

# MUNICIPAL UTILITIES DEPARTMENT

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To: AOS@wapa.gov

From: Steve Lehner  
General Manager

Date: 12/13/2013

RE: **Comments Regarding the Federal Register Notice Recommending Western Area Power Administration (WAPA) to Pursue Regional Transmission Organization Membership.**

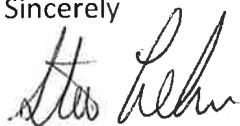
We appreciate the opportunity to provide comments on the Federal Register Notice regarding WAPA Upper Great Plains Region (UGP) proposal to seek membership into a Regional Transmission Organization.

Our public power utility, Watertown Municipal Utilities, is a firm power supply customer of WAPA UGP and purchases supplemental power from Missouri River Energy Services. Maintaining access to low-cost federal hydropower is not only important for the future of our municipal utility but it is a critical component of our local economy.

**Our utility supports WAPA UGP seeking membership into an RTO, specifically the Southwest Power Pool (SPP).** WAPA UGP has limited opportunities to sell and purchase electric power and energy in the region. Many of WAPA UGP's former marketing partners have moved into the Midcontinent Independent System Operator (MISO) or SPP. Access to a market such as SPP enables WAPA UGP to better manage its cost through opportunities to sell and purchase power and energy in the short term. Based upon the results of the Alternative Operations Study, we support WAPAs entry into SPP market. The primary reason we support SPP over MISO is due to the regional cost allocation of the 345 kV Bakken loop to be built surrounding the North Dakota oil field region.

We understand that WAPA UGP is asking SPP for an exemption for certain market and transmission costs as a condition to its entry into SPP. Some of these costs that WAPA UGP is avoiding are simply shifted onto the co-suppliers in the region, such as MRES, which will ultimately impact the power supply costs to our utility. We ask that WAPA UGP work towards minimizing these potential power supply cost impacts.

Sincerely



Steve Lehner