

**Sponsors: Colorado River Energy Distributors Association; Southwestern Power Resources Association; Public Power Council; Oregon Municipal Electric Utilities Association; Washington Public Utility Districts Association; Irrigation & Electrical Districts Association of Arizona; Mid-West Electric Consumers Association; Minnesota Municipal Utilities Association**

**In Support of the Federal Power Marketing Administrations**

1 The federal Power Marketing Administrations (PMAs) provide millions of Americans served by not-for-  
2 profit public power utilities and rural electric cooperatives with cost-based hydroelectric power produced  
3 at federal dams operated by the U.S. Army Corps of Engineers (Corps) and Bureau of Reclamation  
4 (Reclamation). Hydropower customers bear the costs of the Federal Power Program without burdening  
5 federal taxpayers. Though often overlooked, these long-term partnerships between the federal government  
6 and local not-for-profit entities provide valuable, reliable energy and infrastructure services to  
7 communities and the entire nation.

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9 There are four PMAs—Bonneville Power Administration (BPA), Western Area Power Administration  
10 (WAPA), Southwestern Power Administration (SWPA), and Southeastern Power Administration (SEPA).  
11 These entities market (sell) wholesale electric power to approximately 1,200 public power utilities and  
12 rural electric cooperatives (“preference customers”) in 33 states. Each PMA and the customers they serve  
13 are unique in statute, but alike in mission. The concept of “preference”—giving not-for-profit utilities  
14 preference to buy power produced at federal dams—has been in law for over 80 years. The reasoning  
15 behind this concept is that rivers are public goods and as such, the power they generate should not be sold  
16 at a profit. Not-for-profit public power utilities and rural electric cooperatives buy the power generated at  
17 federal hydropower dams at a price that covers the entire cost of generating the power, plus investment  
18 costs, and operations and maintenance for both the PMAs and the Corps or Reclamation (rates are “cost-  
19 based”). The PMAs annually review their rates to ensure full cost recovery by ratepayers.

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21 Both Democratic and Republican presidents have proposed selling the PMAs in whole or in part. Driving  
22 these misguided policy proposals has been the belief that doing so would save the federal government  
23 money or that the PMAs are no longer needed. In reality, PMA costs are paid for by customers and not the  
24 federal government. The sale of these assets to private entities would likely result in attempts by the new  
25 owners to charge substantially increased generation and transmission rates to customers for the same  
26 service they have historically received. Another reoccurring and misguided proposal is to change the  
27 current cost-based rate structure for the PMAs to a market-based rate structure. Given that PMA  
28 customers already pay for all the capital, operations, and maintenance costs associated with generating  
29 and transmitting power produced at federal dams, changing the rate structure from cost-based to market-  
30 based would position the federal government to profit off retail customers who already cover all the costs

31 for their power supplies. Such a move would undermine regional economic development and almost  
32 certainly invite legal challenges from wholesale customers holding long-term contracts with the PMAs.  
33 History has demonstrated repeatedly that initiatives to privatize all or part of the PMAs do not garner  
34 strong support in Congress, because they are both economically unjustified and politically unpopular.

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36 **NOW, THEREFORE, LET IT BE RESOLVED:** That the American Public Power Association (APPA)  
37 supports the continued existence and federal ownership of the Power Marketing Administrations (PMAs)  
38 and the sale of federally generated hydropower at cost-based rates; and

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40 **BE IT FURTHER RESOLVED:** That APPA opposes any attempts to sell the PMAs, in whole or in part;  
41 and

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43 **BE IT FURTHER RESOLVED:** That APPA opposes any attempt to move the PMAs from cost-based  
44 rates to market-based rates; and

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46 **BE IT FURTHER RESOLVED:** That APPA supports the foundational concept of “preference power,”  
47 meaning that not-for-profit entities have preference over for-profit entities to buy power generated at  
48 federal projects.