AZAR: Thank you.

5 Terry Wolf?

6 MR. TERRY WOLF: I'm not going to make any
7 comments.

8 MS. LAUREN AZAR: Walker Witt?

9 MR. WALKER WITT: My name is Walker Witt. I
10 work for and I represent over 9,000 members of Black
11 Hills Electric Cooperative. We're a distribution
12 cooperative located in the southwestern state of
13 this great state of South Dakota.

14 I appreciate the opportunity to make these
15 comments. However, I resent the necessity of having
16 to make these comments this evening. After over
17 seven hours of discussion and listening today and
18 then almost another hour tonight, I feel the same
19 way. The process is unnecessary.

20 Everything that I have heard is that Western is
21 meeting its mission of generation and delivery of
22 reliable cost-based power. I don't know why we're
23 here.

24 Many of the paths Secretary Chu's memorandum
25 set forth as being the responsibility of PMAs are

1 currently being undertaken by consumer-owned and
2 member-owned utilities. We've heard testimony of
3 that several times this evening.

4 WAPA rates need to continue to be cost based,
5 with those costs allocated to those who benefit.
6 PMAs and specifically Western should not be an
7 instrument of political and social policy. That is
8 not WAPA's mission. It's not necessary and, in
9 fact, it inhibits the responsibility of WAPA's
10 mission.

11 Thank you.

12 MS. LAUREN AZAR: Thank you.

13 Wayne Martian?

14 MR. WAYNE MARTIAN: I'm Wayne Martian,
15 M-a-r-t-i-a-n. I'm the general manager of North
16 Central Electric Cooperative in north central North
17 Dakota, Bottineau, North Dakota. Represent 7,400
18 customers. We have a customer base density of 2.3
19 customers per mile of line. We are a customer of
20 Western and very much appreciate the services and
21 collaboration and the excellent service that we get
22 from Western.

23 It has become apparent through this process
24 that the Department of Energy lacks understanding of
25 the PMAs and their preference customers.

1 And my co-op and other co-ops in North Dakota,
2 we have been doing demand response, energy
3 conservation and energy efficiency for over 30
4 years. We do it because we are cost-driven
5 organizations. We act in the best interest of our
6 member owners. We don't need WAPA incentives to do
7 what we have already accomplished.

8 For the Department of Energy to task Western
9 with this mission shows a clear picture that the
10 Department of Energy does not review the annual
11 EIA reports that we send to the Department of
12 Energy. Nor do they review the IRPs that we submit
13 to WAPA on an annual basis.

14 It appears that the Department of Energy is
15 trying to solve a problem that does not exist. The
16 Department of Energy is banning water heaters over
17 50 gallons starting in 2014, which is counter to a
18 demand program and integrating variable resources
19 into the system.

20 The Department of Energy must be mindful that
21 the Western system is not to be used for the benefit
22 of non-preference customers at the expense of
23 current customers. Those that receive the benefits
24 must pay the cost of those benefits. There can be
25 no cost shifts.

1 Thank you for the opportunity for comments.

2 MS. LAUREN AZAR: Thank you.

3 Dan Hutt?

4 MR. DAN HUTT: My name is Dan Hutt. I'm with
5 Black Hills Electric Cooperative. We serve members
6 just a few miles from here.

7 We were asked to provide input to the
8 Department of Energy. From my observations at
9 today's workshop, the DOE is the least informed
10 entity represented here, and yet it is
11 predetermined to implement its current political
12 view by circumventing Congress and pressuring the
13 power marketing administrations to push
14 ever-changing political agendas instead of
15 fulfilling their legislative mandate of providing
16 lowest cost-based reliable power to authorized
17 customers.

18 If rates are truly cost based, then who pays
19 for incentives? Incentive rates and pricing are, by
20 definition, not cost based. The costs should be
21 borne by those who benefit. If the benefits are
22 societal, then they should be defined by legislated
23 national energy policy, not DOE's political agenda.

24 If benefits are truly societal, then society,
25 all Americans, not the rate payers, should bear the

1 costs. The PMAs are not designed for that function.

2 Politics should not be a part of the PMA
3 mission. Western does a good job. Many of us would
4 not say the same of DOE. Let Western do its job.
5 DOE is seen as part of the problem, not the
6 solution.

7 Congress has not changed the mission of the
8 Western Area Power Administration. DOE has no legal
9 authority to do so. The best thing DOE could do is
10 do no harm. That seems unlikely, so may I
11 respectfully suggest they do nothing?

12 Thank you.

13 MS. LAUREN AZAR: Thank you.

14 Larry LaMaack?

15 MR. LARRY LaMAACK: My name is Larry LaMaack,
16 spelled L-a-M-a-a-c-k. I'm the executive director
17 of the Wyoming Municipal Power Agency.

18 I want to express my appreciation to DOE for
19 the opportunity to learn more about Secretary Chu's
20 memo and the Department's intention regarding
21 Western Area Power Administration's future.

22 I want to state for the record that the Agency
23 remains deeply concerned over DOE's apparent
24 intention to push Western into actions that were not
25 intended when they were created, which was for the

1 purpose of marketing power generated at USBR and
2 Corps of Engineer dams.

3 Over the last 35 years Western has an
4 outstanding record of continuous cooperation with
5 its customers to address a wide range of operational
6 and transmission related issues. Many of these
7 issues are the same as those identified by Secretary
8 Chu in his memo and all are within the framework
9 that Congress intended for the PMAs.

10 The Agency believes it would be a serious error
11 to force Western into adventures that are outside
12 its intended scope, uncertain in their outcome,
13 almost certainly carry a staggering price tag, and
14 negatively impact those who have been paying for the
15 federal power programs for over half a century. The
16 actions being considered by DOE are essentially a
17 bad experiment in social engineering that will
18 penalize a subset of electric rate payers for a
19 costly and uncertain vision of the future.

20 Thank you.

21 MS. LAUREN AZAR: Thank you.

22 Mike McDowell?

23 MR. MIKE McDOWELL: My name is Mike McDowell,
24 last name M-c-D-o-w-e-l-l. I am the general manager
25 of Heartland Consumers Power District located in

1 Madison, South Dakota. We serve state agencies in
2 South Dakota and public power systems in South
3 Dakota, western Montana, western Minnesota and
4 northwestern Iowa. We serve approximately
5 36,000 meters. We are one of the owners of what's
6 called the integrated transmission system operated
7 by Western and co-owned with Basin and Heartland.

8 We prize the partnership that we've had with
9 Western over the decades. It has been a productive
10 collaboration among equals that has resulted in a
11 robust transmission system in the upper Midwest that
12 has no trouble at all keeping the lights on. It has
13 no trouble at all maintaining reliability. It has
14 no trouble at all maintaining reasonable rates
15 because the partners have worked together all these
16 years and intend to do so in the future, if
17 permitted.

18 I also attended the sessions this afternoon,
19 and it reinforced a belief I had after reading
20 Secretary Chu's memo. And it's this: It is
21 impossible to have a productive conversation with an
22 entity across the table from you that does not
23 understand what you are talking about. And the memo
24 indicates so little understanding of the way Western
25 works that it's really difficult to have a

1 productive conversation about Western's future.

2 Unfortunately without consulting the customers
3 or the states or the other stakeholders, this memo
4 was dropped into the public realm on March 16th.
5 Its directives, in effect, ask Western to transform
6 somehow our nation's electric sector even though
7 Western owns only 6 percent of the transmission
8 system in this country.

9 Western's role is and always has been and
10 always should be to provide reliable energy at cost
11 competitive rates, and that's exactly what it has
12 done all of these years. There is no reason for it
13 to be moved into areas that will jeopardize that
14 mission.

15 The regime that I fear is coming down is a
16 top-down one-size-fits-all regime to address a
17 problem that doesn't exist in the upper Midwest.

18 The current framework under which Western and
19 its partners operates, as many of you have said, is
20 not broken. It does not need to be fixed. It works
21 quite well.

22 Heartland and its board have invested in energy
23 efficiency in demand response programs in a major
24 wind farm at the Wessington Springs Project. We did
25 not need incentive rates to do that. We did not

1 need renewable portfolios to do that. What we did
2 do was have a business case to do that, and our rate
3 payers, the people at the end of the line who were
4 going to pay the bill for whatever comes out of
5 here, have supported us in taking those measures.

6 I ask only if we're going to have a productive
7 conversation, the DOE seize the opportunity that
8 starts here tonight to learn more about Western than
9 it does now because my opinion is it knows very
10 little.

11 MS. LAUREN AZAR: Thank you.

12 Jeffrey Mehlhaff?

13 MR. JEFFREY MEHLHAFF: My name is Jeffrey
14 Mehlhaff.

15 I'd like to begin by thanking the DOE for the
16 opportunity to present today. I wish I could be as
17 colorful as some of my other colleagues, but I will
18 stick to some points.

19 I represent all the municipals across the State
20 of South Dakota. We are the South Dakota Municipal
21 Electric Association. There are 34 municipal
22 electrics across the state, and many of them have
23 WAPA allocations. And without WAPA they wouldn't
24 have any transmission because they rely solely, a
25 majority of them rely on WAPA for their

1 transmission, and without them they're islands
2 stranded in the middle of nowhere.

3 Many of the changes that you see in front of
4 you are really unnecessary. And there's just a few
5 points that I'd like to make regarding these
6 changes, especially ones that I was a part of today.

7 Since Congress' passage of the Program 1222 in
8 2005, there have only been two applications to the
9 DOE, and these two applications in that time have
10 resulted in no, you know, shovel rate projects,
11 let's say. Let's call it shovel rate projects.

12 And I think what DOE needs to do is update
13 Congress on this failed energy policy and have
14 Congress consider eliminating or reworking the
15 policy because frankly the Section 1222 Program has
16 not worked.

17 And then further, before the implementation of
18 any changes, I think DOE and Western need to
19 determine the benefits and costs associated with the
20 changes and how each region within Western will be
21 affected. DOE and Western need to thoroughly
22 research and provide to the PMA customers actual
23 documentation of these costs and benefits because we
24 need something.

25 And we need to remember at the end of the day

1 that the core principle of Western is the
2 beneficiary pays.

3 Thank you.

4 MS. LAUREN AZAR: Thank you.

5 Richard Johnson?

6 MR. RICHARD JOHNSON: I'm Richard Johnson. I
7 am the CEO and general manager of West River
8 Electric headquartered in Wall, South Dakota. We
9 serve about 15,750 meters to a little over 12,000
10 members over 4,500 square miles predominantly in
11 Pennington and Meade Counties. Our peak load is
12 about 60 megawatts. Our main power supplier is
13 Basin Electric, and we receive about 17 percent of
14 our total power from Western.

15 I am also a member owner of West River Electric
16 so I have a stake in this, too, not just as a
17 manager.

18 And I also would like to thank Bob and his
19 staff for the wonderful job that we do in
20 collaboration work with WAPA, what a great team.

21 A few of my comments I want to make were
22 prepared ahead of time, and for the written record
23 later on I'm definitely going to make some different
24 ones after sitting through seven hours of meetings
25 today. It was very informative.

1 While this directive may be laudable, these
2 policy goals lie far outside the primary role of the
3 PMAs and Western, and quite possibly outside their
4 statutory authority as well.

5 Additionally, the directive calls for new rate
6 design and reduced Congressional oversight. We are
7 concerned with the Administration's current
8 proposal for a few of the following reasons: Demand
9 Response, our co-op is a hundred percent AMI
10 deployed and has been for over ten years. With this
11 system, we are a part of the smart grid now and will
12 be in the future. We have installed a demand
13 response system to help curb our peak demand. That
14 system will cost us, or will cost over a million
15 dollars to install. Now, isn't that one of
16 Western's goals? Many of the rural electric
17 cooperatives, like ours, have taken the initiative
18 and are already doing demand response. I question
19 the need to add another layer of bureaucracy and
20 cost to our rates.

21 Electric vehicle incentives: Electric vehicles
22 in the private market have not gained traction like
23 many would have liked. Electric cars may be
24 workable solutions to big city problems. However,
25 with the vast rural area we serve, electric cars are

1 extremely impractical. Where would you place the
2 charging stations in these areas? Nothing that I
3 can see in this proposal would be of a benefit at
4 all in most of Western's footprint.

5 Transmission Rights: Our rural electric
6 members we serve have paid for the existing
7 transmission system through cost-based rates. I
8 feel a major concern for Western, which is not
9 properly being addressed from a funding standpoint,
10 is the aging Western infrastructure that is well
11 over 50 years old. It needs critical updates to
12 continue to provide reliable, renewable hydro power
13 to the people who have paid for it, instead of
14 spending unneeded funds to integrate renewables.
15 Let the providers of the renewables pay for their
16 transmission system like we the cooperatives have.

17 In conclusion, I feel that we need to maintain
18 federal ownership of the Power Marketing
19 Administrations and low cost-based rates for PMA
20 power, cornerstones that help keep electric rates
21 affordable for rural Americans. We serve a very
22 large number of low income members who struggle each
23 month to pay their electric bills. For this very
24 reason, we will maintain opposition to any proposals
25 to raise electricity costs in areas of the country

1 served by PMAs, either by redefining the purpose of
2 the PMAs or requiring them to sell power at market
3 rates.

4 Everyone recognizes that WAPA hydro power is,
5 in fact, renewable energy and the most reliable and
6 cost effective generation technology available.
7 Local and regional decision making is preferable to
8 top-down government mandates that seem inevitably to
9 lead to cost increases, something our economy and
10 our local members do not need.

11 Thank you.

12 MS. LAUREN AZAR: Thank you.

13 Tom Graves?

14 MR. THOMAS GRAVES: Thank you.

15 My name is Thomas Graves, spelled just like
16 cemeteries. I'm the Executive Director of Mid-West
17 Electric Consumers Association which is a coalition
18 of over 300 consumer-owned utilities in the
19 Pick-Sloan Missouri Basin Program.

20 We appreciate the opportunity to provide this
21 testimony, but we are very concerned over the course
22 and process that the Department of Energy has
23 undertaken in this initiative.

24 It appears that the Department of Energy knows
25 less about the Federal Power Program and the federal

1 power customers than anyone else in this room.
2 That's disappointing. It's shocking that they would
3 think about going forward with the kind of
4 programatics they're talking about without
5 achieving that level of understanding. It seems
6 that the DOE has made a concerted effort to not find
7 out about these kinds of programs.

8 The array of programs that Secretary Chu's memo
9 suggests is going to subject us to a gavage of
10 programatics that have already been undertaken by
11 the customers and will make federal power in the
12 Western Area Power Administration the fabric of
13 power rates in the country.

14 We are undertaking all of these efforts that
15 the Secretary -- except for electric vehicles and
16 solar flares. We can let that go. So we disagree
17 with the allegations of the Secretary's memo, and
18 his initiatives do appear to be a solution in search
19 of a problem.

20 Pick-Sloan customers have undertaken programs
21 in load control in all of those areas, not because
22 they're trendy but because they make economic sense.

23 Western has been successful in meeting regional
24 needs and customers' needs while doing so through a
25 focused and realistic planning that recognizes

1 Western's economic responsibility.

2 These workshops were described as defining the
3 future. You may remember there's a baseball player,
4 a New York Yankee by the name of Yogi Berra. And he
5 said that defining the future is very -- excuse me,
6 making predictions is very difficult, especially
7 when it involves the future. Actually, Yogi was not
8 the first person to say that. That goes back to
9 Niels Bohr, a rather eminent physicist who had some
10 concepts very much the same.

11 That we cannot define the future does not mean
12 we should be sitting back and relaxed. To the
13 contrary, it means we must be very vigilant and we
14 must be nimble and able to respond to changed
15 circumstances.

16 If we think we've defined the future, it's more
17 than likely that we won't be as nimble because we've
18 locked into a vision that no longer reflects current
19 circumstance.

20 We have a responsibility to all of our
21 consumers to make sure that we are making the best
22 and wisest use of federal power and working with the
23 Western Area Power Administration, which is a
24 terrific federal agency. We have been able to
25 surmount the difficulties and challenges we face.

1 If you want to talk about being nimble for the
2 future, we were in a drought until last year, and
3 then we had enormous runoff, and because of that we
4 were able to respond in an effective fashion.

5 The process that DOE has undertaken in this is
6 very troublesome. They've talked about "open" and
7 "transparent". Deadlines have been changed without
8 alerting customers. The pre-read materials were
9 posted but, again, with no notice given that they
10 were available. DOE has refused to provide a list
11 of attendees to these meetings ahead of time. Nor
12 will customers be given the opportunity to review a
13 draft report for the submittal to Secretary Chu.
14 This sounds neither transparent nor open.

15 Process is one thing, collaboration another.
16 If DOE wants to collaborate with Western's
17 customers, it would be more fruitful to have
18 discussions prior to the publication of any plan for
19 the future. This did not happen. DOE has
20 apparently decided what it wishes to do.

21 The subject matter of the workshops has been
22 defined. DOE's interest in hearing from its
23 customers is limited to three minutes -- am I out of
24 time yet -- per customer.

25 We have demonstrated our commitment as

1 Pick-Sloan customers to the health of the Federal
2 Power Program. While the Federal Government has
3 apparently run away from its responsibility to
4 maintain this program, Pick-Sloan customers have
5 not. The failure of the Federal Government to
6 provide adequate funding for Western and yet they
7 now seek more responsibilities and roles for
8 Western, is not acceptable.

9 Appropriations are repaid to the United States
10 Treasury through Western's rates. And the lack of
11 appropriations from the Federal Government has been
12 offset, in part, by Pick-Sloan customers stepping up
13 to the plate. By the end of fiscal year 2013,
14 Pick-Sloan customers will have provided funding of
15 right around \$300 million to the Western Area Power
16 Administration, \$107 million to the U.S. Bureau of
17 Reclamation, \$88 million to the United States Army
18 Corps of Engineers.

19 MS. LAUREN AZAR: Try to wrap up, please.

20 MR. THOMAS GRAVES: The FY 2013 budget request
21 that was submitted by the Department of Energy on
22 behalf of the Western Area Power Administration for
23 construction was \$15 million. It would seem that
24 those numbers suggest if there is a problem, it is
25 not with the federal power customers.

1 Thank you.

2 MS. LAUREN AZAR: Thank you.

3 Ordean Nygren?

4 MR. ORDEAN NYGREN: I'm Ordean Nygren, General
5 Manager of Capital Electric Cooperative located in
6 Bismarck, North Dakota. We're a distribution
7 cooperative serving over 16,300 customers and are a
8 customer of the Western Area Power Administration.

9 We have and continue to have a good working
10 relationship with Western. We have no complaints.
11 We do have compliments for the service we receive
12 from the Western Area Power Administration.

13 In regard to the idea that Western should
14 facilitate demand response for energy efficiency for
15 the retail customer, we question why DOE would make
16 such a request in light of the years of data we have
17 provided DOE in this regard. Each year we fill out
18 energy information administration DOE forms with
19 this exact information on it. We have had a Demand
20 Response Program since the mid 1980s and the same
21 low (unintelligible) energy efficiency programs. We
22 need neither from the Western Area Power
23 Administration.

24 We specifically request that DOE respect the
25 beneficiary pay principle or the (unintelligible)

1 becomes the cost payer, be that in demand response
2 or the transmission development.

3 The process that DOE has embarked on appears to
4 have a solution looking for a problem. We have no
5 complaints with Western, and we are a satisfied
6 customer, as I said. What we have -- and we are
7 unsure of what potential ideas being put forth by
8 DOE are of real benefit to the folks at the end of
9 the line who are the paying customers of Western.

10 Thank you.

11 MS. LAUREN AZAR: Thank you.

12 Rod Schad?

13 UNIDENTIFIED SPEAKER: He's not here.

14 MS. LAUREN AZAR: Thank you.

15 Charles Clark?

16 MR. CHARLES CLARK: Basically it's pretty much
17 a waste of time for me to get up because I will
18 pretty much reiterate most of the same that the
19 other folks have said.

20 It really touched me the lady from Montana when
21 she talked about losing her ranch under the
22 Pick-Sloan Dam. You know, South Dakota has a real,
23 has a real stake in this thing. The amount of real
24 estate that South Dakota gave up for the dams on the
25 Missouri River is huge, and the prices that those

1 people receive for that land is minimal. And it's
2 on both sides of the river. It's not just
3 reservation land. There's a lot of individuals that
4 gave up their, that gave up their real estate for
5 those dams.

6 And, you know, the thing that -- the thing that
7 I know from the businesses I've had is that the
8 further you take decision-making away from the local
9 people, the less effect it has, you know.
10 Washington does not make the greatest decisions.
11 Their business decisions kind of precede them. And
12 all you gotta do is take a look at the U.S. Post
13 Office, the Social Security system, Medicare, they
14 aren't great at running any business.

15 So I would hope that we would be very careful
16 about turning our business over to the Department of
17 Energy.

18 Thank you.

19 MS. LAUREN AZAR: Thank you.

20 Mr. Easley, Michael Easley?

21 MR. MICHAEL EASLEY: Hi. My name is Michael
22 Easley. I'm the Chief Executive Officer of Powder
23 River Energy Corporation in Sundance, Wyoming.

24 Powder River Corporation serves about
25 28,000 meters in northeast Wyoming, 12,000 or so

1 customers, and we're very proud of the fact that our
2 industrial customers produce close to
3 400 million tons of coal a year.

4 When you take a look at what is happening in
5 public power, you take a look at what is happening
6 in our nation right now, we are, as far as the
7 cooperative world goes, we're highly dependent upon
8 coal; we're highly dependent upon WAPA and the
9 public power sector of our power supply, and clearly
10 this memo represents one of the many threats against
11 cooperatives in the country.

12 I guess I really can't add much to the
13 quantitative comments that have been made. However,
14 I would like to point out a few things. I believe
15 from the perspective of smart people, DOE should
16 have most of them in the country. It's a very --
17 the DOE has lots of resources, a great scientific
18 mind. I think one of the things that they've
19 missed, however, is understanding people. And from
20 the perspective of cooperatives, that's what we are.
21 We are the people in the country.

22 And if you're going to create a compelling
23 vision for people to share, you don't do that by
24 creating that vision absent of input from the
25 people, and that's probably the largest problem with

1 what's happening here. I think that the DOE should
2 bring this process to a conclusion in the most
3 face-saving manner possible and start over.

4 And keep in mind that I believe that everybody
5 in public power would agree with allowable goals of
6 stimulating job creation. These are the six bullets
7 at the very beginning of Chu's letter, stimulating
8 job creation, accelerating introduction of new
9 technologies, taking the greatest advantage of our
10 indigenous and inexhaustible resources, improving
11 public health, reducing our strategic
12 vulnerabilities and advancing our competitiveness.
13 I believe we could all agree on that.

14 And I would submit that they should restart the
15 process and sit down with public power and ask them
16 how, how to go about that. Instead of having a
17 vision that is top down, create a compelling vision
18 that we the people can embrace and endorse and
19 support.

20 Thank you.

21 MS. LAUREN AZAR: Thank you.

22 Bruce Rampelberg?

23 Now, Bruce, if you could spell your last name
24 for the court reporter, I think she'd appreciate
25 that.

1 MR. BRUCE RAMPENBERG: I shall.

2 My name is Bruce Rampelberg spelled
3 R-a-m-p-e-l-b-e-r-g.

4 Good news, everybody. I think I'm the last one
5 to sign up, you lucky people.

6 I'm a South Dakota Senator, and I'm testifying
7 on behalf of my constituents in my district, as well
8 as the overall base in South Dakota.

9 I'm actually a retired banker out of Rapid
10 City. I know many of you in here. I've been
11 involved in a lot of different projects over the
12 years in Western South Dakota.

13 You know, I monitored -- I've observed WAPA
14 over the years for a number of different reasons.
15 Some of you know I was really involved with
16 Ellsworth Air Force Base out here, and frankly they
17 get a lot of their power. And it helped us to make
18 a case back in 2005 that we were one of the more
19 efficient bases around because of the power cost
20 with WAPA. Interesting how we kind of get into
21 that.

22 I know a number of years ago there was a push
23 to -- what's the right word -- privatize -- that's
24 not the right word -- WAPA. My gosh, what are the
25 people thinking about? I won't even name the

1 senator from North Dakota. I even know the guy, but
2 I thought he was a little smarter than that.

3 But anyway, none of the changes that we've been
4 talking about over the years would impact our, the
5 cost of electricity and our statewide economic
6 vitality like these directives in this March 12th
7 order would dictate.

8 Now, when I first looked at this I thought, you
9 know -- I took kind of a fairly -- I'm a banker.
10 I'm kind of narrow minded, you know. I thought,
11 This is all about trying to improve our power and
12 the cost and more efficiencies. So I said, Wow, you
13 know, this would put an entirely new culture within
14 WAPA and the customer groups that it serves. It
15 would remove their tried and true process of WAPA
16 providing wholesale power where power usage
17 decisions are made by local and state policymakers.
18 How would our state PUC, our legislature and local
19 governments manage the efficiencies, the rates and
20 the response to market needs if it becomes a big
21 bureaucracy?

22 It looked to me like there was very little
23 input from the consumers, the actual people who use
24 this, as this order was developed. It looked to me
25 like while it's important to plan for the future and

1 anticipate the needs, the programs that are
2 envisioned aren't going to benefit South Dakota
3 customers at this time.

4 So I wrote this. I said, It is with respect
5 that I request that DOE rescind the proposals
6 contained in the order and begin to develop a plan
7 that encourages input from a wider group of
8 customers and users and determine a better way to
9 spread costs and needed changes across a broader
10 spectrum of users and arrange a schedule that
11 considers the country's current economic issues.

12 Now, customers across South Dakota and our
13 whole country are in a stressed economic situation
14 right now. Timing is very important.

15 Now, I look at EPA, and I look at Obama Care,
16 and I look at Medicaid, and I look at what's going
17 on with the V.A. in Hot Springs right now. You
18 know, we need DOE bringing more grief into our life
19 like we need a hole in the head as a country and you
20 talk about poor timing with everything else that's
21 going on right now.

22 Here's the thing, what I've come to realize,
23 I've been puzzling in my mind as a consumer what are
24 we going to do in this country to get more
25 transmission lines? Every time I hear -- talk to

1 people about wind energy, they say, "Well, we can do
2 it, but we can't get it anywhere because we don't
3 have any transmission lines." And whose problem
4 should that be? Is that the local people in South
5 Dakota paying for transmission lines to get the
6 power to California? I'm using that as an example.
7 I don't think so.

8 And so some of the testimony that has been
9 presented here today I think is right on. But what
10 I realized is this is not about improving
11 efficiencies. This is about having a government
12 agency that is not tied to Congress being able to
13 mandate what they feel should be done across the
14 whole country to improve things and are looking at
15 us being the payers for that.

16 So as the Senator for the State of South Dakota
17 I would really recommend that DOE go back to the
18 drawing boards and come up with a better way to look
19 out for our country and the transmission needs
20 rather than trying to foist something that really
21 isn't needed upon our MPAs, especially in South
22 Dakota.

23 Thank you.

24 MS. LAUREN AZAR: Thank you.

25 Would anybody else like to speak who has not

1 spoken?

2 Please go ahead and provide your name.

3 MR. CHRIS VANDEVENTER: My name is Chris
4 Vandeventer. I'm here on behalf of Basin Electric
5 Power Cooperative out of Bismarck, North Dakota and
6 our 134-member cooperatives and 2.8 million
7 consumers over nine states.

8 You've heard a lot from our members tonight,
9 and I'm not going to repeat what they've said. I
10 just want to provide a little bit of context from
11 the Basin Electric perspective on some of these
12 issues.

13 Again, these are (unintelligible) goals that
14 have been laid out by the Secretary, and we don't,
15 on their face, object to those goals, but as the
16 people have said tonight, these are duplicating
17 services we're already doing and have been doing for
18 decades. And a lot of our members have pursued
19 those.

20 A couple of examples, particularly from Basin
21 Electric's perspective, is the special relationship
22 we have with WAPA and Heartland in owning and
23 operating -- in owning the integrated transmission
24 system. From 2007 to 2016 we're projecting about a
25 billion dollars of investment between Basin Electric

1 and WAPA on that system. We are building
2 transmission; we're improving the system. It's
3 becoming more reliable, robust. We're very nimble.

4 The 2011 flood is a great example of how
5 quickly we can respond to issues. When there was
6 excess hydro power on the Missouri River, Basin
7 Electric was able to respond and back down its coal
8 plants and its wind farms to allow the system to
9 operate the way it should without excess capacity
10 and ensure that there was no disruption.

11 On renewables, there has been a great massive
12 buildup of renewables in North and South Dakota. In
13 2002 Basin Electric had 5 megawatts of wind. They
14 had two turbines in Chamberlain and two turbines in
15 Minot. Now in 2012 we have over 780 megawatts over
16 four states. And it's a huge testament to the co-op
17 principle and the co-op drive to integrate a diverse
18 energy supply in our system.

19 I just want to close by saying: You've heard a
20 lot about preference tonight. And what does
21 preference mean? It means that the preference
22 customers have a special statutory and contractual
23 relationship with WAPA. And throughout this process
24 that simply has to be recognized. We've said it
25 over and over again, beneficiaries need to pay for

1 whatever upgrades are done, if they're done, and
2 (unintelligible).

3 Thank you.

4 MS. LAUREN AZAR: Thank you.

5 MR. CLAIRE VIGESAA: I had to hand out a card,
6 too.

7 My name is Claire Vigesaa. I'm the General
8 Manager of Upper Missouri Generation and
9 Transmission Electric Cooperative in Sidney,
10 Montana. We serve five electric cooperatives in
11 western North Dakota and five in eastern Montana.
12 And we are in the heart of explosive growth because
13 of oil and gas development, and there's so many
14 things and dynamics in our region.

15 And I thought one thing that could be static
16 for me is our situation with WAPA, but I feel like
17 Secretary Chu's letter has violated my Corn Flakes.
18 It's not fun to eat breakfast anymore.

19 We work very closely with Western Area Power
20 and really appreciate the relationship we have with
21 them. They work with us with metering and billing
22 and maintenance and operations and practically on a
23 daily basis.

24 And I'd just like to relate one thing. I
25 participate in a conference call every Monday at

1 noon Mountain Time, and that conference call is led
2 by staff from Western Area Power. And what they're
3 doing is communicating with the players in the
4 region about transmission issues and things,
5 projects that we're working on to make sure that we
6 have a reliable, safe and strong powerful grid. So
7 the relationship is awesome, and their work is very
8 much appreciated.

9 But among our concerns is that we would lose
10 this local relationship or local control and of
11 course affordable energy. So what my invitation is
12 to Secretary Chu is to join us on a conference call.
13 He'd be welcome to join us on a conference call,
14 Monday, Mountain Time. And if you would like him to
15 join, I could get you the telephone number to have
16 him listen in to the work that's being done in
17 developing not the 21st Century grid but the 22nd
18 Century grid, a strong grid to provide power now and
19 several decades into the future.

20 Thank you.

21 MS. LAUREN AZAR: Thank you.

22 MR. BRUCE CARLSON: Bruce Carlson. It's just
23 the way it sounds. The problem is Verendrye
24 Electric, so that's why I'll hand my card in.

25 I'm from the Minot area. I manage a co-op that

1 serves families through 14,500 meters.

2 More important is I'm the oldest of five boys
3 that operate a farming operation with my dad. And
4 when you're in the middle of combining time, if the
5 combines are running, Dad says, "Boys, don't take
6 those pliers out of those holsters." Now, for you
7 city slicker folks, every farmer has a holster, and
8 every farmer has a pliers. I think it fits.

9 Much of what Secretary Chu and the DOE is
10 considering, especially in the transmission services
11 section, which is what I'd like to talk about, is
12 already done at the distribution level. That's us,
13 Verendrye Electric Co-op. It's not WAPA. It's at
14 the grassroots level. It's not done at the hydro
15 power wholesale level.

16 Our working relationship in collaboration with
17 WAPA is excellent, where applicable, transmission
18 and (unintelligible) delivery of preference power to
19 us as non-profit member-controlled cooperatives.

20 And I just gotta talk about Verendrye's job.
21 We do have a smart grid. We've a hundred percent
22 AMI. We have two-way power line communications with
23 every single person on our lines. We have a hundred
24 percent (unintelligible) supervisory control of data
25 acquisition.

1 Every circuit in all sub stations, both single
2 phase and three phase, are remotely operated with a
3 mouse click. We have an automated outage management
4 system to tell us where to send the lineman for
5 repairs. We're talking to the meters. The meters
6 are talking back to us. And that level of
7 technology extends from the meter at Verendrye all
8 the way through Basin and through WAPA.

9 I take offense at DOE's statement that we need
10 to transition to a resilient, flexible and efficient
11 21st Century grid. We monitor loads and can
12 completely control those loads through a power line
13 carrier system. And some of you have already talked
14 about some of those loads. Water heaters, we need
15 your help fixing that problem.

16 Storage and electric heat, dual heat systems,
17 one that we serve are generators. So
18 (unintelligible) Truck Stop has a generator. He
19 needs that for reliability. We also incorporate
20 that into our load management system. So please
21 help us fix the rights rules.

22 We can utilize our load management system the
23 same way that he needs to test operate that
24 generator every month, and it's a huge benefit to
25 all of us. Obviously, again, somebody doesn't

1 understand what we're doing at the distribution
2 level, which is completely different than the
3 transmission level.

4 Integration of variable energy resources,
5 again, don't forget the distribution function.
6 We've got 250 to 300 solar water pumpers through our
7 lease program. We've got a number of individual
8 wind generators tied into our distribution system.
9 And we are promoting wind.

10 These young men that spoke in our group today,
11 I'm very proud of them. In fact, as member owners
12 we've instructed Basin Electric to integrate large
13 commercial wind machines as part of our Generation
14 Next. And I'm extremely proud of the 120 megawatt
15 wind farm in our service area.

16 So what's WAPA's function? It's pretty tough
17 to force firm power from an intermittent hydro power
18 supply system combined with an intermittent wind
19 generation source.

20 We need to work as a family. Our member owners
21 demand reliable power supply 24/7, and I think
22 that's common from all of us.

23 So nothing is broke. Let's not mess with an
24 excellent power supply system that is the envy of
25 the nation. You think about our weather and you

1 think about our densities, the terrain we cover,
2 it's the envy of the nation.

3 So DOE, please put your pliers back in the
4 toolbox.

5 MS. LAUREN AZAR: Thank you.

6 Anybody else want to speak?

7 MR. EDMUNDO TORO: Good evening. I'm Edmundo
8 Toro on behalf of PNE Wind USA. We're a large wind
9 development company that's developed wind projects
10 across the world, not just in the United States.

11 We appreciate the opportunity from both Western
12 and DOE to allow us to participate in this forum. I
13 think it's a fruitful and beneficial conversation.
14 It's apparent from the discussions here today that
15 Western has done a phenomenal job with its customers
16 to plan and build a transmission system that has
17 gotten us to where we are today.

18 I think from the perspective of wind developers
19 we see the additional penetration of wind in this
20 region as a great opportunity, but we also see the
21 evolution of the transmission system as a necessary
22 step in order to be able to integrate additional
23 renewables in this region, not just for consumption
24 here but really as the driver of renewables
25 throughout the country.

1 And so we would like to see additional
2 collaboration and involvement from both DOE and
3 Western in finding ways to find sensible and
4 economic solutions to being able to integrate
5 additional wind resources in this region. We feel
6 that we can do this sensibly if we collaborate, and
7 we would like opportunity to continue to do that,
8 and we look forward to working with all of you.

9 MS. LAUREN AZAR: Thank you very much.

10 Anybody else want to speak? We have a few more
11 minutes left.

12 (No response)

13 MS. LAUREN AZAR: If not, let me just say thank
14 you very much on behalf of Western for your comments
15 and have a good evening.

16 (Testimony requested to be typed in by the
17 court reporter from written testimony submitted as
18 follows: "Written Testimony Offered at Defining the
19 Future Listening Session, provided by Richard
20 Stevens, General Manager, Hill County Electric
21 Cooperative, Inc., PO Box 2330, Havre, Montana
22 59501.

23 "The Power Marketing Agency (PMA) hydropower
24 program was initially started when not-for-profit
25 utilities such as Hill Country Electric Cooperative

1 (HCE) entered into an agreement with the Federal
2 Government to buy power at above market rates in
3 exchange for a future guarantee of continued access
4 to power and a promise of lower rates over the long
5 term. That partnership continues to help provide
6 power at a reasonable cost to the farmsteads and
7 ranches in the HCE service area as well as to the
8 Rocky Boy Indian Reservation. It would be a
9 travesty for HCE's members if their cost of power
10 rose significantly due to programs that provide a
11 regional benefit well beyond what they might receive
12 in return. Those costs must be spread over a wider
13 consumer base, not just PMA/HCE customers.

14 "The Department of Energy's (DOE) proposed plan
15 will increase costs for HCE consumers. Therefore
16 the plan is inconsistent with the PMA's primary
17 purpose which is to offer 'the lowest possible rates
18 consistent with sound business principles.' The
19 PMAs would serve as expensive laboratories to test
20 new energy initiatives, and as previously noted
21 HCE consumers would not benefit from the policies
22 but would bear their costs. DOE's proposals would
23 significantly alter the PMAs' statutory purpose
24 without authorization from Congress.

25 "I would also like to note that the PMAs have

1 historically been repaying all costs incurred to
2 continue their operations as well as repaying their
3 initial capital costs. And the PMAs help to ensure
4 the ongoing success of flood control, recreation,
5 irrigation, and navigation on the area waterways.
6 Without the PMAs, the Federal Government could not
7 continue to operate these multi-purpose facilities
8 without significant increases in user fees or taxes.

9 "PMAs have built robust regional transmission
10 grids that are operated in compliance with national
11 reliability standards. PMAs have led the nation in
12 integrating renewable resources onto their power
13 grid and continue to promote energy efficiency and
14 demand response programs with their users. MidWest
15 Electric Consumers Association has developed a
16 unique customer funding approach for our regional
17 PMA without the need for 'outside' third party
18 financing. The DOE's one-size-fits-all plan is far
19 too broad and prohibitively expensive. It's nothing
20 more than an unproven, untested and costly idea that
21 is inequitable and inconsistent with the legal
22 obligations already imposed on the PMAs.

23 "Please do not implement the proposal as
24 outlined in the Secretary's letter. HCE consumers
25 do not deserve higher rates simply to fund a

1 national mandate looking for a funding source."

2 * * * * *

3 (The proceedings concluded at 8:00 p.m.,
4 July 17, 2012.)
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1 STATE OF SOUTH DAKOTA)
2 COUNTY OF PENNINGTON) ss.

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I, CINDY K. PFINGSTON, hereby certify that
the foregoing pages numbered from 1 to 85, inclusive,
constitute a full, true and accurate record of the
proceedings had in the above matter, all done to the best
of my skill and ability.

DATED this 13th day of August, 2012.



CINDY K. PFINGSTON
Registered Professional Reporter

ORIGINAL

My commission expires:

February 4, 2016