



2021

MID-WEST ELECTRIC
CONSUMERS
ASSOCIATION

RESOLUTIONS

MID-WEST ELECTRIC CONSUMERS ASSOCIATION RESOLUTIONS

FOREWORD

Mid-West Electric Consumers Association (Mid-West) was founded to preserve and strengthen rural electric cooperatives, municipal electric systems, public power districts, and the communities they serve. Mid-West's primary missions are to support the consumer-owned electric systems in the Missouri River Basin, to collaborate with like-minded organizations focusing on other river basins, and to support federal hydroelectric and water development programs that serve the public interest. Mid-West works to preserve and to optimize cost-based development of the waterpower and other energy resources of the Great Plains, for the benefit of the people of this region and of the nation. Our members are responsible for and committed to safe, reliable and economical utility service.

Mid-West prides itself in being democratically governed, ultimately by Mid-West members. Our members believe that the primary strength of a nation is its people. Mid-West thus establishes its policies through democratic processes, discussing potential resolutions and then proposing them to its members for adoption.

Mid-West is strongly bound to the time-honored congressional mandate that public and consumer-owned systems have first call upon federally generated hydroelectric power. These resources belong to our citizens and should be used by them through their consumer-owned systems, at cost and without profit, and using traditional repayment terms. It is upon these basic principles and with these objectives that Mid-West adopts and publishes these resolutions.

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2021 MID-WEST ELECTRIC CONSUMERS ASSOCIATION RESOLUTIONS

ENERGY POLICY RESOLUTIONS

Avoided Costs Mandated by PURPA

Mid-West Electric Consumers Association (Mid-West) urges that as the 2005 Energy Policy Act is implemented, the rights of utilities continue to include provisions that assure a utility need only pay a capacity charge for the power when the utility requires additional capacity within its system and that the capacity charge takes into account such factors as availability and reliability while evaluating the utilities' cost in purchasing or constructing the plant themselves.

We support FERC order 872 limiting the size and rates of qualifying facilities and continue to urge the Commission to prohibit the subsidization of qualifying facilities (QFs) by electric consumers through higher rates, by prohibiting the establishment of rates for the purchase of power from QFs at rates which exceed the actual cost which the purchasing utility would have incurred in purchasing or generating the power themselves.

Policy Background

In 1978 Congress passed the Public Utility Regulatory Policies Act (PURPA).

Continued pressures to change the avoided cost calculations could impact the ability of consumer-owned electric utilities to plan for power supply at the lowest possible rates for their consumers.

PURPA rules require utilities purchase power from qualifying facilities (QFs) at the cost which the utility would have incurred had it purchased or generated the power themselves, i.e., their avoided cost, unless certain market conditions are met.

Efficient Resource Use

Mid-West supports research, development, and deployment of sound conservation policies that provide cost-effective solutions for efficient energy use while striving to provide reliable and efficient power generation.

We encourage the development and dissemination of educational programs that are designed to provide the public a clear understanding of the benefits of using high efficiency, electric devices designed to use domestically produced resources more efficiently.

We believe state and federal energy policy should promote efficiency improvements at existing electrical generating facilities by eliminating the current disincentives to those efficiency improvements.

Policy Background

The electric power supply provided by the members of Mid-West is generated from abundant domestic sources.

Mid-West members strongly promote and encourage optimal resource use through application of high efficiency energy conversion devices such as ground source heat pumps.

Energy efficiency includes power plant improvements that generate more electricity with less fuel.

Existing federal regulations regarding existing power plants are a significant deterrent to power plant upgrades that could provide the efficiency improvements that lead to increased environmental benefits.

There is a concerted effort by some in the environmental community to shut down coal at any cost, which severely limits the ability to maintain and operate these power plants in an efficient manner.

State and federal policies should give utilities the flexibility to make fuel decisions based on sound business practices and their obligation to serve electric consumers.

Federal Power Marketing Administrations

Mid-West vigorously opposes the sale of the federal power marketing administrations or divestiture of their power and transmission facilities.

We reaffirm our support for the longstanding congressionally approved standard of cost-based rates for electric power generated at federal projects.

We will, under all circumstances, work to improve the efficiency of federal power operations, protect the contractual federal power supply rights of its members, and resist any unjustifiable increases in electric rates to the ultimate consumers.

Policy Background

Energy generated at federal hydroelectric facilities of the Pick-Sloan Missouri Basin Program (Pick-Sloan) is essential to thousands of municipal and rural consumers, including farms, businesses, and industries within the nine states of the Mid-West Electric Consumers Association (Mid-West).

The power portion, with interest and nearly all of the irrigation portion of the federal capital investment in these multipurpose facilities is being systematically repaid, on schedule, to the U.S. Treasury by these federal preference power customers.

Pick-Sloan power revenues also pay for the annual power system's share of the operation and maintenance costs.

Substantial investments have been made by preference customers in partnership with the federal government to develop the region's integrated transmission system, thereby optimizing benefits to preference customers and the federal government.

Members of Mid-West hold direct power supply contracts for a substantial portion of the Pick-Sloan power supply resources.

The sale, transfer or other disposal of the federal power marketing administrations (PMAs) or the federal power plants and related facilities would:

- a. Threaten consumer-owned utilities with uncertainty of supply and significantly higher power rates;*
- b. Undermine the ability of consumer-owned utilities to provide reliable electric service at competitive rates and thereby increase monopoly in the electric utility industry;*
- c. Abandon existing repayment agreements between the United States and federal power users.*

Other proposals to transition the sale of federal power from its current cost-based rates to market-based rates as a way to reduce the federal deficits and the national debt would have the same devastating impacts as sale of the federal PMAs.

Federal Power Regulation

Mid-West supports the following principles and urges the Federal Energy Regulatory Commission (FERC) to utilize them in their regulatory actions:

- a. Purchasers of electric energy should be protected from market power abuse in order to assure the ultimate consumer fair and reasonable prices.
- b. Inclusion of Construction Work In Progress in wholesale power and transmission rates should be prohibited.
- c. Pursuant to the Energy Policy Act of 2005, membership by a federal power

marketing agency in a Regional Transmission Organization does not subject the federal utility or any of its electric generation assets, electric capacity, energy, or power sale activities to the jurisdiction or the authority of the FERC.

- d. Discriminatory rate increases, which place wholesale customers in a “price squeeze” situation, whereby high wholesale rates may prevent them from competing at retail with other wholesale suppliers, should be rejected.
- e. Jurisdiction over wholesale power and transmission sales and rates should not be transferred to the various state utility commissions.
- f. The development of Exempt Wholesale Generation, as provided under the National Energy Policy Act of 1992, should be closely monitored to insure that there are no abuses as protected under the original Public Utility Holding Company Act.

Policy Background

Mid-West opposes full Federal Energy Regulatory Commission (FERC) oversight for municipal electrics, public power districts, rural electric cooperatives, and the federal power marketing agencies and we support the provision in the Energy Policy Act of 2005 that exempts “small utilities,” defined as those selling less than 4 million megawatt-hours annually.

Federal Transmission Investments

Mid-West urges the federal government to continue to provide adequate funding to support timely joint planning studies, adequate staffing levels and construction of Western Area Power Administration (WAPA) transmission facilities needed for delivery of federal power.

We encourage WAPA to partner with their customers on funding, constructing or owning transmission additions.

We call on Congress and the Administration to ensure any federal transmission incentives would require a study that shows a need for federal power delivery prior to federal funds being used to build transmission.

Policy Background

Upgrades and additions to the Western Area Power Administration (WAPA) transmission system must be routinely considered to ensure adequate delivery of federally generated power, ensure maintenance of system reliability at an adequate level, and aid in the utilization of the optimum federal energy sources as a part of a responsible national energy policy.

Thorough and timely joint system planning with preference customers and regional transmission partners is a very important precursor to the addition to any transmission facility.

The U.S. Congress has provided funding for transmission facilities in the past, and preference customers repay with interest funding provided for such facilities.

The Energy Policy Act of 2005 expanded the ability of WAPA to finance a project by allowing the Secretary of Energy to accept and use funds contributed by another entity for the purpose of carrying out a project.

Environmental Externality Costs to Energy

Mid-West opposes the use of arbitrary metrics, such as social cost of carbon, in regulatory reviews when their primary purpose is to artificially inflate the cost of coal and other fossil fuels at the expense of real, meaningful, and realistic carbon reductions.

Policy Background

Environmental, regulatory, alternative energy, and other groups are promoting the development of a “social cost of carbon,” which would assign additional costs on energy production because of the perceived effects of carbon emissions on society.

These costs would be assessed against fossil fuel-fired generating capacity either in the context of plant operations or in the dispatch of electricity generated by such power plants even if the plant meets all applicable state and federal requirements for environmental compliance.

The use of a social cost of carbon is arbitrary and presupposes negative impacts from the use of coal and other fossil fuels without considering the value as firm capacity.

Hydroelectricity – A Reliable Renewable Resource

Mid-West urges Congress, the Administration and states to take action to classify hydroelectric power from projects both large and small, existing and future, as a renewable resource and that hydroelectric power be treated equal to other forms of renewable energy such as that produced from wind and solar if mandated renewable portfolio standards are adopted. Hydroelectric power resources contribute significantly to the operation of the grid, providing reliable energy, capacity, ancillary services and black start (restoration) services along with eligibility for renewable energy certificates.

Policy Background

Hydroelectric power facilities provide economical, reliable, emission free, renewable energy for many consumers throughout the country.

Defining renewable resources becomes crucial to electric utilities as the federal government, state governments and others look at mandated resource portfolio standards.

Hydroelectricity is being rejected as a classifiable renewable resource by some federal agencies, state governments, and other groups for political reasons, even though a definition of renewable energy is: a perpetual, naturally occurring form of energy that can be successfully harnessed to produce electric power, without the creation of waste, greenhouse gas emissions, or byproducts. Clearly, electricity generated by the force of falling water meets this definition.

Hydroelectric Power Benefits

The value of the hydroelectric power benefits of the Pick-Sloan Missouri Basin should be reserved to benefit the Firm Power Customers of the region. The Firm Power Customers pay 100% of the costs of the hydroelectric power program under long-term contracts. The Firm Power Customer's also fund capital investment of the hydroelectric power portion, with interest, along with the annual share of the operation and maintenance costs of those multi-purpose facilities.

Policy Background

Since Firm Power Customers pay for 100% of the costs of the hydroelectric power program, Firm Power Customers must retain the multiple benefits of the hydroelectric system. Efforts to dilute or redistribute the benefits paid for, invested in, and received by the Firm Power Customers should be opposed.

Although the Federal Government is responsible for maintaining the Pick-Sloan Hydro Power assets, but has neglected to provide the necessary funding, many of these customers have been working together since 1997 with the Federal power agencies to provide the funds necessary for timely replacements and repairs of these facilities to continue to enable the value of this resource for future generations.

Support for Renewables

Mid-West supports the development of economically feasible renewable energy sources that can be integrated into existing power supply systems without compromising the transmission grid's system performance, reliability, or costs and similarly do not compromise the value of the Missouri River Pick-Sloan Program's (Pick-Sloan's) hydroelectric resources to firm power customers.

We call on Congress and the states to ensure incentives for energy generation are applied uniformly to public power utilities and rural electric cooperatives as they are provided to other utilities.

Although Mid-West does not support the use of already contracted federal hydropower resources to provide firming power for renewable energy projects, we are willing, however, to consider studies to explore how renewable power might be integrated into the regional power supply, so long as the costs of those studies are not borne by the Pick-Sloan's federal power customers.

Policy Background

We, the members of Mid-West, have a power supply mix of hydroelectric, other renewables, nuclear and fossil fuel generated electricity.

We are committed to a diversified energy generation portfolio that is cost-based and affordable.

Interest from consumers in distributed generation, such as rooftop solar, means public utilities will need to make certain that the policies of integrating renewable energy into their portfolios are fair and consistent to ensure consumers who do install distributed generation at their residence or place of business do so in a manner that does not adversely affect electric service or shift costs onto the utility's other consumers.

Pick-Sloan Missouri Basin Program (Pick-Sloan) federal power is under long-term contracts to the consumer-owned electric utilities in the region, as well as Native American tribes and some federal and state agencies.

Some developers have proposed using federal hydropower to firm renewable generation.

Net Metering

Mid-West Electric Consumers Association opposes government-mandated retail net metering that results in subsidization and cost-shifting between consumers. Mid-West believes payment of more than the utility's avoided cost for consumer-produced energy represents an unfair subsidy of some electric consumers by other electric consumers and that the availability

of net metering should be a local option and decision made in the cooperative or municipal board room.

Policy Background

Net metering is a billing mechanism that credits consumers, typically at retail rates, for energy produced by non-utility generation resources that produce excess energy above the consumer's load. The retail rate payment allows consumers to offset the cost of power drawn from the utility. This mechanism requires utilities to purchase power at a much higher price than they can produce it with utility-owned or other generation resources and creates cost-shifting between consumers.

AGRICULTURE POLICY RESOLUTIONS

Rural Economy

Mid-West Electric Consumers Association (Mid-West) opposes any change in the Capper-Volstead Act which would restrict the ability of farmers and ranchers to join together to market their products and receive a fair and reasonable return on their investment.

We encourage Congress and the Administration to pursue initiatives that provide a level and fair playing field to export markets around the globe.

We support rural development with a special emphasis on the creation of renewable fuels as a way to curb out migration, create jobs, develop rural opportunities and create distribution infrastructure.

Policy Background

Mid-West believes a strong farm and ranch economy is essential to the economic health of this country and its members are beneficiaries of this economy and future success.

The members of Mid-West are vital suppliers to and supporters of rural America's primary industries.

The United States needs to continue to support domestically produced ethanol and bio-diesel because The American farmer can successfully grow a number of crops that are used to make these fuels.

The Capper-Volstead Act is the major enabling legislation for farmer cooperatives, allowing farmers and ranchers to form cooperative organizations for marketing their products and receive a fair and reasonable return on their investment.

Rural Communications

Mid-West opposes use by others of fiber attached to the Western Area Power Administration (WAPA) transmission system if it is for non-electric operation and if it changes restoration of electrical service as the top priority, increases exposure of the transmission system to physical or cyber security risks, or results in additional costs to WAPA's ratepayers.

Policy Background

WAPA has been assessing the leasing of fiber to outside entities to expand rural broadband availability. Currently, WAPA prioritizes its fiber system for the delivery of preference power and electric system reliability. Those priorities should not change nor should WAPA be exposed to potential litigation for prioritizing electrical system reliability over third-party communications.

WAPA ratepayers have spent millions of dollars to increase physical and cyber security. The use of WAPA's fiber system should not prioritize third-party needs above traditional utility needs nor should third-party use result in unidentified individuals being allowed near its facilities.

Rural Utilities Service Program

Mid-West supports:

- a. Maintaining loan levels that will meet the necessary credit needs of rural electric cooperatives including G & Ts;
- b. Continued availability of the Federal Financing Bank funding of Rural Utilities Service (RUS) guarantees, U.S Treasury funding and the availability of insured loans;
- c. RUS and Office of General Counsel staffing levels that are adequate to allow for timely processing of loans;
- d. RUS financing for the construction of all base load electric generation facilities.

We reaffirm continued support for a strong, viable RUS program and commitment to the program's future.

We urge Congress to continue to provide adequate funding for RUS's rural development programs, including funds for rural electric systems to provide water and waste services, funds for small business incubators, and funds for rural distance learning and medical links; but these programs should in no way reduce the available funding for the core RUS electric loan program.

We continue to oppose any proposals to eliminate or weaken the RUS electric loan program.

Policy Background

A strong Rural Utilities Service (RUS) is vital to the financing of the nation's rural electric network of generation, transmission, and distribution facilities.

The rural electric cooperatives within the Midwest region and other rural electric cooperatives all across the country are investing funds to rejuvenate aging electrical systems, working with their communities in rural economic development, and helping to develop rural water, broadband, and other services.

There have been problems not only with funding but also with available staffing to administer the program.

The RUS continues to provide universally available programs at the lowest cost funding for electrical system improvements, engineering guidelines and standards for construction and operation of the electrical systems, zero based loans for economic development and a base of support for rural infrastructure building.

Mid-West is deeply concerned about continued financing to an industry as basic as the rural electric program at rates that will assure the continued success of the program without unfairly burdening rural electric consumers and the taxpayer.

The opponents of the program are trying to limit the ability of RUS to issue loans for conventional base load generation.

FEDERAL BUDGET AND TAX POLICY RESOLUTIONS

Net Zero Appropriation

Mid-West Electric Consumers Association (Mid-West) supports the Congressional budget scoring that allows a “net zero” appropriation for the annual expenses of the Western Power Administration.

Policy Background

The budget of the Western Area Power Administration (WAPA) is initially funded by a Congressional appropriation.

The annual costs of WAPA are repaid with power revenues deposited into the U.S. Treasury in the year those costs are incurred.

The treatment of WAPA’s annual costs in the Congressional Budget process had traditionally not recognized that those dollars are returned to the U.S. Treasury in the same year and thus do not contribute to the federal deficit.

As a consequence the budget of WAPA was subject to reductions intended to reduce the federal deficit, which threatened the reliability of the federal transmission system and the delivery of federal power.

Federal power customers have established work plan review groups in cooperation with WAPA to review expenditures, which ensures federal power customer oversight.

A change in the treatment of WAPA’s annual appropriations, except Purchase Power and Wheeling, in the Congressional budget process that recognizes that WAPA’s annual expenses are returned to the Treasury in the same year has been enacted, resulting in a net appropriation at the end of the year of zero dollars (“net zero”).

Diversion of Federal Power Revenues

Mid-West urges Congress and the Executive Branch to adhere to principles and policies of federal law governing designation of project uses, allocation of costs and irrigation assistance repayment for existing and future federal projects.

Policy Background

Since 1902 water and power interests have enjoyed a successful, mutually beneficial partnership under federal reclamation law.

Power revenues repay in excess of three-quarters of the reimbursable federal investment at multi-purpose projects built by the United States including 100% of the capital costs of

hydropower facilities (with interest) as well as a substantial amount towards repayment on non-power functions, particularly irrigation.

Historically a number of proposals surfaced which would divert federal power and/or power revenues, not only within but outside the territory of the power marketing administration from which such originate, for various purposes, including, but not limited to:

- a. Subsidization of municipal, rural and industrial water costs;*
- b. Altered repayment schedules for irrigation assistance costs;*
- c. Re-designation of certain project features as main project works in order to reallocate costs to power users;*
- d. Designation of new project uses that take priority over power allocations to preference customers;*
- e. Funding for enhancement of fish and wildlife programs;*
- f. Funding for rehabilitation of older irrigation project facilities.*

These proposals would unfairly single out power users to bear a disproportionate share of the resultant impacts.

Lead Agency Power Marketing Administrations

Mid-West supports the four Federal PMAs and their statutory responsibilities regarding hydropower development and marketing including their public preference obligations, reservoir cost allocation and reallocation, repayment and rate responsibilities, and transmission requirements whether or not a PMA participates in a regional transmission organization. Additionally, any power additions at federal hydropower projects can only be made if the projects cannot be completed by the Corps of Engineers or Bureau of Reclamation with PMA customer support and then only with the full approval of the PMA involved, based on a cost-benefit analysis, regional preference customer needs, and that the added power co-mingled should be marketed by that PMA to preference customers.

Policy Background

Power Marketing Administrations (PMAs) are the fully and legally constituted power marketing authorities that are charged by law to ensure that preference rights are upheld.

Existing public preference law mandates that first allocations and sales of power from hydroelectric generating facilities at federal projects owned and operated by the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation) - federal generating agencies - are to be offered to rural electric cooperatives, municipal utilities and other public power bodies.

Non-federal financing of hydroelectric generating facilities at federal projects inherently

impacts such basic PMA responsibilities as hydropower allocation repayment and rates, and transmission which should involve customer input and solutions.

The PMAs have built and contracted for an extensive transmission system to assure reliable delivery of federal hydropower to their preference customers, which does not change with a PMA's participation in a regional transmission organization.

Adequate Funding at Federal Hydropower Projects

Mid-West strongly supports appropriate federal funding of federal hydroelectric facilities for the power marketing administrations, the Bureau of Reclamation and the U.S. Army Corps of Engineers through Congressional appropriations. In the absence of sufficient federal funding, however, we believe financial support is best provided by those most closely associated with and affected by it, and that local support by the preference power community through Western States Power Corporation is the most effective and efficient means of maintaining the Federal power system. We oppose additional borrowing authority for the Pick-Sloan Missouri Basin Program portion of the Western Area Power Administration. We support asset partnerships between power customers and the Federal power agencies to provide for new and additional facilities. We do not support alternative financings by interests that have limited exposure to the Federal power system, that are unaffected by the condition and cost of federal facilities, or that would cause PMA customers to pay for unnecessary costs without offsetting benefits, including Western Area Power Administration's access to receipts and/or alternative financing by third parties.

Mid-West appreciates the opportunity to review federal agency capital programs and urges those federal agencies to continue a collaborative process to develop mutually-beneficial solutions to its funding needs.

Policy Background

The Western Area Power Administration (WAPA), US Army Corps of Engineers (Corps), and the U.S. Bureau of Reclamation (Reclamation) - federal power agencies - are required to obtain funding through appropriation procedures.

Mid-West has consistently and strongly supported appropriations for the agencies, as well as legislation which would give greater certainty and stability to WAPA.

Continued federal appropriations must remain the primary support for sustaining the federal power program, but should not preclude alternative funding methods to complement those appropriations. In the absence of federal appropriations, alternative financing of federal

power projects has been provided by preference power customers, provided that they are within customers' capabilities and for the agencies' core mission, specifically the marketing and delivery of federal hydropower from Corps and Reclamation generating facilities to firm power customers.

The preference customers continue to work with the federal agencies to identify capital projects needs and improvements to their systems, and have a proven record of providing financial assistance to the federal power program through the Western States Power Corporation (WSPC). WAPA has not demonstrated that overall funding mechanisms – both from Congress and its firm power customers – fail to meet its needs.

The preference power customers, because of their long-term association with and financial participation in the federal power program, are in the best position to provide meaningful advice, guidance, and financial support for replacements and improvements, when necessary, to the federal system.

Mid-West believes that those who ultimately pay for the federal facilities through their electric rates, and who depend on the reliability and production of the power projects, have an abiding interest in the funding and accountability of the power program.

WAPA regardless of the method and source of funding for the federal power program, must establish rates at their lowest cost consistent with sound business principles, and should also be guided by such principles in their planning process.

Any discussion regarding new partnerships or funding sources requires different sources of input and advice during the planning process. Federal power customers expect to be involved in this effort through the existing Memorandum of Understanding between the agencies and customers, through the WSPC review processes, and other venues where appropriate.

Retention of Federal Hydropower Operational Responsibilities

Recent federal legislation streamlines the title transfer of federal water supply assets to private entities. Mid-West supports the retention of control by federal agencies of federal facilities in multiple-purpose projects that include power generation and transmission facilities dedicated to preference customers, except when such transfers of control to preference customers or not-for-profit organizations shows demonstrated improvements in operating efficiencies and economies, while protecting existing rights to the quantity and value of the power output.

Policy Background

Transfer of control of power generation and transmission facilities of multipurpose federal projects to the control of non-federal agencies could threaten the balance that must prevail among various authorized purposes of such projects and could seriously disrupt the achievement of multipurpose objectives. Recent federal legislation streamlining the title transfer of federal water projects to private entities prohibits the new transfer process from applying to federal multi-purpose projects where the multipurpose project includes hydropower generation sold by a power marketing administration.

Operations, maintenance and replacement (OM&R) of federal power facilities are the largest single component of rates paid by the customers of the federal power marketing administrations (PMAs).

The costs allocated to OM&R by the Bureau of Reclamation, the U.S. Army Corps of Engineers, and the PMAs must be managed so that they minimize rates while at the same time maintaining the reliability of the generating projects.

Payment of Non-Reimbursable Costs

Mid-West opposes any administrative changes or legislation that requires payment of non-reimbursable costs at federal multipurpose water projects by power and water consumers.

Policy Background

Charges for power and water from federal multipurpose-water projects, historically, have been based on reimbursable costs (the cost of providing service—with other costs incurred through federal appropriations) and have been administratively changed in recent years to cover some non-reimbursable costs in power costs as well.

Reimbursable costs are defined as power investment with interest, municipal and industrial investment with interest, and irrigation investment without interest, which are to be repaid by project beneficiaries, including power and water customers.

Power investments are repaid through contracts for power sales; and irrigation investments are repaid through supplemental revenues from power sales.

Non-reimbursable costs are defined as flood control, navigation, recreation, fish and wildlife, and miscellaneous cost, which are repaid out of the Federal Treasury without reimbursement by a project beneficiary.

Power and water consumers have, historically, accepted and agreed with the division of

costs and repayment structure whereby they are required to pay for those costs and investments allocated to their specific benefit and are not required to pay those costs which benefit the general public— like recreation, fish and wildlife, and security, etc.

Pick-Sloan Rates

Mid-West supports collaborative efforts between the federal power customers, the Western Area Power Administration, the Corps of Engineers, and the Bureau of Reclamation to provide timely and standardized financial reports. We also support setting Pick-Sloan hydroelectric rates at levels sufficient to assure repayment of responsibilities to the U.S. Treasury and payment of appropriate annual operating expenses while recognizing the long-term effects of varying hydrologic conditions. We urge each of the federal agencies that are funded from Pick-Sloan revenues to aggressively pursue cost containment strategies.

Policy Background

The Western Area Power Administration (WAPA) is responsible for marketing and setting rates for the hydroelectric resources of the Pick-Sloan Missouri Basin Program (Pick-Sloan).

The rate for Pick-Sloan power is established by law to be the lowest rate to consumers consistent with sound business principles.

WAPA rates, by law, must be set at a level to recover the costs of operation, maintenance, and replacements, and to assure timely repayment of the reimbursable Pick-Sloan federal investment with interest, as well as payment of irrigation costs beyond the irrigator's ability to repay.

The hydroelectric rate for Pick-Sloan power is made up of costs of the U.S. Army Corps of Engineers (Corps), the U.S. Bureau of Reclamation (Reclamation) and WAPA.

The WAPA rate setting process requires a public participation process, which includes meetings with customers and the public to review the components of the rate and to seek the input of WAPA customers.

Mid-West members view the timely repayment of the reimbursable federal investment and appropriate operational costs in Pick-Sloan as a paramount obligation.

WAPA makes new investments in Pick-Sloan at current interest rates, which puts upward pressure on the Pick-Sloan rate.

WAPA has additional responsibilities under the Transmission Infrastructure Program

(TIP) which requires separation of TIP costs and rates from WAPA's core mission – the delivery of federal power.

WAPA has instituted a cost control program to ensure the most effective use of investments.

Mid-West and its members developed and successfully used a drought adder component to the Pick-Sloan rate in order to ensure more timely repayment of related costs while protecting firm power customers from an inflated rate after those costs have been repaid.

Reclamation has been working with Mid-West to develop detailed cost information for the hydropower rates.

Dam Safety Cost Allocation at Federal Hydroelectric Projects

Mid-West supports the allocation of dam safety modification costs in accordance with the non-reimbursable provisions of the Dam Safety Act of 1986, thus limiting the allocation of these costs for project purposes to 15%, consistent with the law.

Policy Background

Investments may be necessary to maintain dam safety.

Congress established the national policy for the allocation of dam safety investments at U.S. Army Corps of Engineers' (Corps') projects with the Dam Safety Act of 1986 (Dam Safety Act, or, the Act). The Act limits the percentage of dam repair costs that may be assigned to project purposes to 15% of total modification costs that are "deemed necessary for safety purposes." Primary to this non-reimbursable classification are the provisions that specify safety costs incurred to meet current engineering standards or to accommodate revised hydrology levels developed after the construction of the dam should be non-reimbursable.

The Corps has made dam safety investments of over \$1 billion at two dams that generate power marketed to preference customers by the Southeastern Power Administration (SEPA). The Corps incorrectly interpreted the law by allocating these costs without appropriate consideration of the non-reimbursable provisions of the Act, assigning the modification costs to project purposes. SEPA established preference customer rates that appropriately allocate these costs according to the Dam Safety Act.

Wilderness Area Designations

Mid-West Electric Consumers Association (Mid-West) strongly urges that areas studied by the U. S. Forest Service and the U.S. Bureau of Land Management that are found not suitable for wilderness designation should be released. Mid-West opposes the designation or study of any area in which true wilderness characteristics do not exist, opposes the new designation of wilderness areas near existing power plants and coal mines that subsequently would come under current or new mitigation criteria, and opposes the establishment of federal reserved water rights through wilderness designation.

Policy Background

Many millions of acres of federal lands under the supervision of the U. S. Forest Service (USFS) and the U.S. Bureau of Land Management (BLM) have been considered for reclassification as wilderness by Congress.

Reclassification of additional lands as wilderness would take away the availability of these lands for multiple use as coal mines, generator plant sites, water development projects and power line right of ways.

The designation of wilderness study areas in which true wilderness characteristics do not exist leads to the unnecessary disruption and sometimes abolition of power line locations, plant sitings, coal mine production, water impoundment and other water use projects.

The application of federal reserved water rights through the wilderness designation process represents a preemption of established state water law to the detriment of traditional water use doctrine and is unjustified on the basis of authority specifically held by states to administer the water resources of the states.

Power plant operations have already been jeopardized by the presence of Class I air quality requirements superimposed within previously permitted air sheds through designation of wilderness areas after the fact.

Endangered Species Act

Mid-West supports reforming the Endangered Species Act (ESA) to provide fair, reasonable, science-based decision-making with respect to the protection and recovery of threatened and endangered species.

The ESA should be amended to provide earlier and more meaningful opportunities for citizens and communities to participate in ESA listing decisions; encourage incentives for private

voluntary efforts to conserve habitat and provide regulatory certainty to property owners who participate in conservation plans; and ensure equal access for all parties that could be affected by citizen suits to force an ESA listing decision.

Policy Background

The Endangered Species Act of 1973 (ESA), the landmark environmental law designed to protect endangered and threatened animal and plant species, has been subject to intense debate since its implementation.

Federal officials have debated reauthorization of the ESA for decades, focusing on changes to make the ESA more efficient and effective, and less costly.

The increased use of citizen suits to force the listing of specific species by court order undermines the orderly public process and scientific review that all listing decisions are required to go through under the ESA.

It is essential that officials find a reasonable balance between protecting threatened and endangered species while allowing for continued growth and prosperity.

Environmental Protection Agency

Mid-West Electric Consumers Association supports research, legislation and environmental mitigation efforts at the state and federal level which will minimize negative environmental impacts while also minimizing economic and social disruptions to the population and encouraging economic development in rural areas. Mid-West urges Congress to judiciously exercise its congressional oversight of the EPA and other regulatory agencies through appropriate legislation. Mid-West also supports other actions that provide transparency, encourage public participation in the regulatory process, and ensure current and proposed environmental regulations adhere to the aforementioned goals.

Policy Background

The members of Mid-West Electric Consumers Association rely on a variety of fuels for their electricity needs, with coal filling a significant portion of those needs. Mid-West's member systems and their power suppliers are routinely confronted with burgeoning regulatory requirements, including interpretations of existing rules, with respect to the use of coal as a generation fuel.

These rules, many proposed by agencies such as the EPA, increase the costs of electricity, affect the efficient operation of coal-based power plants, or adversely affect our rural communities as well as individual consumers, farmers, and ranchers by adding additional and costly burdens on their operations.

Mid-West and its members are committed to maintaining a clean and healthy environment, but also believe that an appropriate balance must be maintained between protecting the environment and sustaining the economy by ensuring that proposed regulations are reasonable, cost effective and achievable.

PUBLIC POLICY RESOLUTIONS

Snow Survey Program

Mid-West urges the Secretary of Agriculture to continue the Snow Survey Program and provide the program with adequate funding.

Policy Background

The Natural Resource Conservation Service under the Department of Agriculture has annually conducted the Federal Snow Survey Program.

The snow survey analyzes data on depth and water equivalent of the snowpack at more than 1,800 mountain sites.

The information obtained from these surveys provides western states with information on future water supplies by estimating annual water availability, spring runoff and summer stream flows. This information is vital for the optimum operation of the federal dams in the Missouri River Basin.

Domestic Military Installation Closure/Privatization

Mid-West is opposed to military installation closures until it can be proven that closure makes the U.S. military more efficient.

Those electric organizations holding Western Area Power Administration (WAPA) hydro-power allocations are assigned the allocations for the benefit of the military installation in their service area and to help enhance the region's quality of life for the benefit of the service men and women.

We are opposed to moving these WAPA hydropower allocations from the electric organizations that hold them for the benefit of the military installation in their area to some other military installation or for some other use.

Policy Background

Mid-West strongly supports the United States having a modern, strong, responsive and efficient military to protect the freedom that we all enjoy each day.

The rural electric organizations have reliably served military installations and have been the conduit for the delivery of Western Area Power Administration (WAPA) hydropower allocations for more than 50 years.

In some instances these rural electric organizations as preference providers have been assigned the WAPA power allocations for the benefit of the military installations they serve in their area.

The U.S. military is continuing to privatize utilities and housing on military installations, and has considered Base Realignment and Closure (BRAC).

Those electric organizations holding WAPA hydro-power allocations are assigned the allocations for the benefit of the military installation in their service area and to help enhance the region's quality of life for the benefit of the service men and women.

Utility Use of Radio Spectrum

Mid-West urges Congress, the Federal Communications Commission, and other appropriate regulatory agencies to ensure the utilities' use of micro-wave and land-based mobile systems are protected from potential interference by expanded use of communications bands by unlicensed users.

Mid-West opposes efforts that would require utilities to give up their current radio frequency allocations to make way for expanded use by commercial, non-utility entities.

Policy Background

The federal power generation and marketing agencies and non-federal utilities have been assigned portions of the radio spectrum for the operation of microwave and land-based mobile communications systems.

These radio frequencies are used to operate crucial communications systems, such as relaying to protect critical electrical systems from faults, Supervisory Control and Data Acquisition (SCADA) to ensure safe, reliable delivery of power, and Energy Management Systems to monitor, control, and optimize the performance of the generation and transmission system.

The continued use of these frequencies is essential for the reliable operation of the nation's electric utilities and to protect the public health and welfare by ensuring a reliable supply of electric energy.

Many non-federal utilities previously operated their communications at lower frequencies, but lost access to those radio bands to make way for digital television and personal communications service and other emerging technologies, such as wireless networking.

The growth in satellite- and cellular-based communications and Internet use and an expanded industry focused on the "Internet of Things" is adding pressures to open up higher frequency bands, such as 6 Ghz, to which utilities moved after losing access to the lower bands.

While expanding access to new technology and communications technology, especially in rural America, is important, it should not be developed in a way that threatens the seamless operation and stability of the existing electric grid, since the grid provides core services such as the Internet, health care, and all of the most basic functions on which our homes, farms and businesses depend.

Fire Suppression

Mid-West calls upon federal agencies to permit consumer-owned electric utilities to conduct timely routine and prudent maintenance on utility right-of-ways on federal lands, and to change the liability standard to one of ordinary negligence in determining fire suppression liabilities.

Mid-West supports legislation that:

- a. Will reduce the environmental documentation needed for fuel reduction in high fuel loading/insect areas;
- b. Eliminates or severely reduces post-decision appeals;
- c. Expedites judicial review;
- d. Funds the needed fuel reduction treatment.

Mid-West supports programs that accomplish fuel reduction.

Policy Background

To serve their customers, consumer-owned electric utilities in the Mid-West member states have distribution and transmission lines that cross vast distances of federal lands, including U.S. Forest Service, National Park Service, Bureau of Land Management, federal monuments land, and U.S. Fish and Wildlife Service.

Much of the forested federal lands are densely overgrown and have unnatural, unhealthy, and unsafe fuel buildups.

The U.S. Forest Service has included strict liability for fire suppression cost recovery in granting utility easements.

Federal agencies have policies denying consumer-owned utilities timely access to federal lands to perform routine prudent maintenance of electric utility right-of-ways.

Prohibitions on consumer-owned electric utilities clearing dry brush from forest floors or trimming and topping trees have resulted in large scale fires, dangerous incidents of electrical arcing, damaging power lines and forest lands.

ASSOCIATION POLICY RESOLUTIONS

Educational Program for Preference Power

Mid-West Electric Consumers Association urges its members, the American Public Power Association and the National Rural Electric Cooperative Association to continue to aggressively support major educational and informational efforts to revitalize and build support for the preference clause in Congress, with state and local officials, with the public, and the media.

Policy Background

The preference clause in federal law gives public power systems and rural electric systems first right to federally generated power from federal dams.

There have been attacks on the "public's first right" established by law, including both challenges in first right of access to this power and proposals to increase the cost of this power by means of various rate reform proposals thereby making the first right meaningless.

This problem is of such a serious nature that steps must continue to be taken to address and combat issues which, ultimately, must be decided by members of Congress.

There is a need to communicate to members of Congress the significance of the "yardstick of competition" which the preference clause promotes, the importance of preference to the economic well-being of rural and urban America, and the public benefits which result from the use of public resources, the energy potential of the nation's rivers, and local control over an essential public service.

The American Public Power Association (APPA) and National Rural Electric Cooperative Association (NRECA) continually work with the Congress and the Administration to preserve preference and cost-based rates for federal power. Individual consumer-owned utilities have also undertaken local educational campaigns.

We are opposed to legislative and administrative actions which would undermine preference or arbitrarily increase the cost of federally generated power.

We maintain efforts to educate the public regarding the significance of preference and cost-based rates, to broaden grass roots political support for these policies.

Power Supply and Transmission Coordination

Mid-West urges its members, whether part of a regional transmission organization or not, to continue to take advantage of the benefits that come from coordinating and cooperating in the planning, development, and operation of transmission, power supply, and demand-side resources in the region.

Mid-West supports the right of incumbent utilities to construct, own, and operate transmission to serve their customer loads in the region. Third-party transmission providers should not be permitted to construct, operate, and own such transmission unless the incumbent utility waives its right to do so as authorized under state law.

Policy Background

Experience in joint planning of both power supply and transmission facilities has demonstrated that coordination and cooperation is the most economical means to develop such resources in the Missouri Basin for preference customers.

Evidence of the value of coordinating power supply and transmission resources has been the successful construction and operation of the Joint Transmission System under the original 1962 pooling agreement, the refinement into the Integrated System in 1998, and now the Upper Missouri Zone (UMZ) of the Southwest Power Pool (SPP) Tariff.

An important element of maintaining strength among preference customers in the Missouri Basin is a willingness to coordinate and cooperate in the development of both power supply and transmission facilities.

The Western Area Power Administration (WAPA) along with many members of Mid-West have joined or plan to join the SPP, a Regional Transmission Organization (RTO).

We support provisions adopted by SPP that honor WAPA's statutory and contractual obligations to sell and market at-cost hydropower to preference power customers, and that permit the long-standing collaborative relationship between WAPA and its members on power supply planning to continue.

Membership in SPP does not eliminate the need for a safe, reliable, and efficient transmission system to deliver electricity to preference customers of WAPA and other public-utility consumer loads in the region.

Political Action Committees

Mid-West urges all eligible consumers, trustees, directors, and employees of consumer-owned electric utilities to participate in the National Rural Electric Cooperative Association's Action Committee for Rural Electrification (ACRE) and the American Public Power Association's Power PAC programs.

Policy Background

Mid-West recognizes that we must have a U.S. Congress that understands and is sympathetic to the legislative needs of consumer-owned electric utilities.

The National Rural Electric Cooperative Association's (NRECA's) Action Committee for Rural Electrification (ACRE) and the American Public Power Association's (APPA's) Power PAC are dedicated to providing assistance to the election campaigns of Congressional candidates who understand and are sympathetic to the legislative needs of public power.

Utility Policies on Tribal Lands

Mid-West would support Tribal attempts to become more self-sufficient through means other than:

- a. Imposing charges to access and maintain utility property;
- b. Regulatory actions by Tribal Governments which are not consistent with prudent utility practices and which negatively impact electric utility operations;
- c. Taking over electric utility facilities and territory;

- d. Preferential treatment by the federal government in the areas of generation, transmission, distribution and alternate energy development which would harm existing preference customers;
- e. Using Bill Crediting revenues to study, procure, or operate electric facilities presently serving the Tribes.

Mid-West resolves to work with its members to bring about an understanding on the part of the Tribes and Congress of the consequences of their continuing to pursue Tribal claims at the expense of Mid-West member utilities and their customers.

Policy Background

The Native American Tribes (Tribes) have been encouraged by Congress to utilize sovereign nation status, under the Indian Self-Determination Act, to become more self-sufficient.

Some Tribes have, and some are trying to, assume jurisdiction over utilities and levy exorbitant fees and charges for the use of service territories, right-of-ways and crossings.

Tribes are challenging utility territorial rights and are studying with federally appropriated funds the takeover of utility facilities on reservations.

Rural electric and municipal utilities operate on democratic principles for service at the lowest possible cost, consistent with sound business principles, and with the cooperatives, rates as approved by the Rural Utilities Service.

Additional charges, territory or facilities and load taken together all add to the cost of service and impact the remaining consumers.

The electric utility infrastructure is already in place on the reservations in the form of rural electric cooperatives, public power districts, or municipal electric systems.

Splitting or building a new utility system is not a feasible solution, nor does it bode well for the interests of either the Tribes or the utilities.

The utilities want and are willing to work with the Tribes to maintain a sound delivery system, which they have done both on and off the reservations.

The Energy Planning and Management Program (EPAMP), which offered contract extensions between Western Area Power Administration (WAPA) and existing preference customers includes allocations to Tribes in the Pick-Sloan Missouri Basin Program that will depend on an arrangement between the Tribes and preference customers, which will deliver the benefits of the hydropower to Tribal members.

WATER POLICY RESOLUTIONS

National Water Resources Development and Water Policy

Mid-West Electric Consumers Association (Mid-West) supports a national water policy that focuses on the importance of water resource development, especially western power and water development; provides for the orderly and timely development of projects undertaken for the public benefit; recognizes the conservation value of dams to moderate floods and droughts and provide beneficial uses; and ensures repayment of federal investments by project beneficiaries is on a scheduled and equitable basis.

Permitting under Section 404 of the Clean Water Act protects water supplies, and is not used to stifle legitimate and badly needed water resource development.

Federal policy should provide that non-federal additions or upgrades at existing hydro-electric projects be made only with the full approval of the Power Marketing Administration (PMA) involved, after consultation with the affected customers; those projects be based on regional preference customers' needs; and that any additional power shall be marketed by that PMA to preference customers.

Policy Background

Water and power development is integral to economic stability and growth in many areas of the nation, and in several regions are the foundations upon which whole regional economies are based.

Federal water resource development projects are of national importance due to their multi-purpose objectives, rather than local or single interest issues.

The benefits of development of national resources belong to the people, with the federal government responsible for establishing and maintaining programs that protect the public ownership interest of the nation as fundamental to the maximum development, conservation and utilization of the natural resources.

Federally constructed hydroelectric projects pay back their costs, with interest, and are enhanced by significant non-federal investment for the benefit of the projects' beneficiaries and the financial stability of the projects.

Mid-West believes there must be a well-defined, strong federal role in water resource development.

Clean Water Act Protections

Mid-West opposes attempts to expand federal jurisdiction over waters beyond those that have historically been regulated under the Clean Water Act, most recently in the 2015 Waters of the United States (WOTUS) rule.

Mid-West supports the navigable waters protections rule that rescinds the 2015 WOTUS rule. Mid-West also urges Congress to pass common-sense legislation that ensures that the goals of the Clean Water Act are met without imposing cumbersome regulations on utilities, farmers, ranchers, and agriculture.

Policy Background

The Clean Water Act of 1972 has been one of the most successful environmental laws enacted in our nation's history and has led to the restoration of many of our nation's waterways.

The Clean Water Act defines "navigable waters" as "waters of the United States, including the territorial seas, lakes, rivers, streams and other waters which could flow into navigable waters and affect interstate or foreign commerce".

State and local governments, businesses, environmental groups, the courts and federal officials have long grappled with the question of how far federal jurisdiction extends to waters not generally considered "navigable" by traditional means, such as isolated wetlands and prairie potholes.

U.S. Supreme Court decisions in SWANCC v. Army Corps of Engineers (2001) and Rapanos v. United States (2006) limited federal jurisdiction over some wetlands and waterways, but did not provide clear definitions of a "significant nexus" to "navigable waters," which remains the deciding factor in determining federal jurisdiction.

Rather than solve the problem, the Environmental Protection Agency and U.S. Army Corps of Engineers jointly proposed a rule in 2015 to define waters of the United States (WOTUS) which could severely impact agricultural operations and other routine business practices if every ditch, furrow, gutter, intermittent stream, wetland, or pothole is suddenly subject to federal permitting and protection.

Wetlands provide essential habitat for migratory birds and other wildlife, and provide an invaluable resource for recreation, including hunting.

Farmers and ranchers have a vested interest in clean water, and have long taken voluntary land conservation and improvement measures. An expansion of regulation under this rule could actually hinder rather than help the stated goal of protecting sensitive wetlands and providing clean water.

Utilities could be impacted by the expanded regulatory reach of the Waters of the United States rule because substations or other infrastructure which is built close to a ditch, temporary wetland or other waters could be subject to federal jurisdiction under the rule.

Mid-West supports the navigable waters protections rule.

Missouri River Stabilization

Mid-West urges the U.S. Army Corps of Engineers (Corps) to adequately budget and Congress to appropriate sufficient funds to control bank erosion and attendant siltation, prevent interruptions of project operations, reductions in power generation and future land losses. Mid-West also calls upon Congress to fund and the Corps to adequately maintain levees that protect life and property along the Missouri River and its tributaries.

Mid-West urges the Corps to develop a comprehensive plan to use appropriated funds to deal with bank stabilization and sedimentation not only through land acquisition but through dredging river bottoms to address existing sediment, or working with landowners to reduce the future sediment inflow, as appropriate, in consultation with affected user groups.

Mid-West encourages the Corps to strongly discourage development on historic flood plains.

Mid-West also calls on the Corps to allocate the costs of riverbank and channel protection and cost of addressing siltation problems appropriately to all project purposes for the Pick-Sloan multipurpose projects.

Policy Background

The protection and stabilization of the banks and channel of the upper Missouri River and its tributaries are of vital importance to maximize the life of the six mainstream dams and reservoirs.

Riverside development often ignores historic flood plain information.

Sediment accumulates in the reservoirs at the approximate rate of 89,700 acre feet per year which is equivalent to 10 square miles of mud slightly more than 14 feet deep.

The continuing buildup of deltas and subsurface sediment at locations such as Bismarck, North Dakota, and Pierre, South Dakota, not only creates very serious local problems such as ice jams and high water tables, but also has led to curtailed power production to prevent flooding of certain areas.

Protection of the banks and maintenance of a free-flowing channel on the Missouri River and its tributaries as a federal project purpose under the Pick-Sloan Missouri Basin Program (Pick-Sloan), including construction, operation, and maintenance of works by the U.S. Army

Corps of Engineers (Corps), is a federal responsibility and the costs for which should be equitably shared by all beneficiaries.

The Corps has decided to use funds intended for riverbank protection to purchase right-of-ways along those banks in order to avoid having to undertake riverbank stabilization.

Severe siltation of the Missouri River along major tributaries has resulted in higher costs for power users and introduced the potential for electric system reliability problems.

Generation constraints at Oahe power plant have been as much as 400,000 kilowatts in the past, and threaten to be more frequent and long-lasting as sediment continues to build up in the river bottom.

Congress included language and authorized an appropriation in the 1999 Continuing Budget Resolution to provide for the acquisition of lands below Oahe Dam being flooded as a result of unexpected levels of siltation in Lake Sharpe.

Pick-Sloan Ultimate Development

Mid-West is committed to the regional benefits and cost-sharing of the “ultimate development” concept defined by the Pick-Sloan Missouri Basin Program (Pick-Sloan), including cost-based hydroelectric rates, and federal control, ownership and marketing of hydroelectricity according to preference laws.

Mid-West opposes any proposal to “cherry pick” repayment of the Pick-Sloan investment through reallocation of irrigation costs to power customers and insists that Congress continue to honor the “ultimate development” concept cost allocations by resisting all suggestions that portions of the federal investment be repaid before they are scheduled.

Policy Background

The Pick-Sloan Missouri Basin Program (Pick-Sloan), originally authorized in the 1944 Flood Control Act, envisioned an “ultimate development” in the region to serve the dual purposes of downstream flood control and improved upstream economic conditions by the construction of six main stem Missouri River dams and the development of major federal irrigation projects.

The flood control functions of the Pick-Sloan Plan have averted well over \$50 billion in current dollars in downstream damages.

Only a small portion of the extensive federal irrigation to benefit the Upper Basin States has actually occurred, resulting in a substantial unfulfilled commitment for economic development.

All Pick-Sloan states have benefited from and continue to rely upon the cost-based rate principles that govern the marketing and sale of hydropower from Pick-Sloan under federal preference laws.

The Pick-Sloan preference customers are committed to the basic principles of ultimate development, which include:

- i) future federal investment to improve the economic conditions in the Upper Great Plains;*
- ii) marketing of hydroelectric generating resources according to preference at cost-based rates; and;*
- iii) repaying with interest the investment in the power features of Pick-Sloan and meeting other repayment obligations as required by Pick-Sloan.*

Preference customers have repaid on time and with interest \$1.7 billion (through FY 2019) of the \$3.64 billion investment allocated to the power features in the Pick-Sloan.

Preference customers have repaid millions of dollars in additional investments in replacements to the power features, and will repay future replacements with interest as each replacement is projected in the power repayment study.

The preference customers under the current power repayment studies and rate designs will also repay within the allowable time limit an additional \$653 million of existing irrigation investment, which is beyond the irrigators' ability to repay.

The continuing commitment to the framework of Pick-Sloan is based on providing regional benefits for all of the system's users, with all users sharing in the overall project costs and benefits.

Water Releases at Federal Reservoirs

Mid-West urges the U.S. Bureau of Reclamation (Reclamation), the U.S. Army Corps of Engineers (Corps) and other appropriate federal agencies to fully comply with the relevant authorizing statutes and other applicable systems including contractual commitments, federal regulations, interstate compacts and decrees, and state water laws.

Mid-West urges Reclamation and the Corps, before making water management decisions, to consider the adverse effect changes in water releases could have on one or more beneficiaries, including power customers, to ensure that water releases are fair and equitable for all users of the system.

Policy Background

The U.S. Bureau of Reclamation (Reclamation) and the U.S. Army Corps of Engineers (Corps) are required by Section 7 of the Endangered Species Act to consult with the U.S. Fish and

Wildlife Service when operation of federal dams and reservoirs may adversely affect threatened or endangered species.

These consultations can and have resulted in changes to water release schedules at federal dams, including altered water releases at Fort Randall Dam to accommodate endangered shore birds and the recommendation of the 1992 Biological Opinion on the Operation of Flaming Gorge Dam to alter water releases to reflect natural flows.

Changes in water releases at federal reservoirs can and have adversely affected current direct beneficiaries of these reservoirs, as well as the communities and businesses that have developed as a consequence of the construction and operation of the federal dams and reservoirs.

Adverse releases also create severe financial hardships for these communities and businesses, including member-owners whose businesses lie within the Colorado and Missouri River Basins and whose existence depends on the consistent release schedules at federal dams and reservoirs.

Administratively-ordered changes in water releases can alter the priorities of water use from those articulated in the original authorizing statutes; can supersede and conflict with state water regulations and allocations processes; can severely disrupt electric power generation and distribution networks; can result in increased carbon dioxide production as the result of increased output from carbon-based generation, can reduce the value of water used by existing beneficiaries without corresponding cost reductions; and can lead to unbalanced water releases that conflict with the public power interest.

Opposition to Dam Removal or Breaching

Mid-West urges Congress to reject proposals to remove or breach federally-owned dams.

Federal power customers throughout the nation should examine their dependence—and the dependence of their communities and consumers—on federal multipurpose and other facilities and tally the adverse economic impact that would result from the breaching or removal of dams.

Federal power customers should identify community, state and national organizations for whom dam removal would be equally devastating and enlist their collaboration in advocating opposition to short-sighted proposals to destroy incredibly valuable national resources.

Policy Background

The removal of federal multipurpose dams or other navigational and impoundment facilities is not a silver bullet that would boost native fish populations or solve alleged environmental ills.

This short-sighted proposal would create potentially disastrous economic impacts, and new environmental issues.

In addition to depriving the nation of clean, renewable hydropower generated by multi-purpose dams, the breaching of multipurpose dams would wreak havoc on commerce dependent on barges and other waterway navigation, threaten the potable water supplies of hundreds of towns and cities, unravel decades of wildlife mitigation efforts, and with regard to farmland irrigation, render large sections of the country dependent upon these impoundments barren and unproductive.

Removing clean, renewable hydroelectric power from the nation's inventory of electric power resources, especially at a time when the demand for high-quality electricity is rising precipitously, would require the replacement of that electricity with less environmentally friendly combustion generation and likely increase carbon dioxide with increases from carbon-based generation.

Water Supply Depletions

The Western Area Power Administration (WAPA) should consult with the U.S. Army Corps of Engineers (Corps) to determine the value of the power capacity and energy foregone due to new depletions.

WAPA should credit the value of the lost generation to hydropower repayment.

Policy Background

Water withdrawals or “depletions” can come from a variety of uses and may be made throughout the Pick-Sloan system.

Depletions can reduce hydropower generation at main stem dams on the Missouri River.

Water stored and used for municipal and industrial (M&I) purposes is a reimbursable expense.

Colorado-Big Thompson Water Clarity Resolution

Mid-West calls upon the U.S. Bureau of Reclamation to accurately assess the impacts of lost hydroelectric generation from the Colorado-Big Thompson Project (C-BT), including the potential increases in carbon dioxide output resulting from replacing that lost C-BT generation, and to reject alternatives for increasing the clarity of Grand Lake that could result in the reduction of electric generating capacity from the C-BT Project

Policy Background

Conflicts can exist between authorized purposes of federal hydro projects but should not result in a detriment to those who fund the improvements which made them possible in the first place.

The decades old Colorado – Big Thompson Project (C-BT) was conceived and developed as a multi-purpose project to bring up to 310,000 acre-feet of water from the Colorado River to the Front Range of Colorado.

The C-BT provides water for irrigation, municipal and industrial uses, recreation and approximately 200 MW of critical hydropower generation of which 135 MW is dispatchable generation that would have to be replaced with non-renewable resources if it were lost.

Hydropower recipients have paid over 70 percent of the total reimbursable capital costs, including the majority of the costs allocated to irrigation, municipal and industrial water users.

The U.S. Bureau of Reclamation (Reclamation) has begun its National Environmental Policy Act (NEPA) process to examine alternatives for increasing the clarity of Grand Lake.

COMMENDATIONS/CONDOLENCES RESOLUTIONS

Commendation to Federal Power Program Agencies

The Western Area Power Administration (WAPA), U.S. Bureau of Reclamation (Reclamation), and the U.S. Army Corps of Engineers (Corps), have given attention to the needs of the preference customers while at the same time demonstrating a superior stewardship of vital Federal resources in the interest of the general public.

These federal power agencies (WAPA, Reclamation, and the Corps) and the rural electric systems, public power districts and municipal electric systems they serve have worked together in a cooperative and beneficial manner.

This cooperative atmosphere has resulted in a successful effort in joint planning of present and future transmission needs throughout the service area.

Through the public process and in full communication and participation with its customers essential to the relationship, these federal power agencies uphold the intent of the Congress and discharge their responsibilities in a highly commendable manner.

These elements of cooperation, open working relationships and responsible stewardship have been demonstrated in the process of establishing new rates and of allocating and protecting the preference of federal power for the preference customers.

Therefore Mid-West Electric Consumers Association supports WAPA, Reclamation and the Corps as effective and viable partners in the federal power program, and commends the agencies for their leadership and their employees for the straightforward, efficient and business-like manner which has characterized their actions.

Memorial Resolution

The public power and rural electric programs have developed because of the strength and conviction of people determined to do for themselves that which otherwise would not have been done in a timely and economic manner. These programs not only supply electric power and energy to their consumer-owners but also aim to protect human values and the public interest. The Mid-West Electric Consumers Association has been the recipient of the services and wisdom of many such individuals over the years. During this past year several of these stalwart leaders have passed from our midst.

The members of Mid-West express their condolences to the families of these individuals and signal the warmth and affection of those remaining by standing in a moment of silent prayer in the memory of our departed.

Commendation to Retired Directors and Employees of Mid-West Members

Since 1958 the major strength of Mid-West Electric Consumers Association has been the many faithful, dedicated and hard-working directors and employees of municipally-owned electric utility systems, public power districts, and rural electric cooperatives which support Mid-West. Long hours and dedication of these directors and employees have contributed greatly to the success of Mid-West.

The members of Mid-West recognize that many directors and employees who heretofore have given unstintingly of their strengths and talents to Mid-West have now retired from active service to pursue the joys of retirement.

Therefore we hereby pay special tribute to and offer our sincerest thanks to the directors and employees of Mid-West member systems who have retired during this year.

Commendation to Mid-West Staff

Mid-West staff has been steadfast and faithful in serving Mid-West, its members, its policies and its objectives. Their efforts have always exemplified the highest measure of dedication, care and concern for all people. These efforts have often required personal

sacrifice while contributing to a better way of life for electric consumers in the Missouri River Basin; and the challenges to Mid-West continue to require the full and complete attention of the staff often above expectations.

Mid-West hereby commends its staff and extends heartfelt thanks to them for their inspiration, farsighted leadership and courage.

Commendation of Pick-Sloan Congressional Delegations

Congress periodically debates the sale of the assets of the federal power system, including the power marketing administrations, threatening the power supply and stability of preference customers across the country.

The members of the Pick-Sloan Congressional Delegation have always immediately perceived the serious nature of the threat and its potential impact on the rural communities in the Missouri River Basin.

The Delegation has repeatedly mounted a strong defense of the federal power program and opposed any sale of the Power Marketing Administrations (PMAs) or diminution of preference customers' rights.

The Delegation has led the charge to defend the federal power program and has been the backbone of opposition to the sale of the PMAs.

Mid-West expresses its deep gratitude and thanks to the Pick-Sloan Congressional Delegation for their continued stalwart defense of the federal power program and their understanding of the important role Pick-Sloan power plays in the economic well-being of the region.