Northwest Public Power Association
Resolution 2018-06
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 for 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.

Budget proposals to sell the PMAs or their assets and past 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. While widely rejected by Congress and PMA customers, these policy themes continue to surface and create uncertainty for customers.

NWPPA's Position

- NWPPA supports maintaining the historic mission of the PMAs to distribute federal hydropower at cost-based rates with preference to public power entities.
- NWPPA supports a customer driven, bottom-up approach to any changes in PMA policy.
- NWPPA supports minimizing costs to public power electric utility customers and opposes any proposals to sell the PMAs or their assets, or move to market rates.
- NWPPA supports and will protect the "Preference Clause" and the rights of preference utilities in all circumstances.

Origination Date: 1997 – Revised: March 2005 – Archived: 2006 – Re-Activated: 2011 and modified in 2012, 2014, 2015, 2017, and 2018.