



March 14, 2008

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EXECUTIVE DIRECTOR

Mr. Jim Keselburg
Regional Manager-Rocky Mountain
Western Area Power Administration
P.O. Box 3700
Loveland, CO 80539-3003

Dear Mr. Keselburg:

The Mid-West Electric Consumers Association appreciates the opportunity to comment on Western's proposed operation center consolidation.

The Mid-West Electric Consumers Association was founded in 1958 as the regional coalition of over 300 consumer-owned utilities (rural electric cooperatives, public power districts, and municipal electric utilities) that purchase hydropower generated at federal multi-purpose projects in the Missouri River basin under the Pick-Sloan Missouri Basin Program

Mid-West recognizes that Federal Energy Regulatory Commission (FERC) regulatory and security requirements have been increasing, but we are not sure that Western's proposed Operation Center Consolidation is appropriate at this time

The Desert Southwest region (DSW), Rocky Mountain region (RMR), and Upper Great Plains region (UGP) are all in compliance with FERC's requirement for back-up control centers. We appreciate Western's efforts to look for cost-savings in its operations but Western's analysis does not demonstrate any significant cost savings and may understate actual costs of implementing its proposal.

Mid-West is concerned that Western's proposal does not address customer impacts to any meaningful degree. As proposed, Western's Pick-Sloan customers west of the Mile City tie would face increased costs not assessed in Eastern Division Pick-Sloan. Western's analysis does not address that or other potential customer impacts.

The information presented by Western at its meetings about Operations Center consolidation dealt with operational and engineering issues. Before proceeding further, Western needs to conduct an in depth assessment of customer impacts and policy implications. To assure customers that rates and rate structures will remain the

same for the time being is no assurance at all. Before proceeding further, Western needs to inform its customers of its ultimate plans if this proposed consolidation were to go forward

There is a broader picture involved in this proposal that should be thoroughly discussed with Western's customers before going further.

The implications for the Pick-Sloan Missouri Basin Program are unsettling. Under the current proposal, Pick-Sloan's Eastern Division would be carved up, with Montana customers west of the intertie being subject to Rocky Mountain region regulations and tariffs for some purposes, but still part of the Eastern Division for other purposes. With Pick-Sloan Eastern Division considering limited participation in MISO, this adds another dimension to an already cloudy picture.

Given that Western's DSW, RMR, and UGP operations centers are currently in compliance with FERC requirements, and given that Western has not identified any significant costs savings, and given that Western has not conducted sufficient customer impact or policy analysis, and given that Western has not informed customers of its further plans after consolidation (if it were to go forward), Mid-West urges Western to drop this proposal. As things stand now, the proposal appears to be a solution in search of a problem

Sincerely,



Thomas P. Graves
Executive Director