**Northwest Public Power Association**

**Resolution 2017-06**

**Opposition to Changing the Role and Rates of the**

**Power Marketing Administrations**

**Background**

Congress and the Administration occasionally call for the sale of the federal power marketing administrations (PMAs), require that the rates for PMA power be increased to reach “market” rates, or attempt to use the PMAs as tools to accomplish broader policy objectives.

Arguments in favor of these approaches often state that the PMAs are being subsidized by taxpayers. This assertion is simply not true. PMA customers repay, with interest, the capital costs of the federal hydropower facilities whose output is marketed by the PMAs. The operations and maintenance costs of these projects are paid by the customers. Any sale, move to market rates, or expansion of the PMAs’ mission would result in increased electric rates for PMA customers, which could seriously disrupt the economies of certain regions. As such, PMA customers are paramount stakeholders in any PMA policy proposal.

Most recently, efforts by the Department of Energy to limit the independence, redefine the mission, or ignore regional differences have threatened to be costly and disruptive to the PMAs and their customers. A March 2012 memorandum from then Energy Secretary Steven Chu to the Administrators of the four PMAs sought to change the historic role of their agencies. The memorandum called on the PMAs to implement activities that were beyond their statutory role without input from the customers that would bear the financial burden of their deployment. While widely rejected by Congress and PMA customers, these policy themes continued to surface, including in the 2014 report by the Center for a New Energy Economy, otherwise known as the “[Gov.] Ritter Report” and in a set of 2016 recommendations to the Secretary from the Secretary’s Energy Advisory Board.

**NWPPA’s Position**

* NWPPA supports maintaining the historic mission of the PMAs to distribute federal hydropower at cost-based rates.
* NWPPA supports efforts to modernize PMA implementation of their legislative authority and mandates that are borne through a customer driven, bottom-up approach.
* NWPPA supports minimizing costs to electric customers and opposes any proposals to sell the PMAs or move to market rates.
* NWPPA supports and will protect the “Preference Clause” and the rights of preference utilities in all circumstances.

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