

# Hitting the Brakes on Sale of PMAs

*Encourage and support state and local efforts to keep Western electricity affordable*

For many customers and members of consumer-owned utilities in the West, the electricity you use has traveled at some point over transmission lines operated by the Bonneville Power Administration or the Western Area Power Administration. Over time, your electricity bill has included amounts to build and maintain those lines. So why would the budget President Donald Trump sent to Congress propose these transmission systems be sold to private companies so you would have to pay again for those very same lines as the new owners set rates to recapture their investment?

Good question.

The short answer is that we have seen this old budget trick before. It is a way to impose a hidden tax wrapped in the guise of privatization. In fact, this proposal to raise money for the federal budget by selling off the high-voltage transmission systems of power marketing administrations is presumed to raise \$5.5 billion.

These administrations, including BPA and WAPA, were created to serve the public by providing electricity to millions of Americans who receive electric service from not-for-profit public power, rural cooperative and tribal utilities. Charging only cost-based rates, these utilities deliver the emission-free electricity produced at dams managed by the U.S. Army Corps of Engineers, the Bureau of Reclamation and the International Boundary and Water Commission.

Fortunately, the opposition to this sell-off from consumers and their elected representatives in Congress has been swift and strong. A large bipartisan group of U.S. House and Senate members from the West have sent letters of opposition to Secretary of Energy Rick Perry and to the White House. They have stated their objection during committee hearings when administration officials appear, and are ensuring annual bills setting the federal budget and appropriating funds do not include this proposal. These leaders deserve our thanks for

understanding the key economic role PMAs play in this region.

The response to this particular budget proposal should not be seen as promoting the status quo for the transmission system across the West. The energy sector is among the most dynamic in our economy, and the PMAs will need to continue to evolve and streamline their operations to stay competitive.

Electric utilities already are working on modernization of the system as new patterns of generation and demand bring new challenges. But transforming a complex and integrated system is best handled in-region, where the expertise lies with the parties who pay for the system, not driven by a federal budget proposal that grabs for the hard-earned investments of the people of the West.

The bottom line is that the PMAs are not taxpayer funded. Rather, they pay their own way from rates charged to consumers, and through interest and principal payments to the U.S. Treasury for any amounts borrowed.

One irony of the proposal to sell off the transmission assets is that it would stop these long-term interest payments to Treasury and needlessly tie up private capital to meet a short-term goal of sending money to the federal government sooner.

Another risk of the proposal to consumers in the West is that relatively remote areas of the transmission system may be neglected as regional control is relinquished to new owners. This could harm service to the very rural communities that grew up with, and paid for, the vast system of transmission lines and substations that reach every corner of the western United States.

While anything can happen in the often chaotic federal budget process, there is reason to believe the strong opposition in Congress will put this bad idea back to rest for a while. In the meantime, electricity customers in the West should stay vigilant and support their representatives, who are working hard back East to put the brakes on this misguided idea. ■



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