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January 8, 2013

Mr. Darrick Moe
Desert Southwest Regional Manager
Western Area Power Administration
P.O. Box 6457
Phoenix, Arizona 85005-6457

Re: Boulder Canyon Project – Post 2017 Resource Pool Market

Dear Mr. Moe;

On behalf of Golden State Power Cooperative (“GSPC”), I am writing to offer comments on the Western Area Power Administration’s (“Western”) proposed marketing criteria for the Post 2017 Resource Pool that will become available as a result of the Hoover Allocation Act of 2011 (“HPPA”). Because GSPC is the statewide association for electric cooperatives in California, we have an interest in the power from the Boulder Canyon Project (“BCP”) that will be made available to Californians under schedule D of the HPPA.

Electric Cooperatives are not as prevalent in California as they are in the rest of the United States. Only 3 electric cooperatives are headquartered in our state and cumulatively we serve approximately 16,000 member-owners and comprise approximately 0.1% of the state’s energy load.

All three electric cooperatives that I represent serve rural areas of the state. Though the number of customers may be small, our service territories are very large and we typically serve less than 6 customers for every mile of power line we maintain. Also, according to the USDA, the percent of the population in poverty in each of the counties we serve ranges from 13% to 22%. These disadvantageous geographic and demographic characteristics are why electric cooperatives were created — to provide at-cost service to rural areas that were deemed “unprofitable” by investor-owned utilities.

The Power Marketing Administration (“PMA”) shares the important distinction of providing at-cost services to its customers. As you well know, the PMAs have responsibly marketed federally generated hydropower for decades through a public-private partnership model that works extraordinarily well. The federal hydropower program is integral to keeping electricity rates affordable and reliable for the customers of member-owned utilities across the country.

I am dismayed to read that Western intends to give priority to federally recognized Native American tribes, municipal corporations, and political subdivisions ahead of electric cooperatives. Subsection E relegates rural electric cooperatives to a third tier status in evaluating applications for power made available under schedule D of the HPAA. This is an unprecedented departure in the treatment of traditional preference entities such as rural electric cooperatives and is not consistent with Congressional intent in passing the HPAA.

Western has a long tradition of treating rural electric cooperatives and municipally owned utilities on par in consideration of the allocation of power from Bureau of Reclamation (“Bureau”) and U.S. Army Corps of Engineers (“Corps”) projects. While it appears clear from the reading of the language of the HPAA that federally recognized tribes should also be considered as *eligible* entities for power under schedule D, there is nothing in the statutory language or the testimony before Congress that would indicate that federally recognized tribes have a *super-priority* over traditional preference entities. The more reasonable interpretation of the HPAA should lead Western to revise the priority criteria and consider applications of federally recognized tribes on par with the applications of traditional preference entities such as rural electric cooperatives and municipally owned utilities. We encourage you to make this revision to the final marketing criteria.

Golden State supports the proposed creation of the Schedule D resource pool to allocate resources to New Allottees. Western has stated that the HPAA’s intent is to “further allocate and expand the availability of hydroelectric power generated at Hoover Dam.” The proposed prioritization scheme for schedule D resources undermines the ability to broaden the set of allottees and would make it difficult for electric cooperatives to receive allocations. To recognize the importance of providing an opportunity for a broader set of recipients, GSPC once again encourages revisions to the priority criteria to make equal consideration of the applications of electric cooperatives to that of federally recognized tribes and municipally owned utilities.

As Western moves forward with the final marketing criteria, we believe that the portions of the marketing criteria that refer to a potential recipient’s ability to receive power are well advised. The HPAA makes specific reference to the Secretary’s obligation to offer capacity and energy under schedule D. While Western may desire some flexibility to provide an equivalent benefit as set forth in subsection L, the statutory language of the HPAA limits the Secretary to providing contingent capacity and firm energy. Electric cooperatives are, indeed, “ready, willing and able” to receive and distribute BCP power to our members and look forward to this opportunity.

Thank you for the opportunity to submit comments. I am available to answer any questions that you may have.

Sincerely,

A handwritten signature in black ink that reads "Jessica Nelson". The signature is written in a cursive, flowing style.

Jessica Nelson