

## Protecting the Interests of WAPA Customers

The Western Area Power Administration (WAPA or Western) is one of four federal power marketing administrations (PMAs). WAPA markets and delivers reliable, cost-based hydroelectric power within a 15 state region of the central and western United States. WAPA is very important to Minnesota municipal utilities, providing wholesale power allocations to 47 municipal electric utilities serving over 200,000 people in the western third of the state. WAPA's 17,000-mile transmission system carries electricity from 55 hydropower plants operated by the Bureau of Reclamation, the U.S. Army Corps of Engineers and the International Boundary and Water Commission.

In marketing electricity, WAPA must follow many laws, regulations and policies, some of which are unique to that agency. Included in these laws is the Reclamation Project Act of 1939, which requires WAPA to give preference in selling federal power to certain types of non-profit organizations including cities, rural electric cooperatives, state and federal agencies, irrigation districts, public utility districts and Native American tribes. WAPA customers in Minnesota are served by the Upper Great Plains Region office located in Billings, Montana, which, in turn, provides electric service from the seven dams of the Pick-Sloan Missouri River Program, developed as a result of Congressional authorization in 1944.

Unfortunately, every year opponents of the federal PMA program have sought to renew legislative and administrative challenges to the way PMAs provide service to municipal utilities and rural electric cooperatives.



For example, over the last several years, as part of the White House budget proposal, the Office of Management and Budget (OMB) has recycled a number of proposals that were soundly rejected in the past: requiring the PMAs to sell power at market rates; reallocation of Pick-Sloan irrigation costs to power customers; and an administrative increase in the interest paid on new PMA investments. Additionally, OMB has proposed a reduction in Western's construction budget. These administration proposals needed Congressional approval and were consistently rejected by bipartisan efforts in both chambers.

### “Agency Rate” Attack.

In last year's FY 2008 budget, OMB again proposed to raise rates on WAPA and other PMAs by raising the interest rate on new projects and facilities. This proposal would have been implemented administratively – without any congressional oversight or approval – and would be similar to a mortgage banker unilaterally deciding to increase the interest rate on your home loan.

The proposal was troubling – it was an unjustified precedent that could have

opened the door to other administrative changes that could have far-reaching effects on Western's power customers. Fortunately, language was added to the Senate Energy and Water Development Appropriations bill to prevent the administration from implementing this proposal.

### MMUA urges Congress to:

- **Support the continued existence and federal ownership of the PMA program, including increased customer involvement in funding operations and maintenance activities.**
- **Oppose legislative or administrative efforts that could result in substantial and unnecessary rate increases, including proposals to require the PMAs to sell power at market rates.**

**MMUA commends the members of the Minnesota congressional delegation for their efforts in defending several key concepts of the PMA program including federal ownership, cost-based rates and preserving the PMAs for the benefit of future generations.**