

Congress of the United States
Washington, DC 20515

June 26, 2017

The Honorable Diane Black
Chairman
U.S. House of Representatives
Committee on the Budget
B-234 Longworth HOB
U.S. House of Representatives
Washington, DC 20515

The Honorable John Yarmuth
Ranking Member
U.S. House of Representatives
Committee on the Budget
134 Cannon HOB
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Black and Ranking Member Yarmuth,

We write to oppose provisions in the fiscal year (FY) 2018 budget request that aim to sell transmission assets of Power Marketing Administrations (PMAs) within the Department of Energy (DOE). The sale of these assets would result in the federal government abandoning a successful and efficient solution for providing affordable power in poor and rural communities, thereby creating more problems associated with energy production and delivery as well as retail customer rate changes than this one-time deficit reduction attempt would solve.

There are four federal PMAs that help provide affordable electricity service throughout the country by marketing and delivering power. We are troubled that the budget request seeks to divest the transmission assets of three of these PMA's: Bonneville Power Administration (BPA), Southwestern Power Administration (SWPA), and Western Area Power Administration (WAPA).

The aforementioned PMAs are essential not just for states and industry, but for rural and local communities as well as tens of millions of Americans who rely on affordable and sustainable power. Combined, the four PMAs furnish electric power service through more than 1,200 public power utilities and 600 rural electric cooperatives in 34 states. If this portion of the proposal were enacted, Congress would be doing a major disservice to millions of rural residents – nearly one-third of whom already live at-or-below the federal poverty line – by disrupting infrastructure cohesion within sensitive energy markets and causing prices in those regions to rise dramatically.

The American Public Power Association (APPA), the National Rural Electric Cooperative Association (NRECA) and the Grand Canyon State Electric Cooperative Association – amongst other individuals and groups knowledgeable in the area of public power – have come out against the plan to auction off these PMAs on account of the damaging consequences such action would have for power consumers and producers alike. A joint statement by APPA and NRECA notes that “there is no factual evidence that selling the transmission assets of the PMAs would result in a more efficient allocation of resources. Rather, it is much more likely that any sale of these assets to private entities would result in attempts by the new owners to charge substantially increased transmission rates to the PMA customers for the same service they have historically received. These arguments are merely a pretext for actions that would raise electricity costs for millions of people and businesses.”

Though we recognize the fundamental importance that the private sector plays in our economy, including in many energy markets, private ownership of these transmission assets would fail to satisfy the reason that market-based delivery is desirable in the first place. Costs would inevitably rise, and the federal government would once again find a way to break something in attempting to fix it.

The proposal to sell off PMA assets appears to be based on two misguided notions – the first being the expectation of reduced costs with the private transmission and delivery of energy, and the second relating to which kinds of programs and assets serve as the proper targets for deficit reduction. We fully support efforts to improve infrastructure across the nation. However, we do not believe that the agenda should come at the expense of existing infrastructure – infrastructure that successfully fills a public niche where markets would be less sustainable.

Finally, we find that the proposal's stated goal of deficit reduction is not well-served in the sale of these transmission assets because doing so would abdicate one compelling public need in order to only modestly satisfy another. Since PMA costs are paid solely by customers, and not the federal government, public ownership generates a nonexistent deficit burden. The one-time sale of the assets would temporarily bolster federal coffers, but provide no recurring deficit-reduction benefit. There are countless other funding streams across the federal government that would, in being eliminated, reduce the deficit without severing a vital public function in the process.

We would like to use this opportunity to remind the Committee that federal power marketed by the PMAs benefits the U.S. Treasury as appropriations are repaid with interest and rates are set to fully recover taxpayer investments. The entire BPA transmission system has generated more than \$27 billion in payments to the treasury. WAPA brought in more than \$1.4 billion from fiscal year 2012 to fiscal year 2016. Further, PMA rate increases are paid for by preference customers, not individual taxpayers.

The misguided budget proposal would undermine infrastructure goals and sideline investment that could otherwise be used on new projects. We urge the Committee to reject this shortsighted request.

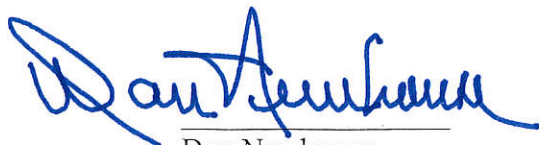
Sincerely,



Paul A. Gosar, D.D.S.
Member of Congress



Kurt Schrader
Member of Congress



Dan Newhouse
Member of Congress



Scott R. Tipton
Member of Congress

Doris Matsui

Doris Matsui
Member of Congress

Tim Walz

Tim Walz
Member of Congress

Rick Nolan

Rick Nolan
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Doug Lamborn

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Trent Franks

Trent Franks
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John Garamendi

John Garamendi
Member of Congress

Suzan DelBene

Suzan DelBene
Member of Congress

Mike Coffman

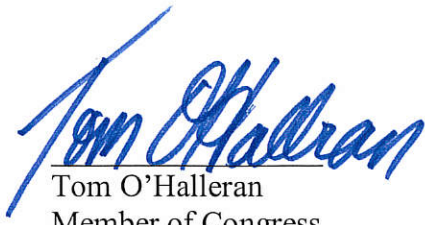
Mike Coffman
Member of Congress

Kristi Noem


Kristi Noem
Member of Congress

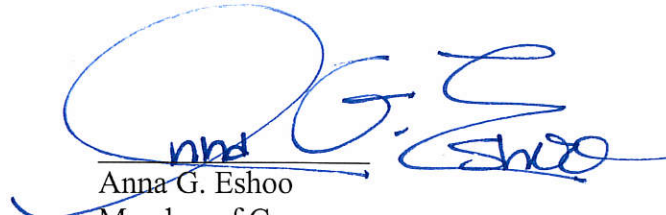
Dina Titus


Dina Titus
Member of Congress


Tom O'Halleran
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Mia Love
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Anna G. Eshoo
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Doug LaMalfa
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Jacky Rosen
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Denny Heck
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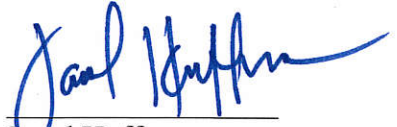

Suzanne Bonamici
Member of Congress


Jaime Herrera Beutler
Member of Congress


Earl Blumenauer
Member of Congress



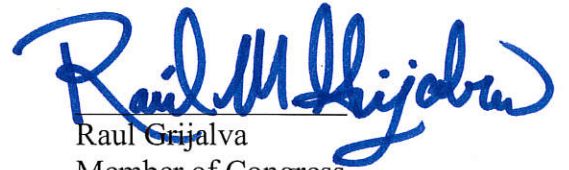
Markwayne Mullin
Member of Congress



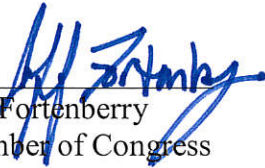
Jared Huffman
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Ed Perlmutter
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Raul Grijalva
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Jeff Fortenberry
Member of Congress



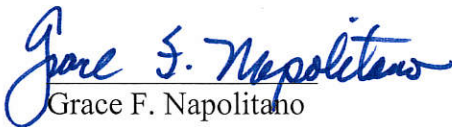
Derek Kilmer
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David Loebsack
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Juan Vargas
Member of Congress



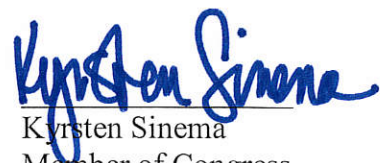
Grace F. Napolitano
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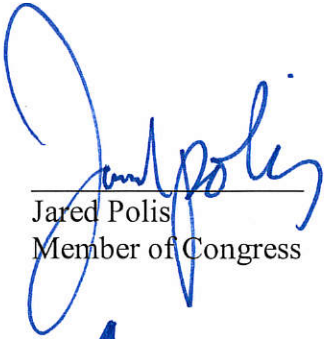
Andy Biggs
Member of Congress



Kevin Cramer
Member of Congress



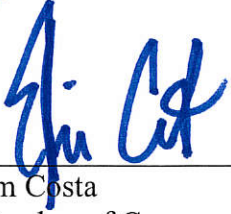
Krysten Sinema
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Jared Polis
Member of Congress



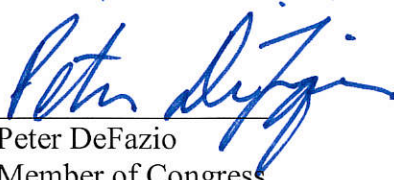
David G. Valadao
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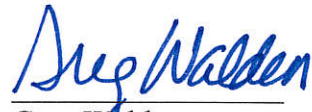
Jim Costa
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Diana DeGette
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Peter DeFazio
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Greg Walden
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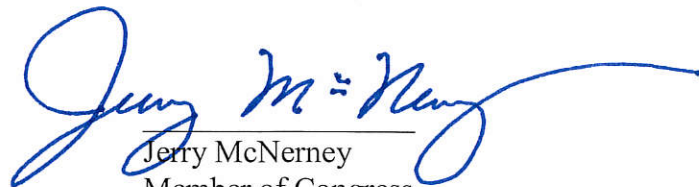
Collin Peterson
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Steve King
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Jerry McNerney
Member of Congress

Cc: Department of Energy
Office of Management and Budget
U.S. House of Representatives Committee on Appropriations