

April 27, 2011



Mr. Robert J. Harris  
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Western Area Power Administration  
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**RE: Moorhead Public Service Comments on the Pick-Sloan Missouri Basin Program-Eastern Division-2021 Power Marketing Initiative Proposal as Published in the *Federal Register* dated March 4, 2011**

Dear Mr. Harris:

Thank you for the opportunity to provide comments on the Western Area Power Administration's (WAPA's) 2021 Power Marketing Initiative Proposal (2021 PMI).

Moorhead Public Service owns and operates the electric utility for the residents and businesses of the community of Moorhead, Minnesota. WAPA supplies Moorhead Public Service with 51 percent of our base power supply, while the supplemental portion is provided by Missouri River Energy Services, a joint-action agency located in Sioux Falls, South Dakota, along with a small portion from our Capture The Wind<sup>®</sup> Renewable Energy Program. WAPA's firm power supply program is of significant importance to Moorhead since it provides a reliable, economical, and environmentally-friendly source of electricity.

Generally speaking, Moorhead Public Service supports WAPA's 2021 PMI proposal as outlined by the Federal Register Notice (FRN). Moorhead Public Service offers the following comments as further support for the proposal:

**The Amended Marketing Plan Principles**

**Contract Term:** Moorhead Public Service supports WAPA's proposed 30-year contract term but would recommend WAPA consider a 40-year contract term. Long contract terms provide more resource certainty for our community. More resource certainty provides WAPA's customers with better financial planning and control over power supply costs. Since WAPA has flexibility in the contracts through resource pools and withdrawal provisions, we believe a 40-year term is reasonable.

**Resource Pools:** Moorhead Public Service supports WAPA's proposed resource pool of up to 1 percent of the marketable resource under contract for eligible, new preference entities because they are currently defined by statute every ten years (maximum of 3 percent over 30-year contract). Based upon WAPA's experience in the Energy Planning and Management Program (EPAMP), the number of applications and allocations for the resource pool has reduced over the years. Limiting the resource pool to up to 1 percent every ten years helps provide for better utilization of resources with existing preference customers while providing WAPA with a more stable revenue source to help recover the costs of the preference power program.

**The Extended Marketing Plan Principles**

**Marketable Area:** The current marketing area for existing resources should also be the marketing area for the 2021 PMI. Expanding the boundaries of the marketing area could impact the amount of future investment required, which would come at a higher cost to the program and program participants.

**Marketable Resource:** Moorhead Public Service supports WAPA's extension of the existing contract rate of delivery (CROD). This would continue to provide a similar level of benefit to Moorhead Public Service. It also benefits WAPA's program by providing a more stable revenue source for the program instead of depending upon the market to meet revenue requirements.

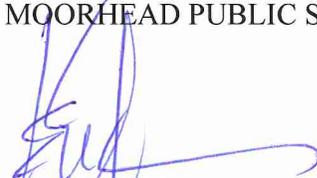
**Withdrawal Provisions:** Moorhead Public Service understands that, due to the hydrologic nature of the resource and the length of the contract term, WAPA needs some flexibility to manage the program. Moorhead Public Service supports a possible adjustment of the CROD due to hydrology and river operation. This granted flexibility would occur upon five years' notice and after a thorough public process by WAPA.

**Marketing Future Resources:** Moorhead Public Service understands that there may be times when additional power resources may be available for various reasons. Moorhead Public Service asks that WAPA consider offering the power to the existing customers who contributed to the resource pool prior to making the offer to new customers, or perhaps using these resources to support existing CRODs to existing preference customers.

Moorhead Public Service is thankful for its working relationship with WAPA. This program has been the basis for providing affordable, cost-based electricity to the citizens of Moorhead. We look forward to our continued discussions with WAPA regarding the 2021 PMI.

Sincerely,

MOORHEAD PUBLIC SERVICE COMMISSION



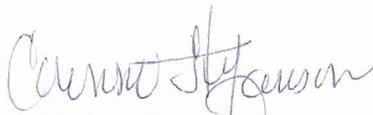
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William E. Schwandt  
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