



June 6, 2017

The Honorable Rick Perry
Secretary
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Secretary Perry:

On behalf of the American Public Power Association (APPA) and the National Rural Electric Cooperative Association (NRECA), we are writing to express our strong opposition to the proposal in President Trump's Fiscal Year 2018 budget request to sell the transmission assets of three federal Power Marketing Administrations (PMAs).

APPA is the national service organization for the not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. Public power utilities account for over 15 percent of all kilowatt-hour sales to over 49 million customers in every state but Hawaii. NRECA is the national service organization representing the national interests of cooperative electric utilities and the consumers they serve. More than 900 not-for-profit rural electric utilities provide electric energy to over 42 million people in 47 states, or 12 percent of electric customers nationwide.

Approximately 1,200 public power utilities and rural electric cooperatives in 34 states purchase cost-based power produced at federal hydropower projects from the PMAs. Through long-term contracts, PMA customers have repaid all power program expenses, plus the interest on any capital projects, and have ensured continued investment in the federal infrastructure. For many decades, this arrangement has been a win-win for the federal government and for public power and rural electric cooperative utilities, their retail customers and their communities.

Given the long and productive history between the PMAs and their customers, we were very disappointed to see the Administration's FY 2018 budget request proposal to divest the transmission assets of the Bonneville Power Administration (BPA), Southwestern Power Administration (SWPA), and Western Area Power Administration (WAPA). We strongly disagree with the rationale provided in the proposal that "ownership of transmission is best carried out by the private sector where there are appropriate market and regulatory incentives" and that increasing "the private sector's role would encourage a more efficient allocation of economic resources and mitigate risk to taxpayers." As stated previously, PMA costs are paid by customers and not the federal government; none of the costs are borne by taxpayers.


Furthermore, 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.

History has demonstrated that initiatives to privatize all or part of the PMAs do not have strong support in Congress because they are both economically unjustified and politically unpopular. We respectfully urge you to reconsider this proposal.

Sincerely,



Sue Kelly
President & CEO
American Public Power Association



Jim Matheson
CEO
National Rural Electric Cooperative Association

cc:

The Honorable Lisa Murkowski
Chairman, U.S. Senate Committee on Energy & Natural Resources

The Honorable Maria Cantwell
Ranking Member, U.S. Senate Committee on Energy & Natural Resources

The Honorable Jeff Flake
Chairman, Subcommittee on Water & Power, U.S. Senate Committee on Energy & Natural Resources

The Honorable Angus King
Ranking Member, Subcommittee on Water & Power, U.S. Senate Committee on Energy & Natural Resources

The Honorable Rob Bishop
Chairman, U.S. House of Representatives Committee on Natural Resources

The Honorable Raul Grijalva
Ranking Member, U.S. House of Representatives Committee on Natural Resources

The Honorable Doug Lamborn
Chairman, Subcommittee on Water, Power and Oceans, U.S. House of Representatives Committee on Natural Resources

The Honorable Jared Huffman
Ranking Member, Subcommittee on Water, Power and Oceans, U.S. House of Representatives Committee on Natural Resources

The Honorable Rodney Frelinghuysen
Chairman, U.S. House of Representatives Committee on Appropriations

The Honorable Nita Lowey
Ranking Member, U.S. House of Representatives Committee on Appropriations

The Honorable Mike Simpson
Chairman, Subcommittee on Energy & Water Development, U.S. House of Representatives Committee
on Appropriations

The Honorable Marcy Kaptur
Ranking Member, Subcommittee on Energy & Water Development, U.S. House of Representatives
Committee on Appropriations