

BEFORE WESTERN AREA POWER ADMINISTRATION

2021 Power Marketing Initiative
Proposal Pick-Sloan Missouri
Basin Program -- Eastern Division

TRANSCRIPT OF
PUBLIC COMMENT FORUM

Taken At
Best Western Ramkota Hotel
800 South Third Street
Bismarck, North Dakota
April 20, 2011

BEFORE MR. GARY HOFFMAN
-- MODERATOR --

EMINETH & ASSOCIATES
Court Reporters
BISMARCK, NORTH DAKOTA
(701) 255-3513



ORIGINAL

1 (The proceedings herein were had and made
2 of record, commencing at 9:36 a.m., Wednesday, the
3 20th day of April, 2011, as follows:)

4 MR. HOFFMAN: Good morning. I would like
5 to welcome all of you to Western's public comment
6 forum. My name is Gary Hoffman, and I represent
7 Western Area Power Administration's Office of
8 General Counsel, which is located in Lakewood,
9 Colorado. I will preside as the moderator today
10 for this public comment forum. Throughout this
11 morning I will refer to Western Area Power
12 Administration as Western for the sake of brevity.
13 If you have not already signed in on the sign-in
14 sheets by the back door, we would appreciate that
15 you do that before leaving today so that we have an
16 accurate record of attendance.

17 This public comment forum has been
18 scheduled to allow you the opportunity to provide
19 oral comments, oral presentations, or if you would
20 like to submit written comments for the record for
21 the 2021, or 2021, power marketing initiative.
22 Earlier this morning at the information forum we
23 referred to the power marketing initiative as the
24 PMI, so I'll use that also during this
25 presentation. That PMI is being proposed for the

1 Pick-Sloan Missouri River Basin Program - Eastern
2 Division.

3 We have assembled a panel here to ensure
4 that comments you provide us are understood and can
5 be addressed in the record of decision that will be
6 issued as part of this process. On our panel today
7 all the attendees here are from Western's Upper
8 Great Plains Region, and they are Jody Sundsted at
9 the center of the table, who is the power marketing
10 manager; Doug Hellekson, closest to me, he is the
11 contracts and the energy services manager; and then
12 John Pankratz, who is the 2021 PMI project manager.

13 I would like to remind you that written
14 comments regarding this proposed 2021 PMI may be
15 submitted at any time during the comment period.
16 Comments should be submitted to the attention of
17 Robert J. Harris, the regional manager for the
18 Upper Great Plains Region. Those comments may also
19 be submitted by mail, facsimile or electronic mail
20 as set forth in the March 4, 2011, Federal Register
21 notice. That Federal Register notice can be found
22 at volume 76, number 43, and in particular on pages
23 12104 through 12106. There are copies of that
24 Federal Register notice at the back table by the
25 sign-in sheets. The mailing address, facsimile

1 number and e-mail address are found in that Federal
2 Register notice. They're also found in the handout
3 PowerPoint presentation that's available at the
4 back of the room that was referred to earlier and
5 used earlier today as part of the information
6 forum. Please submit comments on the proposed 2021
7 PMI by 4 p.m., Mountain Daylight Time, on May 4,
8 2011.

9 A verbatim transcript is being prepared by
10 a court reporter of today's public comment forum.
11 Everything that is said while we are in session
12 today, together with any exhibits that you may
13 produce, will be part of the official record. A
14 copy of today's transcript, as well as the
15 transcripts from the public comment forums held
16 last week at Lincoln, Nebraska, and Sioux Falls,
17 South Dakota, will be on Western's 2021 PMI
18 website. Written comments received as part of this
19 formal process will also be available on that
20 website. Finally, in addition, copies of the
21 public comment forum transcripts, the written
22 comments and any other documents developed or
23 retained by Western for this 2021 PMI formal public
24 process will be available for review and copying at
25 the Upper Great Plains Regional Office located in

1 Billings, Montana.

2 As the moderator, I do reserve the right
3 to disallow any comments that are not relevant to
4 the subject matter of today's forum. All comments
5 provided today should be relevant to the proposed
6 Pick-Sloan Missouri Basin Program - Eastern
7 Division 2021 PMI.

8 This public comment forum is not a
9 question and answer forum or session. Any relevant
10 materials to be introduced into the record should
11 be given to the court reporter who will assign
12 exhibit numbers as needed.

13 After the close of the public comment
14 period, Western representatives will review all the
15 information, comments and exhibits that have been
16 received. Western will then announce the decision
17 in the Federal Register. Relevant comments made
18 during this public comment period will be addressed
19 in the Federal Register notice.

20 As I recognize each speaker, I would ask
21 that you state your name and the organization that
22 you represent. As a courtesy to the court
23 reporter, I would also ask that you spell your
24 first and last name. If you do have a business
25 card, I'm sure the court reporter would appreciate

1 a copy or one of those cards at the end of today's
2 forum. If you do make an oral presentation, if you
3 have an extra copy that you've read from, that
4 would also help the court reporter.

5 One last thing. If you did make a comment
6 earlier this morning during the information forum,
7 that comment was not on the record so it's not
8 going to be part of the public record. Also, if
9 you made a comment in response to the informal
10 meetings that were held last November, December as
11 part of the -- before we started the formal part of
12 this process, those comments are not part of the
13 official public record, so if you want those
14 comments to be considered and addressed in
15 Western's decision which will be in the Federal
16 Register notice, you need to make those comments
17 again either today -- and/or today or as a written
18 comment submitted later on, but before May 4th.

19 I'm going to go ahead now and open the
20 floor for comments, and we'll just do it by raising
21 hands, whoever would like to make a comment.

22 Yes, please state your name.

23 MR. SCHOCHENMAIER: Leon Schochenmaier.

24 I'll drop off a business card and a letter before I
25 leave.

1 I'm the city administrator for the City of
2 Pierre, South Dakota, and I would like to provide
3 some comments from Mayor Laurie Gill, and I'm going
4 to paraphrase the letter here that she's provided
5 to you.

6 First of all, we're in general support for
7 what WAPA is proposing here. We've got some
8 additional comments here we would like to provide
9 today.

10 The City of Pierre is a community of
11 14,000 people. We get 60 percent of our energy
12 from WAPA and 40 percent from Missouri River Energy
13 Services.

14 The first part of our comments is on the
15 amended marketing plan principle and specifically
16 the contract term. The City of Pierre does support
17 Western's proposed 30-year contract term, but would
18 recommend that Western consider a 40-year contract
19 period. Since Western has built inflexibility
20 through resource pools and withdrawal provisions
21 for longer-term contracts, a 40-year is a
22 reasonable term.

23 The second part of that amended marketing
24 plan are for resource pools. The City of Pierre
25 supports Western's proposed resource pool of up to

1 one percent of the marketable resource under
2 contract for eligible new preference entities, as
3 they are currently defined by statute, every 10
4 years, or a maximum of three percent over a 30-year
5 contract. Limiting the resource pool to up to one
6 percent every 10 years helps provide for better
7 utilization of resources with existing preference
8 customers while providing Western with a more
9 stable revenue source to help recover the costs of
10 the preference power program.

11 The second part of our comments is for the
12 extended marketing plan principles and, first of
13 all, the marketing area. The current marketing
14 area for existing resources should also be the
15 marketing area for the 2021 PMI. Expanding the
16 boundaries of the marketing area could impact the
17 amount of future investment required which could
18 come at higher cost to the program.

19 The second is on the marketable resource.
20 The city supports Western's extension of the
21 existing contract rate of delivery, or CROD. This
22 would continue to provide a similar level of
23 benefit to the community. It also benefits
24 Western's program by providing a more stable
25 revenue source for the program instead of depending

1 on the market to always meet revenue requirements.

2 The third are the withdrawal provisions.
3 The city understands that due to the hydrologic
4 nature of the resource coupled with the length of
5 the contract term, Western needs some flexibility
6 to manage the program. The community supports a
7 possible adjustment of the CROD due to the
8 hydrology and river operations upon five years'
9 notice and a thorough public process that would be
10 conducted by Western.

11 And the last is the marketing future
12 resources. The city understands that there may be
13 times when additional power resources may be
14 available for various reasons. The community asks
15 that Western consider offering the power to the
16 existing customers who contributed to the resource
17 pool prior to making the offer to new customers or
18 perhaps using these resources to support existing
19 CRODs to existing preference customers.

20 We want to thank you for the opportunity
21 to comment and we would enjoy working with Western
22 throughout this process. Thank you.

23 MR. HOFFMAN: Thank you. If you can give
24 a copy of that to the court reporter, we'll wait
25 for just a second. She can't do two things at

1 once. She's talented, but --

2 Thank you very much for your comments.

3 And as he has noted, you can make an oral comment
4 and submit a written one, also. Just because you
5 do an oral comment doesn't foreclose you from later
6 making a written submission.

7 Are there any other people that would like
8 to comment? If there aren't any others, what we
9 will end up doing is closing this comment forum and
10 comments would then need to be submitted in
11 writing. So this is the last opportunity for an
12 oral comment at today's forum.

13 Well, seeing that there are no further
14 comments, I would once again ask that if you have
15 not already registered or signed in at the back
16 table on the sign-in sheets provided, please do so
17 before you leave so we can have an accurate
18 attendance record. I would again remind you that
19 the written and electronic comments are due by 4
20 p.m., Mountain Daylight Time, the 4th of May, 2011,
21 at the Upper Great Plains Regional Office.

22 Last chance for any oral comments before
23 we close the public comment forum.

24 I would like to thank each and every one
25 of you for your attendance and participation today.

1 This forum is now closed and we'll go off the
2 record. Thank you.

3 (Concluded at 9:50 a.m., the same day.)

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CERTIFICATE OF COURT REPORTER

I, Denise M. Andahl, a Registered
Professional Reporter,

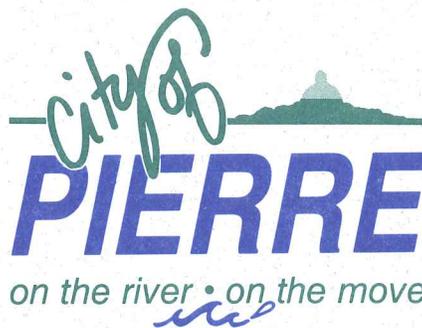
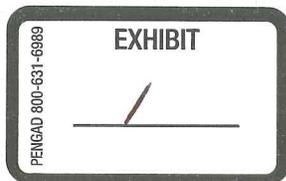
DO HEREBY CERTIFY that I recorded in
shorthand the foregoing proceedings had and made of
record at the time and place hereinbefore
indicated.

I DO HEREBY FURTHER CERTIFY that the
foregoing typewritten pages contain an accurate
transcript of my shorthand notes then and there
taken.

Bismarck, North Dakota, this 28th day of
April, 2011.



Denise M. Andahl
Registered Professional Reporter



April 19, 2011

Mr. Robert J. Harris,
Regional Manager
Upper Great Plains Region
Western Area Power Administration
2900 4th Avenue North
Billings, MT 59101-1226

RE: Comments on the Pick-Sloan Missouri Basin Program-Eastern Division-2021 Power Marketing Initiative Proposal (2021 PMI) 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 (Western) 2021 PMI.

The City of Pierre, SD owns and operates an electric utility for the residents and businesses of the community. The base portion of our power supply is provided by Western while the supplemental portion is provided by Missouri River Energy Services, a joint-action agency located in Sioux Falls, SD. Western's firm power supply program is of significant importance to our community since it provides a reliable, economical and environmentally-friendly source of electricity.

Generally speaking, the community supports Western's 2021 PMI proposal as outlined by the Federal Register Notice (FRN). The community offers the following comments as further support for the proposal.

The Amended Marketing Plan Principles

Contract Term: The community does support Western's proposed 30 year contract term but would recommend Western consider a 40 year contract term. Long contract terms provide more resource certainty for our community. More resource certainty provides customers with better financial planning to control power supply costs. Since Western has built in flexibility through resource pools and withdrawal provisions for longer term contracts, a 40 year term is a reasonable term.

Resource Pools: The community supports Western's proposed resource pool of up to one percent of the marketable resource under contract for eligible new preference entities, as they are currently defined by statute, every 10 years (Maximum of 3% over 30 year contract). Based upon Western'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 one percent every ten years helps provide for better utilization of resources with existing preference



customers while providing Western 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 higher cost to the program.

Marketable Resource: The community supports Western's extension of the existing contract rate of delivery (CROD). This would continue to provide a similar level of benefit to the community. It also benefits Western's program by providing a more stable revenue source for the program instead of depending on the market to always meet revenue requirements.

Withdrawal Provisions: The community understands that due to the hydrologic nature of the resource coupled with the length of contract term, Western needs some flexibility to manage the program. The community supports a possible adjustment of the CROD due to hydrology and river operations upon five years notice and after a thorough public process is conducted by Western.

Marketing Future Resources: The community understands that there may be times when additional power resources may be available for various reasons. The community asks that Western 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.

The City of Pierre is thankful for its working relationship with Western. This program has been the basis for providing affordable, cost-based electricity to the citizens in the community. We look forward to our continued discussions with Western on the 2021 PMI.

Sincerely,



Laurie R. Gill
Mayor
City of Pierre

CC: Jim Mehlhaff, Commissioner