

From: "Steve Bohan" <steve.bohan@cbpower.coop>
To: <ugpfirmrate@wapa.gov>, "Linda Cady-Hoffman" <Cady@wapa.gov>
CC: "Ken Kuyper" <ken.kuyper@cbpower.coop>, "Greg Fritz" <GFritz@nimeca.com>...
Date: 11/13/2008 8:59 AM
Subject: RE: Comments on Proposed 2009 Rate Adjustments for the P-SMBP Eastern Division

Dear Linda and the Western Area Power Administration,

After additional discussions and review internally here at Corn Belt, we would like to officially withdraw the comments that were filed earlier this week on the 2009 Rate Increase Proposal.

Therefore, we would like to request that you discard the entire e-mail/document as submitted and remove it from consideration. As such, we will not be filing any comments on the Proposed 2009 Rate Increase Proposal.

Please let me know that you received this e-mail and that our request can be fulfilled. If you need additional information or clarification, please contact me.

Thank you.

Best regards,

Steve

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From: "Steve Bohan" <steve.bohan@cbpower.coop>
To: <ugpfirmrate@wapa.gov>
Date: 11/12/2008 7:04 AM
Subject: Comments on Proposed 2009 Rate Adjustments for the P-SMBP Eastern Division

Dear Western Area Power Administration,

Corn Belt Power Cooperative would like to take this opportunity to file formal comments on the Proposed 2009 Rate Adjustments for the Pick-Sloan Missouri River Basin Program, Eastern Division.

We have no objections to the rate increase as it pertains to the Firm Capacity and Energy Contracts (Firm Power). We feel that Western has made a strong case for the need of an increase. Although no one likes a rate increase, we feel that the proposed increase is justified and is needed before the situation possibly worsens. We are also in favor of continuing the separation of the rate into the base rate and drought adder components.

The only item that we seriously question is the proposed increase to the Firm Peaking Capacity and Energy Contracts (Peaking Power). These contracts are being increased at the same approximate percentage rate as the Firm Power, and we feel that this might not be fair or equitable.

We assume that the Peaking Power is most likely taken during periods of high loads and/or high market prices. It is our understanding that the Peaking Power can then be returned at a later time and/or settled by cash payment. If the Peaking Power was not returned in a like manner (during high loads and/or high market prices), then the Peaking Power possibly contributed more to the outstanding historical deficits than did the Firm Power. Likewise, if the Peaking Power was settled financially rather than returned, then it's also possible that the Peaking Power customers benefited by paying for the power at rates much less than Western's costs to supply such Peaking Power.

Although it's possible that the proposed capacity charge of \$6.20 per kW-month for the Peaking Power is on the high side for traditional peaking power, the proposed energy charge of 16.71 mills/kWh is definitely much too low for peaking energy. Until we can learn more about the terms of these sales and the timing of their withdrawals, returns and/or dollar settlements, it's hard to fairly evaluate their contributions to the historical and/or future deficits. To date, Western has provided very little information on the exact terms and conditions of these contracts, which are held by only a very few select Western customers.

Without additional information, we have no other choice than to object to the proposed rate increase for the Firm Peaking Capacity and Energy Contracts, which possibly needs to be greater than proposed. We would like assurance from Western that the proposed rate for Peaking Power is fairly priced based upon the nature of the product and its historical and future contributions to the bottom line.

In closing, we would like to thank you for considering these comments. We would also like to thank you for seeking our input and for allowing the customers to participate in the rate-setting process through your many notices, publications and meetings. Your willingness to work with us through this difficult process is very much appreciated.

Best regards,

Steve Bohan

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