Congress of the United States

Washington, DC 20510 June 5, 2012

The Honorable Steven Chu Secretary of Energy Washington, DC 20585

Dear Secretary Chu:

We write to express our concerns with the new direction and the initiatives contemplated for the Power Marketing Administrations (PMAs) in your memo dated March 16, 2012.

In your memo, you state an intention to direct the PMAs to act in areas involving transmission expansion, renewable energy, energy efficiency, cyber security and electric vehicles in order to ensure a modern, secure and reliable electric transmission grid. While these are important public policy goals, we are concerned that these new initiatives have been put forward without sufficient evaluation of potential impacts to the customers of the clean, reliable electricity marketed by the PMAs. We have heard from numerous public power utilities, rural electric cooperatives and local officials in our states who are troubled by the potential cost impacts of these directives and by a perceived expansion of the role of the PMAs beyond their current statutory authority. These proposals also constitute a fundamental shift away from regional planning, and the understanding of local needs and impacts which comes with it, towards a Washington, D.C.-based, top-down approach. We are also concerned that the Department of Energy appears to be sidestepping the role of Congress in debating and overseeing policies relating to the PMAs.

The PMAs have responsibly marketed federally generated hydropower for decades to approximately 1,100 electric utilities in 34 states, providing this clean electricity to more than 40 million Americans. They have also built and maintained thousands of miles of high voltage transmission systems to deliver this power. Through a partnership with their customers, the PMAs repay the federal investment in these systems with interest annually. This public-private partnership between the PMAs and their customers is a model that works extraordinarily well, not only for our constituents, but for the U.S. taxpayer. Changes to this model should not be made without due consideration of the concerns of impacted stakeholders.

The federal power program is integral to keeping electricity rates affordable and reliable for the customers of community-owned and consumer-owned utilities across the states we represent. We strongly urge you to pursue meaningful collaboration with stakeholders, including ratepayers and Congress, prior to moving forward with these new initiatives.

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Page 2 of 13

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Page 3 of 13

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Page 5 of 13

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Page 6 of 13

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Page 7 of 13

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Page 8 of 13

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Page 9 of 13

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Page 10 of 13

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Page 11 of 13

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Page 12 of 13

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