



Power Marketing Administrations

July 2018

Key Messages:

- As you know, the PMAs are critical to maintaining low-cost rates for our members that are PMA customers. Selling off the PMA transmission assets, as the President's Budget and reorganization plan call for, would only raise rates.
- Thank you for your vote to reject this proposal in the Energy and Water Appropriations bill.

Background:

Approximately 1,200 consumer-owned utilities in 33 states receive power from one of the four federal PMAs – the Bonneville Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, and the Western Area Power Administration. NWPPA members that are PMA customers are served by Bonneville Power Administration and the Western Area Power Authority.

Not-for-profit customers enjoy a statutory "preference" for this low-cost power. PMA customers repay the full cost, with interest, of the federal investment in the PMAs and the power they market. In turn, these customers receive an affordable and renewable domestic power supply.

The economic vitality of surrounding communities depends on this resource, as do the multipurpose federal projects that are historically sustained through revenues derived from federal power sales.

The Trump Administration has proposed divesting PMA transmission assets in the FY18 and FY19 Budget requests, a proposal that recently resurfaced in the Office of Management and Budget's Federal Government Reorganization Blueprint. In addition to raising revenue for other priorities, the Administration justifies the proposal by arguing the federal government should not be in the business of selling power. The FY19 Budget further proposes charging market-based rates as a way to raise revenue (however, some PMA power is already above market rates).

The Office of Management and Budget estimates that selling Bonneville transmission assets will raise \$5.193 billion, WAPA assets will raise \$580 million, and charging market-based rates will yield \$1.9 billion over ten years.

Further, on May 3, 2018, the Department of Energy announced that as part of broader restructuring, the PMA Administrators would now report to the Assistant Secretary for Electricity instead of directly to the Deputy Secretary. This additional level of bureaucracy above the PMAs has been viewed by some as an unfavorable “demotion” and raised concerns that the change could make it more difficult for DOE leadership to respond to customer interests.