

Renville Sibley Cooperative Power Association



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September 8, 2003

Mr. Robert Harris, Regional Manager
Upper Great Plains Region
Western Area Power Administration
2900 – 4th Avenue North
Billings, MN 59101 – 1266

Dear Mr. Harris:

Please consider the following letter as Renville-Sibley Cooperative Power Association's comments in regard to the proposed rate increase for Pick-Sloan Missouri Basin Program Firm Power Customers published most recently in the Federal Register on June 13, 2003.

Renville-Sibley purchases firm federal hydropower through East River Electric Power Cooperative, Inc. of Madison, South Dakota and relies on this resource to provide retail service to 1,970 rural residential and 5 commercial customers within south central Minnesota. The members of Renville-Sibley are mostly farmers. The commercial accounts we serve are businesses related to the agriculture industry and are extremely valuable to the viability of our rural communities.

With respect to the proposed rate increase, we offer the following comments for consideration:

- A. Renville-Sibley strongly urges Western to implement the proposed rate increase using the "two-step" option. The information provided by Western in the June 13, 2003 Federal Register Notice suggests the "two-step" option will generate adequate revenues to meet the federal obligations as required by law. Because of the substantial increase being proposed, Renville-Sibley believes the phased in approach of the "two-step" option provides some moderation in the first year and should be the preferred method of implementation.
- B. Renville-Sibley is very concerned by the 114% proposed increase to the monthly energy charge for that portion of energy that is billed while a system is over the 60% load factor. This severe increase will have a substantial impact to many preference power customers, including Renville-Sibley, and Western should consider



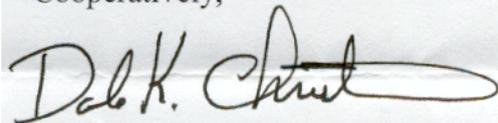
re-examining the basis for imposing this tiered rate in view of this effect. We have been made aware of many features within Western's operation that have been pooled for ratemaking purposes rather than being singled out for special rate treatment. Because of the singled out analogy, we believe Western should extend its full attention to both the philosophy and the consideration before any specific rate adjustment of this nature is offered.

- C. Renville-Sibley disagrees with the determination by the U.S. Bureau of Reclamation to shift off-system wheeling costs for federal irrigation projects to become an obligation of firm power customers. We believe this decision exceeds the authority of the Bureau of Reclamation and Western to incorporate what is now become over \$500,000 of annual costs for which neither the Bureau nor Western has any control. We request Western to implement the same practice for wheeling cost recovery that applies to firm power customers, requiring individual wheeling contracts from third-parties. We believe this method appropriately recognizes the responsibility of the customer to secure and pay for the wheeling costs incurred. Renville-Sibley urges Western to implement such a method as part of this proposed rate increase.

Renville-Sibley continues to be a strong advocate for the federal power program and has high regard for Western's abilities. We are concerned, though, that this proposed increase imposes significantly unequal rate increases among Western's customers. While we also realize this increase is mainly driven by the drought conditions along the Missouri River Basin, we are cognoscente of the substantial level of increase to be imposed on Renville-Sibley members. Because of our understanding of the potential impacts to our members, we encourage Western to carefully examine all aspects of this proposal and seek means to moderate the increase before implementation.

Thank you for the opportunity to submit our comments. We ask that they be given consideration as part of Western's final determination on the pending rate proposal.

Cooperatively,

A handwritten signature in black ink, appearing to read "Dale K. Christensen", with a long, sweeping horizontal flourish extending to the right.

Dale Christensen - CEO