

## **Slope Electric Cooperative, Inc.**

### **RESOLUTION NO. 3 HYDROPOWER POLICY**

#### **Preference Clause**

Hydropower is an integral part of the Rural Electric Cooperative power supply. Preference power allocations, Power Marketing Agencies, cost based rates, and other Pick-Sloan users are part of hydropower concerns, and regulations in these areas affect rural electric cooperatives and their reliance on hydropower.

We believe that the rightful allocation continues to remain with these existing qualified preference customers. As the capacity of federal resources is limited, we believe that careful consideration must be given when providing allocations to otherwise qualified new customers at the expense of existing preference customers. We further believe that non-contributing private interests, who would use the benefits of the resource for profit, should not be at all entitled to this resource.

Our energy future largely depends on our ability and willingness to use this nation's hydropower resource efficiently. We therefore continue to encourage and support full development of the Missouri River for its traditional preference customers.

The principles establishing the preference clause for the disposition of federal hydropower are as sound today as they were when initiated. We oppose any effort to change it.

#### **Power Marketing Administration**

We believe Power Marketing Administrations (PMA's) should not be sold. Selling federal assets is not sound fiscal policy. Likewise, we oppose the privatization of power marketing agency maintenance contracts for federal dams. We believe the federal government is best suited to provide the maintenance for the dams they run and can provide the maintenance for a lower cost than private contractors.

The partnership that exists between the federal government and rural electric's regarding PMA's is an example of how the federal government can work to benefit its citizens. We believe that partnership should continue to benefit the rural, sparsely populated states like ours.

The power we receive from PMA's remains a vital component in continuing to ensure universal electric service at the lowest price possible.

### **Hydropower Rates**

We do not believe hydropower rates should be increased beyond cost-based pricing. We strongly oppose any violation of the long-standing covenants between the government and its citizens which clearly provide hydropower to be sold at the lowest possible cost, consistent with sound business principles. Straight-line amortization, surcharges, increased interest rates and other changes for accelerated repayment by Power Marketing Agencies have been proposed by the Office of Management and Budget under various Administrations as well as by Members of Congress. Similarly, the budget proposal to increase PMA rates to "market levels" is nothing more than a discriminatory tax that would fall inequitable upon millions of rural Americans. We urge Congress to reject this proposal and others that abandon the fair, reasonable and equitable principles that have guided the pricing of federal power for nearly a century.

### **Pick-Sloan Benefits**

We recognize the water development benefits promised to Upper Missouri Basin states to compensate for Missouri River bottom land flooded to provide down-stream flood control as part of the Pick-Sloan Plan.

Any changes from the original authorization for these federal projects should not jeopardize this region's hydroelectric users. We oppose changing preference clause provisions or raising hydroelectric rates to pay the debt obligation of the dams presently assigned to irrigation. We urge the Congress to strongly resist any attempts to provide for repayment assistance to municipal and industrial water systems in hydropower rates contrary to the reclamation law. We oppose any attempt to alter the benefits to preference customers which would increase hydropower rates to subsidize an investment which is not the responsibility of hydroelectric consumers.