



Department of Energy
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

JAN 09 2014

Dear Customers and Other Interested Parties:

On November 1, 2013, Western Area Power Administration (Western) published a *Federal Register* notice (FRN) with a recommendation to pursue formal negotiations with the Southwest Power Pool (SPP), a Regional Transmission Organization (RTO), concerning membership in SPP. The recommendation applies to the transmission facilities within the Pick-Sloan Missouri Basin Program-Eastern Division administered by Western's Upper Great Plains Region (Western-UGP).

This FRN allowed for a comment period, which ended December 16, 2013, seeking public input from Western's customers, tribes, stakeholders, and the public at large concerning the proposal to pursue formal negotiations for membership in SPP. Western engaged in outreach to customers and other interested parties via a kickoff webinar held November 13, 2013, and three (3) public meetings held November 19-21, 2013, in Lincoln, NE, Sioux Falls, SD, and Fargo, ND. Approximately 108 individuals attended those meetings, and Western received written comments/questions from 237 entities and individuals.

After considering all comments, questions, and concerns received, Western has made a decision to implement the recommendation.

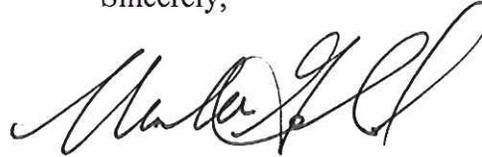
The overwhelming majority of the letters received were supportive of Western moving forward with the recommendation to pursue formal negotiations for Western-UGP membership with SPP. While the majority of the commenters supported the recommendation, some voiced concerns over the uncertainty of how this could affect them or their members and the relationship with Western-UGP. Some commenters asked detailed operational questions that can only be responded to on a case-by-case basis. Western has posted all of the comments received on our website and prepared a question and answer summary which is also posted. Similar questions have been summarized and a response provided. Some questions and comments cannot be addressed until negotiations are completed with SPP. The outcome of those negotiations will be addressed in a Western/SPP membership agreement as well as likely changes to the SPP tariff and/or bylaws. As discussed in the Alternate Operations Study (AOS), those changes will be worked through the normal SPP committee processes, SPP Board approval, and ultimately filed with the Federal Energy Regulatory Commission.

Based on the results of the AOS study, the unique marketing and transmission footprint of the Western-UGP region, as well as the responses received during the comment period, I am authorizing staff to move forward with the recommendation to pursue formal negotiations with SPP to make official membership possible.

Western will be vigilant in these negotiations to ensure we comply with our legislated requirements and continue to provide reliable, low-cost, cost-based, hydro power to our preference customers consistent with sound business principles. Please continue to visit our website for the latest information at:

<http://www.wapa.gov/ugp/PowerMarketing/AlternateOperationsStudy/AOS.htm>

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark A. Gabriel', written in a cursive style.

Mark A. Gabriel
Administrator