

**BASIN ELECTRIC  
POWER COOPERATIVE**

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May 8, 2015

Department of the Interior  
Office of Natural Resources Revenue  
Attn: Armand Southall, Regulatory Specialist  
P.O. Box 254165, MS 61030A  
Denver, CO 80225

RE: Docket No. ONRR-2012-0004, RIN# 1012-AA13 (submitted electronically)

Dear Mr. Southall:

On behalf of Basin Electric Power Cooperative and its members we are submitting these comments in response to proposed Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform regulation (80 FR 608 January 6, 2015).

Basin Electric is a member-owned wholesale generation and transmission cooperative. We serve 2.9 million consumers and 138 electric cooperatives across 9 states. Roughly 55 percent Basin Electric's electric generation comes from coal. As utility that has provided power in the region for more than 50 years, we are concerned about the effect these proposed reforms could have on the cost of electricity purchased by our member-owners. In particular, we share the concerns raised by local officials and coal producers in Wyoming that these reforms would dramatically alter the way coal is valued. As a rural electric cooperative, one of our basic principles is concern for community, and, as part of these communities, we are concerned about any proposal that could lead to increased costs to our member-owners.

The proposed reforms as written would appear to distort the true value of coal by basing valuation on the type of sale rather than the resource itself, up to and including "net-back" provisions that would determine the coal's value based on the price of electricity. We are especially concerned that this could lead to higher utility rates that disproportionately harm lower income families and the elderly on fixed incomes. It would also have a significant impact on the economies of communities throughout the Powder River Basin, which rely heavily on the jobs and revenues from coal production.

We urge you to carefully reconsider this proposal to ensure that any needed changes to the federal leasing program actually reform, rather than hinder, the use of federal coal.

Thank you for your consideration.

Sincerely,

Mike Eggl  
Senior Vice President of Communications and Administration

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