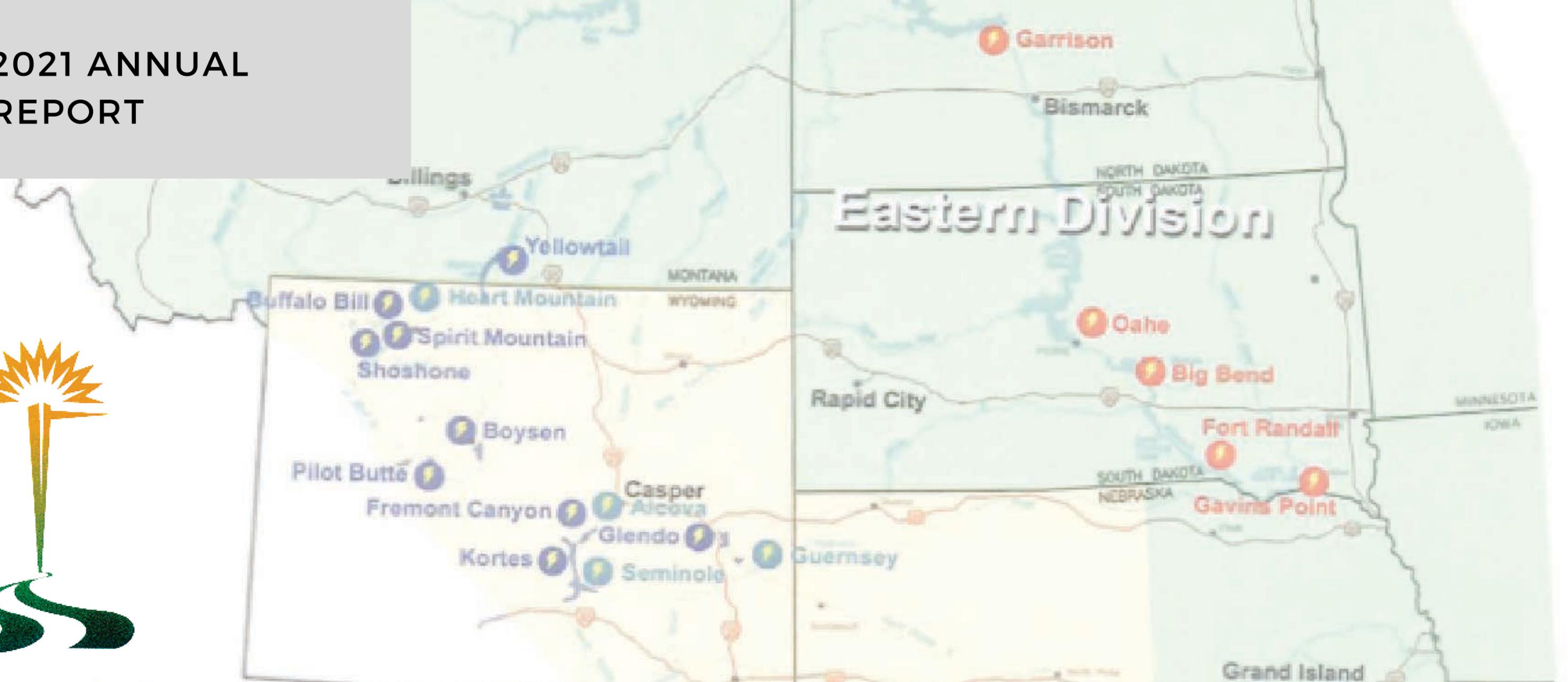


2021 ANNUAL REPORT



MID-WEST ELECTRIC CONSUMERS ASSOCIATION

Jim Horan, Executive Director

MISSION STATEMENT

Mid-West Electric Consumers Association promotes and protects the interests of its non-profit consumer-owned utility members that purchase power and transmission at cost from the Western Area Power Administration (WAPA), the agency responsible for marketing power generated at federal multi-purpose projects operated by the U.S. Army Corps of Engineers (USACE) and the U.S. Bureau of Reclamation (USBR) within the Pick-Sloan Missouri Basin Program.



MID-WEST VALUE



LOBBYING

Mid-West lobbies federal legislators in 9 states on a range of issues important to federal power customers.



REGULATORY ADVOCACY

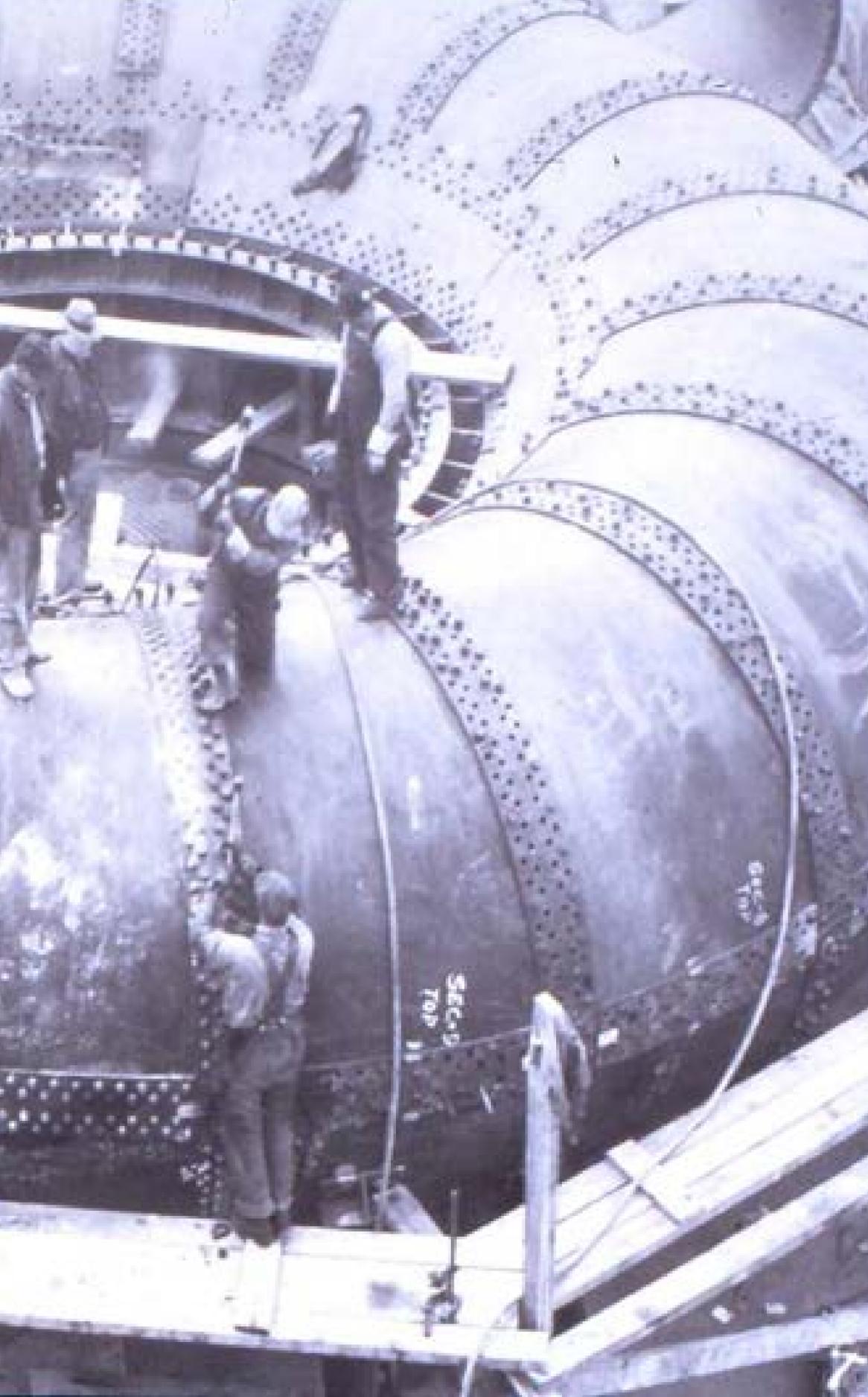
Mid-West advocates with federal agencies on behalf of federal power customers.

Mid-West represents federal power customers on basin restoration efforts.



LEGAL REPRESENTATION

Mid-West engages in the federal administrative law process on behalf of federal power customers.



MID-WEST PRIORITY RESOLUTIONS

- **Federal Power Marketing Administrations**
- **Hydroelectricity - A Reliable Renewable Resource**
- **Hydroelectric Power Benefits**
- **Federal Transmission Investments**
- **Net Zero Appropriation**
- **Diversion of Federal Power Revenues**
- **Adequate Funding at Federal Hydropower Projects**
- **Rural Communications**



FEDERAL POWER MARKETING ADMINISTRATIONS

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

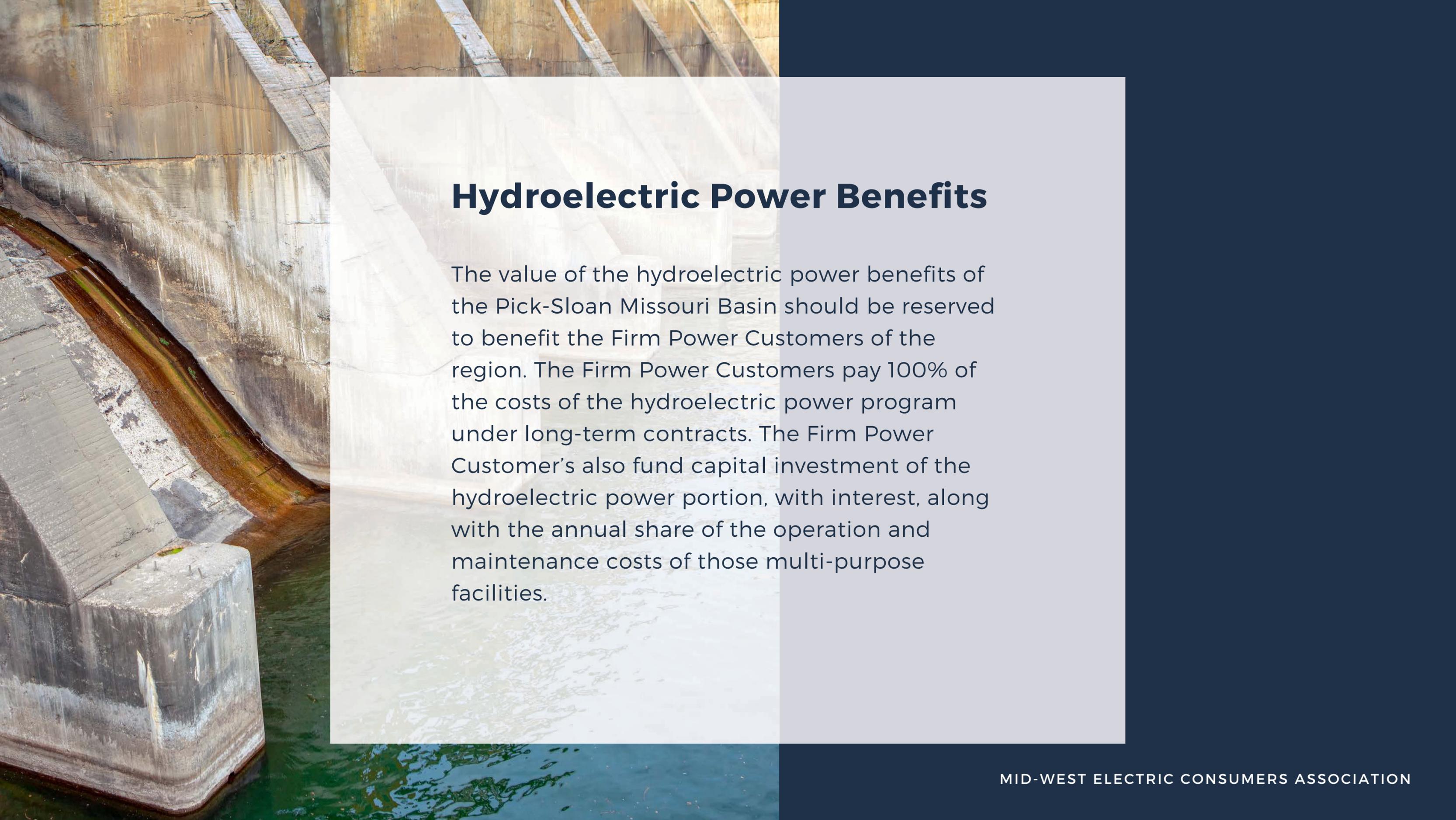
We reaffirm our support for the longstanding congressionally approved standard of cost-based rates for electric power generated at federal projects.

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.



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.

A large concrete dam with water flowing through its spillways. The dam is made of grey concrete and has several spillways. Water is flowing through the spillways, creating white water and splashing. The background is a clear blue sky.

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.

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.





Net Zero Appropriation

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

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.



ADEQUATE FUNDING



- Mid-West strongly supports appropriate federal funding of federal hydroelectric facilities through appropriations.
- In the absence of sufficient federal funding, 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 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.

MID-WEST IS FOCUSED ON FUNDING CHALLENGES

Prioritization:

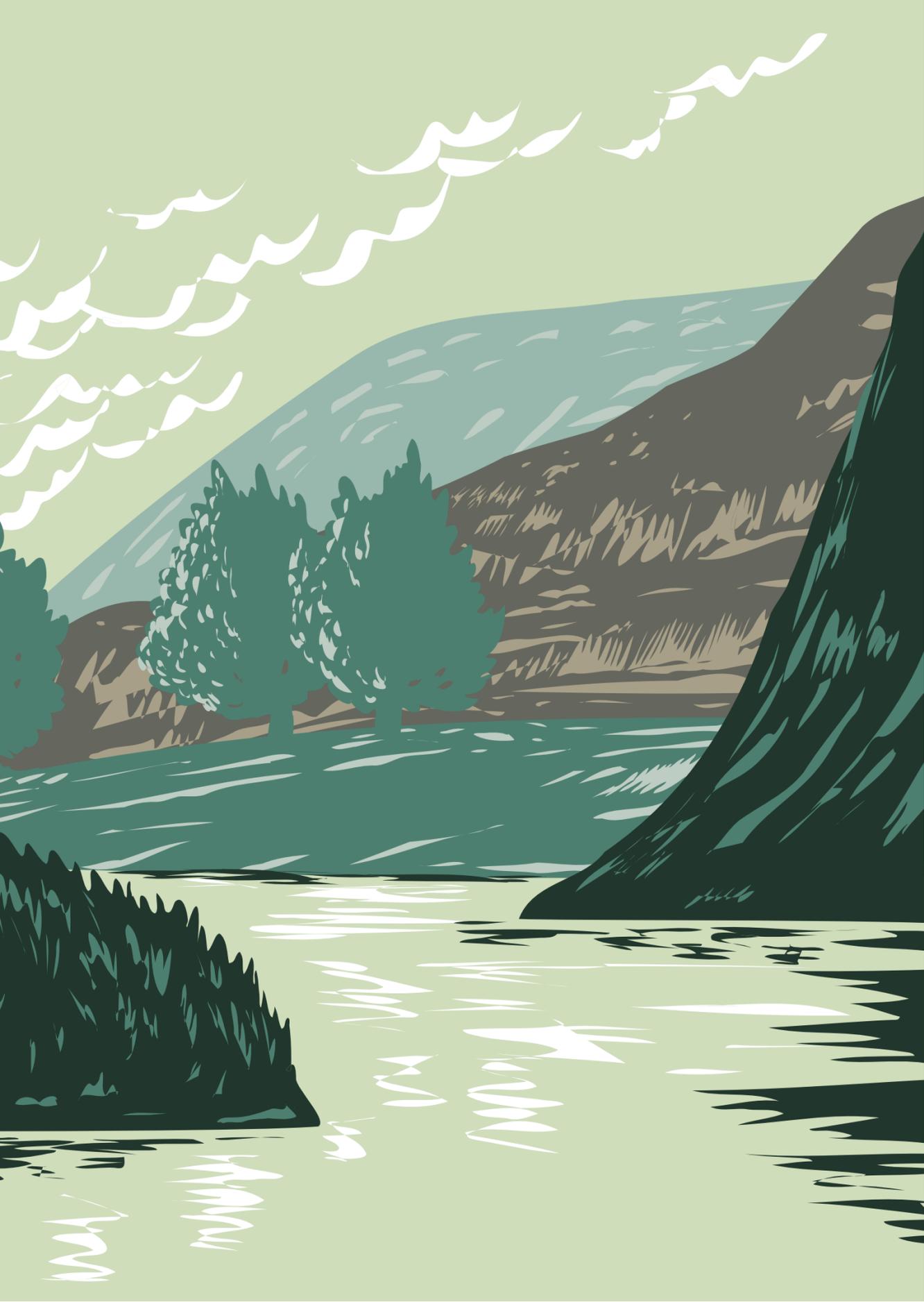
- Continued challenges on how to pay for WAPA and Agency projects.
- Customer Advanced Funding vs. Private-Public Partnerships
- Earmarks are Back - "Member Directed Spending" or "Community Funding Project"

Purchase Power and Wheeling:

- Pick Sloan FY21 PP&W projection of \$46M, two weeks of SPP billing during the latest vortex totaled \$138M
- \$500M in additional authority in BIF.
- Need to make PP&W budget authority the higher of WAPA's budget estimate or the actual PP&W expenditures to prepare for the next drought.

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.



AREAS OF REGIONAL FOCUS

- **Engagement with WAPA**
- **Building Relationships with Agency Partners**
- **Educating Congressional Staff**
- **MRRIC**
- **Water Quality and Drought**

WAPA WATCHDOG



RATE PROCESS

The process to establish to WAPA 2023 Rate for UGP will begin in 2022.

The Mid-West Water and Power Committee have started informal process.



DROUGHT ADDER

Ongoing drought in the region could mean that we see a drought adder in 2023.

What will drought in the Southwest mean for our regions?



RTO MEMBERSHIP

Full Southwest Power Pool (SPP) membership.

Expect \$49M in annual savings for members.

Push (State and Federal) to require RTO or ISO Membership

BUILDING RELATIONSHIPS



WAPA

New Administrator, CFO,
Regional Managers, and
Leadership in
Departments.



CORPS OF ENGINEERS

Policy focus with regional
staff and HQ.



RECLAMATION

New Regional Staff.
Build on policy
relationships with DC HQ.



Engaging with and Educating Congressional Staff

- Mid-West serves consumer-owned utilities in nine states. The federal delegation staff turnover in the offices is near constant across the region.
- Focus is also on the pertinent committees both to educate and build lasting relationships.

MISSOURI RIVER RECOVERY IMPLEMENTATION COMMITTEE

FORT PECK TEST FLOWS

- Focused on controlling cost for power customers
- Aggregate cumulative impact on region
- Advocating for sideboards and building partnerships
- Continued engagement with USACE and USFWS

ZEBRA MUSSELS

- Increased operation and maintenance costs
- Little expectation that they can be eliminated or stopped from moving upstream

SEDIMENTATION

- Priority at Gavins Point and Lewis and Clark Lake
- Not a high enough priority with federal partners
- Concern over potential cost share





Drought Across Regions

Runoff in the Upper Basin was 57% of average, the 10th lowest in 123 years of record-keeping.

Potential dead-pool at Mead and Powell will impact WAPA and drive negative stories on the value of hydropower.

Water Quality

Mid-West advocates for power customers in the ongoing Grand Lake clarity and adaptive management initiatives.

Turbidity and temperature issues raised in Ft. Peck EIS regarding Pallid Sturgeon recovery efforts.



WE NEED YOUR ENGAGEMENT



JOIN A COMMITTEE

Water and Power
&
Resolutions



ENGAGE

Invitations Welcome
Ask Questions
Promote Mid-West Issues



GIVE US FEEDBACK

What info do you need?
What issues should we
focus on?
What do you like/dislike
about the Annual
Meeting?

THANK YOU

ROSALIE HATHAWAY

&

BOB GALE

THANK YOU

JIM HORAN

JIMBHORAN@MECONSUMERS.COM

303-748-3170

SEE YOU ALL NEXT YEAR!

