



News Release

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APPA PRESIDENT & CEO TESTIFIES ON NEGATIVE IMPACT OF ENERGY SECRETARY MEMO ON FEDERAL POWER MARKETING ADMINISTRATIONS

Washington, D.C., April 26, 2012 – American Public Power Association (APPA) President & CEO Mark Crisson testified today before the House Natural Resources Committee on the impact to public power of Energy Secretary Steven Chu’s memorandum proposing changes to the role of the nation’s four Power Marketing Administrations (PMAs.) The PMAs market hydropower produced at large federally-owned dams operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation.

“If implemented, this memo will increase electricity costs for public power utilities and their customers that depend on the power provided by the PMAs with little, if any, associated benefits. We thank Chairman Hastings and Congress for looking into this important issue,” said Crisson.

In his testimony, Crisson reiterated that proposals in Secretary Chu’s memo will raise the costs to consumers considerably and cause the low-cost, renewable, and emission-free hydropower produced by the PMAs to be used to subsidize the costs of other market participants in the West. Also, Crisson said the memo’s proposal to modify the PMAs rate designs to offer incentives for energy efficiency and demand response, wind and other variable resources and electric vehicle deployment is flawed. “In this context, the word “incentive” is simply synonymous with and a euphemism for, cost shifting,” Crisson testified. In addition, some of the programs Chu hopes to incentivize with the changes, such as energy efficiency and electric vehicle deployment, are retail, not wholesale issues, and those should be decided at the local and state levels.

Crisson also pointed to a proposal in the memo that would change a core principle that has governed PMA operations well for decades. This principle, known as “beneficiary pays,” is a system by which the rates public power utilities pay for PMA-marketed hydropower covers all of the costs of generating and transmitting the power, interest on the federal investment in the project, and ongoing operation and maintenance. But Secretary Chu’s proposal would force

PMA customers to pay for system wide transmission upgrades, the costs of which would greatly exceed any benefits PMA customers would receive. “This is a blatant violation of the beneficiary pays principle, which has consistently governed enhancements to PMA operations,” Crisson stated.

The full text of Mr. Crisson’s testimony can be accessed here:

<http://www.publicpower.org/files/PDFs/MarkCrissonTestimonyNatResCommitteeChuMemo.pdf>

A statement APPA released on Secretary Chu’s memo can be accessed here:

<http://www.publicpower.org/files/PDFs/APPASTatementonPMAProposal.pdf>

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Based in Washington, D.C., APPA is the national service organization for the nation's more than 2,000 community- and state-owned not-for-profit electric utilities serving 46 million customers.