

**Sponsors: Colorado River Energy Distributors Association; Irrigation and Electrical Districts Association of Arizona; Mid-West Electric Consumers Association; Public Power Council; Southwestern Power Resources Association**

**In Opposition to Proposals to Divest the Power Marketing Administrations' Transmission Assets**

1 The Power Marketing Administrations (PMAs) provide electricity to millions of Americans receiving  
2 electric service from not-for-profit public power, rural cooperative, and tribal utilities. Charging only  
3 cost-based rates, these utilities deliver electricity produced at dams managed by the U.S. Army Corps of  
4 Engineers, Bureau of Reclamation, and International Boundary and Water Commission. The PMAs are  
5 required by law to set rates to cover a variety of costs, including generation and transmission costs, while  
6 repaying the federal investment in the hydropower facilities, which are repaid with interest.  
7 Moreover, PMA hydropower revenues typically also repay dam construction and maintenance costs  
8 assigned to other purposes, such as navigation, flood control, recreation, fish and wildlife, and  
9 irrigation. These costs are borne by the not-for profit utilities and their electric consumers, not the  
10 taxpayer.

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12 President Trump’s Fiscal Year 2018 Budget Request proposes to divest the transmission assets of the  
13 Bonneville Power Administration (BPA), Western Area Power Administration (WAPA), and  
14 Southwestern Power Administration (SWPA). In proposing the sale of these assets, the Trump  
15 Administration asserts that “ownership of transmission is best carried out by the private sector where  
16 there are appropriate market and regulatory incentives.” It also asserts that increasing the “private  
17 sector’s role would encourage a more efficient allocation of economic resources and mitigate risk to tax  
18 payers.”

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20 The American Public Power Association (APPA) strongly disagrees with the rationale provide by the  
21 Administration in its fiscal year 2018 budget. PMA costs are paid by customers and not the federal  
22 government. PMAs have provided cost-based and reliable power to customers in many parts of the  
23 country. The proposal to sell the transmission assets of the PMAs would not result in a more efficient  
24 allocation of economic resources, nor would it mitigate risk to taxpayers; it would simply be a tax on  
25 PMA customers with no attendant increase in benefits. In fact, the “private sector’s role” is already  
26 paramount in that the PMA customers (private [non-federal] sector) already ensure federal project costs  
27 are repaid, with interest, and without subsidy to the federal government. History has demonstrated that  
28 initiatives to privatize the PMAs have failed because they are economically unjustified and threaten the  
29 ability of the PMAs to deliver reliable, cost-based power to millions of people and businesses.

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31 **NOW, THEREFORE, LET IT BE RESOLVED:** That the American Public Power Association  
32 (APPA) is opposed to divesting the transmission assets of Bonneville Power Administration, Western  
33 Area Power Administration, and Southwestern Power Administration; and

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35 **BE IT FURTHER RESOLVED:** That APPA supports the continued existence and federal ownership of  
36 the Power Marketing Administrations, and the sale of federally generated hydropower at cost-based rates.