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November 3, 2014

Environmental Protection Agency
EPA Docket Center (EPA/DC)
Mailcode 28221T
Attention Docket ID No. OAR-2013-0602,
1200 Pennsylvania Avenue, NW
Washington, DC 20460



RE: Comment, docket ID No. EPA-HQ-OAR-2013-0602

Dear Administrator:

Hillsboro Municipal Utilities writes to express our concern with the proposed Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units; Proposed Rule under Section 111(d) of the Clean Air Act. As public power, consumer-owned utilities, we are dedicated to being good stewards of our environment, while at the same time providing reliable and economic electric service to our local citizens and main street businesses. It is our concern that this proposed rule does not adequately balance each of these vital interests.

The proposed rules will increase both wholesale and retail rates for electricity. Our supplemental power supplier, Missouri River Energy Services (MRES), has analyzed the effect of the proposed rule and has informed us that compliance with the carbon rule is likely to cause an increase of nearly 20%, which is \$35 million annually in our supplemental power supply costs. This is in addition to an increase of almost 10%, which is \$15 million per year caused by Environmental Protection Agency (EPA) requirements for Regional Haze compliance, resulting in a total increase in wholesale power supply costs of \$50 million annually just to comply with these two rules. Retail rates will have to be raised to cover these increased costs, putting significant economic pressure on residential, commercial and industrial customers. EPA's projection that the overall effect of the rule will be a decrease in the cost of electricity to end-users is flawed in many respects, and does not fully account for all of the costs required to comply with the proposal.

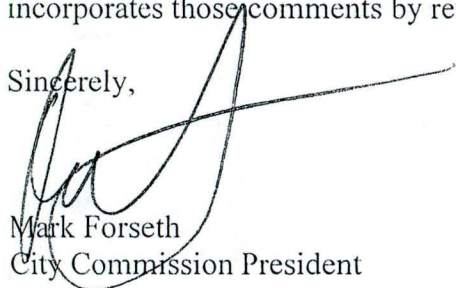
In addition to the cost impacts of the proposal, we are concerned that EPA has proposed this rule without due regard to its effect on reliable operation of the electric grid. EPA's reliability analysis is wholly inadequate. It has failed to substantively engage the Federal

Energy Regulatory Commission and the North American Electric Reliability Corporation (NERC) which is responsible for assessing and maintaining the reliability of the electric grid. NERC was not engaged to study, model and simulate the effects of the proposal to demonstrate whether the existing electric infrastructure can withstand the massive shifts in generation and dispatch required by the proposed rule. Regional Transmission Organizations such as the Southwest Power Pool (SPP) and the Mid-Continent Independent System Operator have raised questions, and SPP has already filed comments indicating that the rule will cause thermal overloads and low voltage, while at the same time jeopardizing the reserve margin required for continued reliable operation. Until such time as NERC has validated the reliability of the proposed rule, it must be delayed pending such validation by NERC.

We are likewise concerned about a number of other issues the proposed rule creates, including the unique compliance problems it presents for a utility like MRES that relies on a single, coal-fired power plant in Wyoming to serve load in completely different states such as North Dakota where Hillsboro is located. As a member-owner of MRES, we are also troubled that there are no provisions to allow for the interstate use of renewable energy for compliance with the CO₂ reduction requirements of the rule, and that the non-emitting benefits of the Red Rock Hydroelectric Project which is under construction in Iowa may be limited to the state of Iowa only. Finally, the way that the various state goals are calculated is unfair and pits states against states, creating further barriers to the development of renewable energy and jeopardizing the ability of states to cooperate on a regional basis to try to achieve the overall goals of the proposal.

These issues and many more are discussed in further detail in the comments that MRES is filing in this docket. Hillsboro Municipal Utilities endorses the legal and technical commentary, questions, and critiques offered by MRES on the proposed rules and incorporates those comments by reference.

Sincerely,



Mark Forseth
City Commission President

C. U.S. Senator John Hoeven
U.S. Senator Heidi Heitkamp
U.S. Congressman Kevin Cramer
ND Department of Health, Dave Glatt
ND Public Service Commission, Brian P. Kalk