

**Senator Maria Cantwell**

**Q&A Before the Senate Committee on Energy & Natural Resources Subcommittee on Water and Power on Examining Issues and Challenges at the Power Marketing Administrations**

**Witnesses: Mark Gabriel, Administrator and CEO, Wester Area Power Administration; Dan James, Deputy Administrator, Bonneville Power Administration; Kenneth Legg, Administrator, Southeaster Power Administration; Mike Wech, Administrator and CEO, Southwestern Power Administration; Nicki Fuller, Executive Director, Southwestern Power Resources Association**

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CANTWELL: Thank you. Thank you to Senator Cortez Masto for that. I appreciate it. I appreciate everybody's testimony today, especially Ms. Fuller, thank you at the end for clarifying. I was just out in the hall with a reporter who I had to explain again to them that the system is paid for by the taxpayers. And so the notion that people don't fully understand public power, they just know that we have affordable electricity. That's what we have to continue.

I've said to many members of this committee, anyone else who wants to pursue other ideas of cost-based power for the benefit of our nation, I'm happy to pursue those because I think it is a very distinguishing feature for what drives an economy.

My colleague, Senator Risch, I know, probably would love to be here, busy on other things, but he and I plan to send a letter to the OMB Director Mulvaney on the fact that we do not support his idea. Thank you for articulating why that's a bad idea. I know if our colleague, Senator Alexander, was here he'd probably restate his comments about what he thought about this idea when it was previously purposed. I think he just said "it's loony". And I think that kind of just sums it up. It's just a really loony idea.

But behind the looniness is also a very big economic impact. One of, Mr. James, the Northwest Public Power Conservation Council put that electricity rates could rise as high as 24% if this kind of concept were pursued. Do you have any numbers or analysis by BPA on selling off the Power Market Association?

JAMES: I don't. But we would be happy to respond to any question that you would ask in writing. I would be happy to get back to you there.

CANTWELL: Do you think that we would see a big increase in price?

JAMES: I know that it would be disruptive. As you know, we are prohibited by law from actually studying that. But there would be a lot of uncertainty. We assume that there would be costs associated with contract changes, breach of contract claims, and workforce issues, among many others.

CANTWELL: Unless I'm mistaken, it's pretty basic. You have cost-based power, the cost that it takes to produce the power. And that is an underpinning not only of public power in the Northwest, but of private power that gets and buys some of that power.

JAMES: They buy power from us. They also buy transmission services from us.

CANTWELL: Exactly. So we've produced very affordable, obviously, cost-based power. On the other side of the equation you would basically be saying to people, let's turn this into a monetization and the highest bidder gets to sell their electricity on the grid. So you're not going to get cost-based power, you're going to get people bidding up the price of selling power on the grid.

That is only going to just keep rising the rates higher and higher and higher. And I think our job, particularly in a global economy where we're going to be competing on so many fronts, particularly in the areas of manufacturing, is to figure out how to – whether we're talking about natural gas or other sources of electricity – how we continue to drive down our costs, particularly on the energy side, with clean energy instead of these ideas that somehow are magically going to pay down the debt, when in reality they're already paying back – BPA's already paying back more in paying down the debt. And so I agree with Senator Alexander, it's loony. Just loony.

JAMES: I would say, Senator Cantwell, that one of the reasons that we are making our grid modernization investments is to stretch the value of the dollar that the rate-payers are paying to maximize the output of the FCRPS and to meet the region's clean energy needs.

CANTWELL: If anything, I would be moving faster, and you and I and the administrator at BPA have had this conversation. I think the power market and association represents some great opportunities to look at next-generation technology on storage and, you know, to almost be an incubator, if you will, on some scalable ideas of how we integrate with wind and solar and other alternatives and how we have storage solutions for the future. So we shouldn't be throwing this great idea that has paid benefits to our country for so many years out the door. We should be doubling down on it. So, thank you. And thank you for the courtesy.

JAMES: Thank you, senator.