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CITY OF BURWELL

P.O. Box 604
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Telephone
(308) 346-4509
Fax: 308-346-5604
E-Mail: cityofburwell@nctc.net

MAYOR
Rebecca SonDag

COUNCILORS
Ron Kerkman Spike Welton
Steve Jeffres Melissa Schere

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NOV 06 2008

November 3, 2008

Robert Harris,
Area Manager – Upper Great Plains Region
Western Area Power Administration
PO Box 35800
Billings, MT 59107-5800

Dear Bob,

Thank you for the opportunity to provide comments on the proposed January 1, 2009 adjustment to the Western Area Power Administration (WAPA) – Loveland Area Projects (LAP) and Upper Great Plains Region (UGP) firm power rates. The City of Burwell is a customer of WAPA and receives its supplemental supply from the Municipal Energy Agency of Nebraska.

We fully understand the need for the rate increases that are to be implemented this year. We also support the concept of the drought adder, which provides a set window during which drought related expenses would be repaid. With the ongoing recovery from drought in the central and northern Rockies and the continued higher costs for replacement power, it is clear that the existing rates cannot support the repayment of drought related expenses. We further applaud WAPA for its efforts to ensure that the power customers have been informed and involved throughout this rate process.

We appreciate past cost-cutting measures by WAPA, given the significant rate increases that customers have seen and are facing again. We want WAPA, the Bureau of Reclamation, and Corps of Engineers to remain vigilant in keeping controllable costs as low as possible. One area of controllable cost that is of significant concern is in the area of regional transmission. We understand that UGP is reviewing the logistics of participating in the Midwest Independent Transmission System Operator (MISO) and its Day Two markets in some fashion.

Before UGP pursues such a change, there should be a thorough review of the costs and benefits to all WAPA customers. The administrative costs associated with the Day Two markets may impose a significant burden on WAPA and its customers, especially smaller customers like us. If
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UGP joins MISO and our area transmission providers joins Southwestern Power Pool (SPP), there could be significant cost issues associated with the delivery of our WAPA allocation to the preferred customer loads. If there are benefits associated with participating in the Day Two market, those benefits should flow to all WAPA customers, not just those that participate in joint dispatching arrangements inside the Integrated System. We also believe those costs associated to deliver WAPA allocations to the edge of the UGP system should be recovered as part of the total system transmission rate recovery, as it has been done in the past.

We look forward to working with WAPA staff and management to engage in meaningful discussion on the projected base rate adjustments as they pertain to the draft Strategic Plan and WAPA's involvement in changes associated with reliability regions (MISO and SPP) requirements for both UGP and RMR.

Thank you for the opportunity to comment on the proposed rate changes.

Sincerely yours,

Robert D. Beat

Robert D. Beat
City Administrator
City of Burwell
P.O. Box 604
Burwell, NE 68823

BC: Phillip Euler, P.E.
Municipal Energy Agency of Nebraska