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Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N. E.
Washington, D. C. 20426

UNITED STATES OF AMERICA
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

PUBLIC UTILITY DISTRICT NO. 1 OF PROJECT NO.P-2149-152
DOUGLAS COUNTY, WASHINGTON

REHEARING REQUEST OF FERC ORDER ISSUING NEW LICENSE,
CONCERNING RESIDENTIAL RATES OF PUBLIC UTILITIES IN THE MID-
COLUMBIA MARKET AREA, OF PAT KELLEHER UNDER P-2149

SERVICE AND COMMUNICATIONS

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BACKGROUND

Pat Kelleher is a residential power customer of Kittitas PUD and is aggrieved by the overcharging for residential electrical service in the Mid-Columbia Market caused by FERC licensing actions and orders.

Chelan, Douglas, Grant and Kittitas are adjoining counties that boarder the Columbia River and form the Mid-Columbia Region. Formation of Public Utilities Districts (PUD) was approved by Washington voters in the 1930's to provide reasonable electrical service to farm and residential customers. Eighty years later Mid-Columbia PUD's under the protection of FERC are acting like "for profit" Investor Owned Utilities of the 1930's that were serving existing residential customers before the formation of PUD's

FERC gave public preference to all original project licensing in the Mid-Columbia region. (Except Rock Island Dam which was acquired by Chelan PUD after "Public" commendation proceedings were started against an investor owned utility.) Mid-Columbia is the source of the cheapest electrical power in the nation.

The elasticity of demand to changes in price for Residential KWH's is known: Douglas PUD sells 23,178 KWH/year per residential connection at 2.48 cents

per KWH, while Kittitas PUD only sells 14,152 KWH/year per residential connection at 8.89 cents per KWH.

Less than 8% of the total Mid-Columbia FERC generation is now used to serve the residential customer in the Mid-Columbia.

Meanwhile the other 92% of the Mid-Columbia FERC power not used in the market area for residential use is priced so ridiculous that the better business decision is to waste it.

New York Times 23Sep2012 The letter stated bluntly that Microsoft “has the alternative available to it of increasing power utilization” in a “commercially unproductive” manner. Microsoft would waste 1,842 MWH of P-2114 power to avoid a \$210,000 electrical contract penalty. Enough power used in a “commercially unproductive manner” to serve the needs of 3.5% of the residential customers of Kittitas PUD for one year.

All of Kittitas County's 43 miles of Columbia River Shoreline is under FERC jurisdiction

In the 1950's, Kittitas PUD committed to purchase twice its existing total load requirements from FERC Project-2114 under a take or pay power contract. Excess power had to be resold to an Investor Owned Utility for the next 10 years.

In 2006 Kittitas PUD's power contract under P-2114 was reduced 30% by FERC Order, (Priest Development share was reduced from .4% to .28% or to roughly 10,000-15,000 MWH per year.) The current contract provides less than 15% of existing Kittitas PUD total load requirements.

200% to a mere 15% of Mid-Columbia FERC power to serve the needs of Kittitas PUD in less than 50 Years!

69% of Kittitas PUD load requirement serves Residential customers. This is the highest % of any PUD in the Mid-Columbia.

Electrical service to the residential and farm community was the reason PUD's were formed by public vote in Washington State. FERC extended preference to “publics” during initial licensing. FERC should order that PUD's continue to fairly serve the “core customers” that earned them “PUBLIC” preference for the license.

There is a high existing need for FERC Mid-Columbia generation to serve the residential customers of the Mid-Columbia, only FERC can “occupy the field” and bring fairness and justice to the market .

	CHELAN	DOUGLAS	GRANT	KITTITAS
2010 PUD Sourcebook				
Total Retail sales	\$50,366,794	\$15,473,655	\$122,290,610	\$6,784,104
Residential Revenue	\$25,131,849	\$ 9,257,794	\$ 31,252,363	\$4,707,203
Residential connections	35,687	16,133	35,216	3,625
Residential MWH Sales	737,441	373,938	729,695	52,928
KWH Consumption per connection	20,664	23,178	20,721	14,152
KWH Consumption per month	1,722	1,932	1,727	1,179
Residential %	50%	60%	26%	69%
Residential Rev. per KWH (cents)	3.41	2.48	4.28	8.89
Customer Bill Per 1,000 KWH	\$ 34	\$ 25	\$ 43	\$ 89

FERC Generation Reports 2011

FERC MWH Columbia Generation	9,876,952	4,662,986	9,902,744	-
Residential MWH used from Columbia	596,919	373,938	613,086	13,403
% MWH/generation used for Residential	6.0%	8.0%	6.2%	0%
Columbia MWH per Res. Connection	16.73	23.18	17.41	3.70

US Census Quick Facts

Median Household income	\$ 48,674	\$ 48,708	\$ 42,572	\$ 41,232
% Person below poverty level	11.50%	14.30%	20.40%	21.20%
Unemployment Rate	8.60%	8.20%	10.50%	9.20%

Motion to Intervene /Offer of Settlement e-Library20101018-0021

Draft EIS Transcript "unjust residential electrical market distortion"
e-Library20110512-4011

Offer of Settlement e-Library20120927-5013

P-943 FERC Generation Report for Annual Charges e-Library20121101-5033

P-2145 FERC Generation Report for Annual Charges e-Library20121101-5032

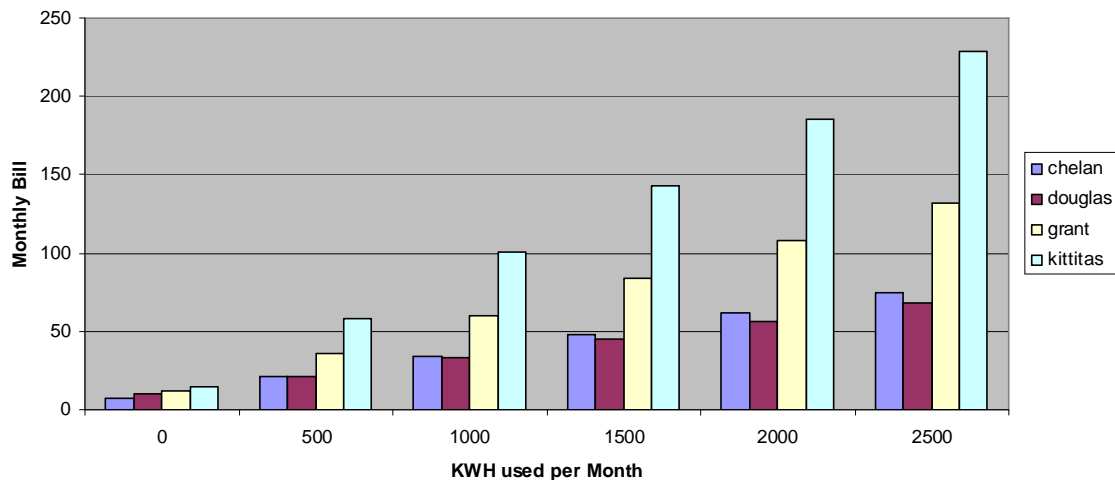
P-2114 FERC Generation Report for Annual Charges e-Library20121101-0014

P-2149 FERC Generation Report for Annual Charges e-Library20121023-0013

STATEMENT OF ISSUES

(1) Whether FERC acted arbitrary and capricious manner by not considering the cumulative impacts of FERC licensing and relicensing orders on residential electrical rates in the Mid-Columbia Market . (2012 rates)

PUD Residential Charges



(2) Whether FERC acted arbitrary and capricious manner by not ordering the Licensee to provide Kittitas PUD "Tier 2 power" for residential growth needs during the term of the new license under proposed settlement offer.

CONCLUSION

Absurd residential rate disparities caused by FERC licensing actions in adjoining public monopoly electrical markets separated by arbitrary county borders is not in the public interest. Only FERC can "occupy the field" and bring fairness and justice to the market .

A Commission license for a hydropower project entails a great deal more than authorization to use a national water resource for the generation of electricity; with the license comes the responsibility to build and operate the project in a manner compatible with the public interest. (the Supreme Court stated in *Udall v. Federal Power Commission*, 387 U.s. 428, 450 (1967): The grant of authority to the Commission to alienate federal water resources does not, of course, turn simply on whether the project will be beneficial to the licensee. ... The test is whether the project will be in the public interest.) Pursuant to the FPA, the public interest includes the protection of fish and wildlife and their habitat, the development of public recreation at project reservoirs, and the preservation of environmental amenities.

Respectfully submitted,

/s/ P Kelleher

Certificate of service hereby certify that I have served the foregoing document upon the Parties in this proceeding.

/s/ P Kelleher

Document Content(s)

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