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WESTERN AREA POWER ADMINISTRATION
PUBLIC COMMENT FORUM
2021 POWER MARKETING INITIATIVE PROPOSAL
PICK-SLOAN MISSOURI BASIN PROGRAM -- EASTERN DIVISION

APRIL 14, 2011

9:46 A.M.

HOLIDAY INN CITY CENTRE
100 WEST 8TH STREET
SIOUX FALLS, SOUTH DAKOTA

OPENING COMMENTS BY GARY HOFFMAN, OFFICE OF GENERAL COUNSEL

PANEL MEMBERS:

JODY SUNDSTED

DOUG HELLEKSON

JOHN PANKRATZ

1 MR. HOFFMAN: Good morning. I'd like to welcome you to
2 Western's Public Comment Forum. As John mentioned, my
3 name is Gary Hoffman. I'm an attorney with Western's
4 Office of General Counsel located in Lakewood, Colorado,
5 and I will preside as today's moderator over this Public
6 Comment Forum. Throughout this morning I will refer to
7 Western Area Power Administration as Western. Earlier
8 today, John referred to the Power Marketing Initiative
9 as PMI, so those are some of the acronyms or shortened
10 versions we'll refer to. If you have not already signed
11 in on one of the sheets at the door, the table by the
12 door, we'd ask that you do so before you leave today so
13 that we do have an accurate record of attendance for
14 this Public Comment Forum.

15 This Public Comment Forum has been scheduled to
16 allow you the opportunity to provide comments, oral
17 comments, and if you would like to submit written
18 comments for the record for the 2021 PMI, which is being
19 proposed for the Pick-Sloan Missouri Basin Program --
20 Eastern Divison.

21 Similarly to the information forum, we have
22 assembled a panel to ensure that we, Western, understand
23 your comments so that we can address it in the final
24 record of decision that will be published in the FRN, in
25 an upcoming FRN.

1 Again, we'll go ahead and introduce that panel.
2 These people are from Western's Upper Great Plains
3 Region. We have Jody Sundsted, who is the Power
4 Marketing Manager at the far end of the table;
5 Doug Hellekson, who is the Contracts and Energy Services
6 Manager; and John Pankratz, who is the 2021 Power
7 Marketing Initiative Project Manager.

8 We started our formal public process with the
9 publication of the FRN March 4th of this year. The
10 written comments that you provide concerning this Power
11 Marketing Initiative can be submitted any time during
12 the public comment period. Again, that comment period
13 began March 4th. It will extend through May 4th.
14 Comments that are written should be submitted to the
15 attention of Robert J. Harris, who is the Regional
16 Manager for the Upper Great Plains Region. They may be
17 submitted by mail, facsimile or electronic mail as set
18 forth in that Federal Register Notice. We do have
19 copies of the Federal Register Notice available for you
20 at the back of the room if you would like one or would
21 like another one.

22 That Federal Register Notice is dated March 4th,
23 2011. It's Volume 76, Number 43. The notice for the
24 2021 PMI appears on Pages 12104 through 12106. The
25 mailing address, facsimile number and electronic mail,

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1 the e-mail address, are found in that Federal Register
2 Notice. It's also found on the website that
3 Mr. Pankratz referred to earlier today. It's also
4 contained in the handout that was used earlier today at
5 the information forum. Again, please submit written
6 comments to the proposed 2021 PMI by 4:00 p.m. Mountain
7 Daylight Time on May 4th, 2011.

8 A verbatim transcript is being prepared of today's
9 forum. We have a court reporter here. Everything that
10 is said while in session today for this Public Comment
11 Forum, along with all exhibits, will be part of the
12 official record. Copies of today's transcript, as well
13 as the transcript from yesterday's Public Comment Forum
14 held in Lincoln, Nebraska, and also the Public Comment
15 Forum to be held next Wednesday in Bismarck, North
16 Dakota, will be available on Western's 2021 PMI website.
17 The written comments received as part of this public
18 process will also be available on that website. In
19 addition, copies of the transcripts for the Public
20 Comment Forums, the written comments, and any other
21 documents developed or retained by Western as part of
22 this public process will be available for review and
23 copying at Upper Great Plains, the Regional Office in
24 Billings, Montana.

25 As moderator today, I do reserve the right to

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1 disallow any comments that aren't relevant to the 2021
2 PMI process. The comments received today should be
3 relevant to this proposed program. As mentioned earlier
4 today, this Public Comment Forum is not a question and
5 answer session. If you do have any written documents
6 today that you would like to be made part of the public
7 comment, the public process, the official record for the
8 public process, the court reporter can receive those and
9 assign exhibit numbers to those documents.

10 After the close of the public comment period,
11 Western representatives will review all the comments
12 that have been received as well as any exhibits
13 received. Western will then announce a decision in a
14 Federal Register Notice. Comments relevant to this
15 public process will be addressed in that Federal
16 Register Notice.

17 As I recognize each speaker, I would ask that you
18 state your name and also the entity that you represent.
19 As a courtesy to the court reporter, I'd ask that you
20 spell your name. I would ask that you speak up, if
21 possible, use the microphone in the center of the room
22 so that everyone can hear the comment. There is one
23 last point. Any comment that you may have made earlier
24 this morning in the information forum has not been taken
25 down by the court reporter. It is not part of the

1 official record. So if you would like for that to be
2 part of the official record, you need to make it again
3 here during this Public Comment Forum or submit it in
4 writing. If you do make an oral comment, that doesn't
5 foreclose the opportunity to you to make a written one.
6 You can make -- you can do both.

7 A point that came up yesterday. Mr. Pankratz
8 mentioned this morning that we'd started the informal
9 process back in November of last year. We did receive
10 some written comments and letters on that informal
11 process. Those aren't part of the official record for
12 this official process that began on March 4th. So if
13 you did submit previous comments, but you would like
14 those to appear in and be addressed in the final FRN and
15 be considered as part of the official consideration and
16 record that Western will make, you will need to resubmit
17 those. So, just wanted to make that point.

18 We will go ahead and start. If anyone -- we'll
19 just do it by raising hands, anyone that would like to
20 make a comment.

21 Okay. We've got a couple of people. Mr. Nelson,
22 go ahead. You're right by the microphone.

23 MR. NELSON: My name is Jeff Nelson, J-E-F-F
24 N-E-L-S-O-N. I'm the General Manager of East River
25 Electric Power Cooperative headquartered in Madison,

1 South Dakota.

2 I wish to offer East River's general support for
3 the proposal that was published by Western in the
4 March 4th Federal Register Notice related to the 2021
5 PMI. East River is a wholesale provider that contracts
6 with Western for a portion of our power supply that
7 includes a delivery from Western that in turn supports
8 our ability to economically and reliably serve 21
9 all-requirement rural electric cooperative municipal
10 members in eastern South Dakota and western Minnesota.

11 I would like to offer our opinion that the Western
12 resource that is defined by the 2021 PMI is essential to
13 the future of not only East River's ability to provide
14 service to this region economically, but many other
15 preference customers in the region. It represents not
16 only for this region, but I believe for this country,
17 critical infrastructure that is essential to the
18 electric power supply of this region.

19 The second point I would like to make is that it
20 is important for Western to continue to pursue in a
21 timely way the conclusion of this important process. We
22 would urge Western to remain focused on moving this
23 process to conclusion in a deliberate manner, but to
24 also do so in a timely manner.

25 The third point I would like to offer is that

1 while East River supports Western's proposal and
2 framework and fundamentals as laid out, we would submit
3 a request that Western revisit and give further
4 consideration to the proposed term of the agreements
5 that may be an outcome of this process. Western has
6 proposed a 30-year term of the contracts that would be
7 offered after the conclusion -- after the termination of
8 the existing contracts. We appreciate that. I believe
9 it represents a good step forward, but would note that
10 Western does have the statutory authority to offer
11 contracts for up to 40 years in term.

12 We appreciate the balance that Western is seeking
13 to strike between its flexibility and the stability of
14 planning that long-term contracts offer to customers,
15 but would offer our opinion that a 40-year term contract
16 would represent a better outcome for customers without
17 compromising Western's flexibility. We would also point
18 to the fact that by applying a 40-year contract term
19 rather than a 30-year contract term provides better
20 future certainty to the hydroelectric resources, which
21 is a very important renewable resource that is carbon
22 free to meet long-term goals of the country.

23 With that, we appreciate the opportunity to offer
24 these remarks and thank Western for providing this
25 forum.

1 MR. HOFFMAN: Thank you, Mr. Nelson. Mr. Peters, did
2 you have some comments?

3 MR. PETERS: My name is Jeff Peters, J-E-F-F
4 P-E-T-E-R-S. I represent Missouri River Energy Services
5 located in Sioux Falls, South Dakota. Missouri River
6 Energy Services is a joint action agency that provides
7 wholesale energy and services to communities in the
8 Dakotas, North Dakota and South Dakota, Iowa and
9 Minnesota. These communities own and operate their own
10 electric systems. Right now we currently serve 60
11 communities, and 59 of those communities currently have
12 contracts for hydropower with Western Area Power
13 Administration.

14 Generally, Missouri River Energy Services is in
15 agreement with the amended and the extended marketing
16 principles as represented in the Federal Register
17 Notice.

18 Missouri River Energy Services and many of its
19 members are going to be supplying written comments on
20 the Federal Register Notice. However, we wanted to take
21 this opportunity to commend Western in the development
22 of this proposal. Western has gone to great lengths to
23 get stakeholders' input into this process. Missouri
24 River Energy Services and its members look forward to
25 working with Western to put into place a contract based

1 upon the principles as outlined. Thank you.

2 MR. HOFFMAN: Thank you, Mr. Peters. Yes.

3 MR. BURUD: Richard Burud, B-U-R-U-D. I'm General
4 Manager of Federated Rural Electric in Jackson,
5 Minnesota and Nobles Cooperative Electric in
6 Worthington, Minnesota.

7 First of all, the 2021 PMI as proposed is
8 acceptable to our cooperatives, and we do want to
9 compliment Western on taking the initiative to expedite
10 this in a cost-effective manner.

11 This contract, of course, is very important to our
12 cooperatives because it gives certainty to our energy
13 resources beyond 2020, and that planning for those
14 resources takes considerable time.

15 So, as I conclude, we want to thank you for
16 holding the public process and expediting this process
17 of contract extensions. Thank you.

18 MR. HOFFMAN: Thank you, Mr. Burud. Do we have anyone
19 else? Yes.

20 MR. TSCHEPEN: I am Al Tschepen. A-L, last name is
21 T-S-C-H-E-P-E-N. I'm with Minnkota Power Cooperative in
22 Grand Forks, North Dakota, and represent that
23 organization here today. And we are very supportive of
24 the 2021 PMI initiative that the Western staff has
25 brought forward here today. We are very supportive of

1 all aspects of that.

2 We would encourage Western to move forward in a
3 timely basis to get the necessary approvals such that
4 the proposal can be entered into either modification or
5 extensions or new contracts as -- as quickly as is
6 possible.

7 We also hold the opinion that we would like
8 Western to consider a 40-year term. We have 11 member
9 owner distribution cooperatives, and representing about
10 130,000 customers in eastern North Dakota and
11 northwestern Minnesota that are the recipients and the
12 benefactors of this, what we would consider a very
13 stable, reliable and economic long-term power supply.
14 We have contracts with our member owners, all
15 requirements, to the year 2055, and we would think we
16 would like Western to consider a 40-year term rather
17 than 30 years, because that would tie in very nicely
18 with our obligation to our end customers.

19 Again, I would like to commend the Western staff
20 for bringing this forward in a timely basis. You know,
21 it's 10 years ahead of time, but I think all of us that
22 are in the power supply business appreciate the nature
23 of the effort and what it does to secure long-term power
24 supply.

25 MR. HOFFMAN: Thank you, Mr. Tschepen. Other comments,

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please.

(No response.)

MR. HOFFMAN: We do appreciate the comments. We appreciate your attendance. Again, if you have not already done so, I'd ask that you please sign the attendance sheet at the back of the room, the table by the door. I would again remind you that written comments, electronic comments, are due by 4:00 p.m. Mountain Daylight Time on the 4th of May, 2011 at the Upper Great Plains Office.

If there is anyone else that would like to give an oral comment, now is the time, as we're at the end of this Public Comment Forum.

Seeing that there are no others that would like to comment, we will go ahead and close this forum. Again, thank you for your attendance today.

(Adjourned at 10:06 a.m.)

