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August 26, 2016

Subhash Paluru
Senior Vice President and Regional Manager
Sierra Nevada Region
Western Area Power Administration
U.S. Department of Energy
114 Parkshore Drive
Folsom, CA. 95630

Dear Subhash,

The Plumas Sierra Rural Electric Cooperative (PSREC) appreciates this opportunity to submit comments on the proposed 2025 Power Marketing plan. PSREC has been and continues to be a long-time supporter of the Western Area Power Administration and its power marketing efforts and activities. We support Western's efforts to gather input and feedback from customers on this important issue and appreciate this opportunity to submit comments on the proposed 2025 Marketing Plan. Our comments fall into several areas and reflect our perspective on the proposed 2025 Marketing plan and its various provisions.

Contract Term and Termination

Western has proposed a new 30 year contract length instead of the current 20 year term. And while we support the extended contract term we are concerned that without some additional balancing of the termination provisions and/or the rate procedures the additional term could result in cost or risk exposure that negatively impacts base resource customers. We would encourage consideration of termination provision along the lines of NCPA recommendations or with greater flexibility than currently provided by the rate provisions.

At a minimum we would encourage Western to coordinate customer discussions on this issue that would allow more flexibility for reducing their Western base resource allocations. Another approach might be to broaden the language for terminating the contracts. Under some scenarios the lack of flexibility in this area could result in significant hardship for customers. Certainly in some circumstances layoff or a reassignment of allocations are possible but only if the economic benefits are there to support such assignments. And if there are economic disincentives then other customers will likely face

these issues and be less likely to accept a reassignment. We strongly recommend consideration of a deliberative process that allows customers to reduce their base resource allocations or terminate their base resource contracts under prescribed conditions. Such conditions may require customers to first attempt reassignments of their base resource percentages to others and may specify longer notice provisions and other criteria that provide a balance of interest for all parties.

Resource Pools

PSREC supports the effort to expand the resource pool of customers receiving Western resources. However we would strongly encourage development of minimum threshold criteria to ensure that the existing customers are not disadvantaged by the resource pool or the resource value is not weakened or jeopardized by the new pool participants. New customer currently have some requirements but we also encourage setting standards or carefully monitoring this process to ensure the resource is being used consistent with the project purposes.

PSREC is concerned by the proposal to allow only those customers who have a load ratio share below 25% to receive any new allocation under the resource Pool. We understand the intent of Western to avoid allocating additional Western to entities who already have a large allocation of Western products. However, we think the 25% threshold is somewhat arbitrary and believe it is better to look at the resource mix and economic conditions of the individual applicants rather than set a discrete threshold that neglects consideration of a certain customers' socio-economic conditions or technical issues.

Value of Resource and Operational Flexibility

PSREC appreciates the efforts on the part of Western and the Bureau of Reclamation to consider measures to improve the value and flexibility of the base resource. We also encourage greater efforts in these areas to help improve the value of the resource to Western and its customers. As the markets continue to evolve and transform continued cooperation and increased effort in this area is critical.

We appreciate the opportunity to provide our comments and encourage you to consider them in the development of the final 2025 Marketing Plan provisions. If you have any questions about our comments please contact me at your convenience.

Sincerely



Robert Marshall,
General Manager Plumas-Sierra Rural Electric Cooperative