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November 11, 2008

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

Dear Mr. Harris:

Thank you for the opportunity to provide comments on the proposed 2009 rate adjustments for Western's Pick-Sloan Eastern Division.

The North Iowa Municipal Electric Cooperative Association (NIMECA) understands the need for a rate increase. Adequate revenue is necessary for Western to maintain its system and provide safe, reliable energy to its customers. NIMECA also supports the separation of the rate into the base rate and drought adder components. This separation allows Western customers to easily understand the components and differentiate between the two. It also allows easier rate forecasting for Western customers knowing that at some point the drought adder will be eliminated when the drought debt is repaid.

Prior to Western approving the proposed 2009 rate adjustments NIMECA requests that Western provide additional information regarding the Firm Peaking Contracts so that their impact on rates can be better understood and evaluated. It is our understanding that Western allows peaking energy to be returned. Under what terms and conditions are customers allowed to return the energy? Is peaking energy allowed to be returned off-peak? Is Western making market purchases to cover peaking energy and/or peaking capacity sales? Are the peaking rates covering all of the costs of any market purchases necessary to fulfill Western's peaking contracts? Without knowing the answers to questions such as these we must state our objection to the peaking rates as proposed.

Again thank you for the opportunity to comment and we look forward to your response.

Sincerely,

Greg Fritz
Chief Executive Officer