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E L E C T R I C

A Touchstone Energy® Cooperative 

December 6, 2013

Western Area Power Administration
Upper Great Plains Region
2900 4th Avenue North, Suite 600
Billings, MT 59101-1266

EMAIL: AOS@wapa.gov

RE: Comments of Western Federal Register Notice
Southwest Power Pool (SPP) Membership

East River Electric Power Cooperative, Inc. (East River) submits this letter in response to Western's November 1, 2013, Federal Register Notice (FRN) concerning its consideration of becoming a member of the Southwest Power Pool (SSP).

East River is owned by and provides wholesale power supply and transmission services to twenty-four rural electric cooperatives and one municipal electric system. These twenty-five non-profit systems serve about 115,000 retail consumers in primarily the rural areas of eastern South Dakota and southwestern Minnesota. On behalf of twenty-one of these systems, East River holds a long-term wholesale power contract for firm energy service and transmission service rights. The cost-based wholesale power contracts for federal hydro power supply and for transmission service are essential to affordable and reliable wholesale power supply for East River's member owners.

We offer our support to Western in pursuing membership with SPP.

Our support reflects the concern Western has identified with the increasing constraints, costs and access to market it faces to deliver reliable power supply to its firm power customers including East River.

As an original signatory of the 1963 MBSG Pooling agreement, East River has long supported Western (and its predecessor the U.S. Bureau of Reclamation) as it has operated and administered the original Joint Transmission System/Upper Great Plains (JTS) and its successor the Integrated System (IS). Western has established an expert capability as an open-access transmission system operator and administrator. In addition, Western has demonstrated strong and capable performance of its core

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mission prescribed by federal law of marketing and delivering federal power from the Pick Sloan Missouri Basin project to preference customers including East River. We believe the recommendation described by Western's November 1, 2013, FRN to pursue SPP membership is a necessary and prudent action to continue performing its core mission.

East River is keenly aware of and concurs with Western's assessment of the growing risks to its ability to perform its core mission responsibilities. Fundamental issues, such as reserve sharing, demonstrated market access limitations represented by transmission constraints and the decreased ability to access electric markets for needed power supply to supplement its contract obligations to customers or sell surplus resources all contribute to the validity of Western's assessment of considering membership with SPP.

We believe Western's study work (Alternative Operation Study) (AOS)) evaluating membership with the MidWest Independent Transmission System Operator (MISO) or with SPP or remaining independent and continuing operation within the JTS were comprehensive, inclusive in considering its regional preference customers, carefully constructed and performed, and definitive in reaching the conclusion to pursue negotiations with SPP for membership.

East River's assessment of Western's AOS study work concludes that the overall economic, operating, risk evaluation and potential membership terms clearly favor affiliation with SPP.

We support Western's initiative to undertake its recommended course of action in a timely manner. We also support Western's commitment to preserve its federal status and defined core mission to serve preference customers on cost-based principles as part of this initiative. We believe Section 1232 of the 2005 Energy Policy Act defines the unique features which apply to Western and should be reflected in the membership terms finalized by Western with SPP.

We urge Western to immediately move forward to finalize negotiations with SPP and other involved parties within the timeline of Western's proposed schedule which will lead to final membership/participation agreements being completed by not later than April, 2014

Sincerely,



Jeffrey L. Nelson
General Manager

JLN/si