



January 31, 2014

The Honorable Ernest Moniz  
Secretary of Energy  
1000 Independence Ave. SW  
Washington DC 20585

Dear Mr. Secretary,

Our organizations, representing the nation's not-for-profit rural electric cooperatives and publicly owned electric utilities, value our strong working relationship with the Department of Energy (DOE). It is, and will continue to be, a high priority to maintain and expand upon that relationship, and to continue to represent our members' perspectives to you and your colleagues as we work together to resolve the critical energy policy challenges facing us all now and in the future.

The National Rural Electric Cooperative Association (NRECA) and the American Public Power Association (APPA) together represent over 1,200 cooperative and publicly owned utilities in 34 states that purchase power marketed by the federal Power Marketing Administrations (PMAs) and the Tennessee Valley Authority (TVA) pursuant to federal statute. We are writing today to express concern about a number of TVA- and PMA-related recommendations in the report entitled "*Powering Forward: Presidential and Executive Agency Actions to Drive Clean Energy in America*," that was released last week.<sup>1</sup> While recognizing the "legal mandate that the PMAs provide [preference customers] with electric services 'at the lowest possible rates . . . consistent with sound business practices,'"<sup>2</sup> the report nevertheless recommends that the President and DOE deploy the four PMAs and TVA to serve as test cases for a host of demonstration projects involving "America's historic transition to clean energy,"<sup>3</sup> that are outside those entities' statutory roles and that could significantly increase costs for consumers. The report further urges the President and DOE to ignore statutory requirements for public

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<sup>1</sup> <http://cnee.colostate.edu/p/powering-forward> (report). While NRECA and APPA are also concerned about a number of the other recommendations in the report, they are not the focus of this letter and will be addressed in other fora.

<sup>2</sup> Report at 109; see Flood Control Act of 1944, § 5, 16 U.S.C. § 825s (2012).

<sup>3</sup> Report at 110.

involvement, instead suggesting that the Administration “overcome the resistance of PMA customers and elected leaders who do not want changes in the status quo.”<sup>4</sup>

For these reasons, we urge you to reject the *Powering Forward* report’s PMA and TVA-related recommendations. After the damage caused by the roll-out of the March 16, 2012 “Chu Memo” and its aftermath, our members were relieved that during your Senate confirmation hearing last April, you clearly demonstrated your understanding and appreciation of the importance of the collaborative relationship between DOE, the PMAs, and their preference customers. As stated above, we look forward to working with you to maintain and strengthen that collaboration. We view the PMA- and TVA-related recommendations in this report as a repackaging of the top-down Chu Memo directives. They are a distraction from the important work that lies ahead and would lead us all away from the cooperation required for us to meet our mutual goals.

Sincerely,



Jo Ann Emerson  
CEO, NRECA



Mark Crisson  
President & CEO, APPA

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<sup>4</sup> Report at 44. As the report notes, the negative reaction to the so-called “Chu Memorandum” that issued in March 2012 by former Energy Secretary Steven Chu included a letter that was signed by 166 members of Congress – the so-called “elected leaders” whose resistance, along with that of the PMA preference customers, the report urges DOE to overcome.