

WESTERN AREA POWER ADMINISTRATION
TRANSPARENCY ACT

AUGUST 29, 2017.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. BISHOP of Utah, from the Committee on Natural Resources,
submitted the following

R E P O R T

[To accompany H.R. 2371]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 2371) to require the Administrator of the Western Area Power Administration to establish a pilot project to provide increased transparency for customers, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 2371 is to require the Administrator of the Western Area Power Administration to establish a pilot project to provide increased transparency for customers.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 2371 requires the Administrator of the Western Area Power Administration (WAPA) to establish a pilot project to increase transparency of WAPA's costs, rates, staffing and other financial and operational dealings.

Under numerous federal statutes, the Bureau of Reclamation and the U.S. Army Corps of Engineers generate hydropower at federal dams and reservoirs. Hydropower generated at these facilities, particularly in the western United States, is first used to provide electricity to operate irrigation pumps affiliated with Reclamation projects. Any excess power is then primarily sold by the Power Marketing Administrations (PMAs) to preference customers, which, by federal statute, are non-profit rural electric cooperatives, public

utility districts, Indian tribes, municipalities and some irrigation districts. The power is sold at rates designed to repay the federal capital investment in federal electricity generation and transmission facilities, annual operation and maintenance of such facilities, and federal staffing. The rate structures are followed pursuant to 20 to 50 year contracts between the wholesale customers and the federal government. With a few exceptions, the PMA budgets are designed to be financed 100% by ratepayers, as all initial appropriations are reimbursed.

The PMAs—WAPA, Bonneville Power Administration, Southwestern Power Administration and Southeastern Power Administration—market and deliver (via transmission lines) electricity generated at these federal facilities. According to WAPA, the agency markets and delivers annually an average of 10,000 megawatts of hydroelectricity produced at Reclamation and Corps dams. WAPA serves about 700 wholesale customers in Arizona, California, Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Texas, Utah and Wyoming through a 17,000-mile federal transmission system. These wholesale customers, in turn, supply 50 million retail customers.

WAPA’s roughly \$1 billion budget is financed by annual customer funding and advance payments and appropriations, which are then reimbursed, with interest, through customer contractual repayment obligations. As is the case with all PMAs, WAPA must market power produced at federal hydroelectric facilities at the lowest possible rates consistent with sound business principles. Some customers have called for increased transparency over WAPA’s business practices given rate increase trends and discrepancies between budgeted and executed dollar amounts. For example, at a May 18, 2017, Water, Power and Oceans Subcommittee hearing, Mr. Patrick Ledger, Chief Executive Officer at for Arizona Electric Power Cooperative testified: “. . . what is missing from the presentation from [WAPA] and conversations with [WAPA] officials on the use of budget authority is granularity that would help PMA customers understand why rates continue to increase.” WAPA has taken steps to be more transparent in an effort to address some of the concerns raised by customers. For example, on March 17, 2016, WAPA created a website called “The Source”, which displays some of its financial operations and operational data.

SECTION-BY-SECTION ANALYSIS

Section 1 states the short title of the bill as the “Western Area Power Administration Transparency Act.”

Section 2 requires the Administrator of WAPA to establish a publicly available website that contains: rates charged to customers by power system; the amount of energy or capacity sold by power system; a detailed accounting of expenditures, capital costs, and staffing at headquarters and each region; and capital expenditures expended including the sources of capital for each investment. Additionally, this section requires the Administrator to make publicly available online an annual summary that would include updates to documents listed above; the total amount of unobligated balances broken down by function and authority; and the anticipated unobligated balance levels for the next year.

COMMITTEE ACTION

H.R. 2371 was introduced on May 4, 2017, by Congressman Paul A. Gosar (R-AZ). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Water, Power and Oceans. On May 18, 2017, the Subcommittee on Water, Power and Oceans held a hearing on the bill. On July 25, 2017, the Natural Resources Committee met to consider the bill. The Subcommittee was discharged by unanimous consent. No amendments were offered, and the bill was ordered favorably reported to the House of Representatives by unanimous consent on July 26, 2017.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation and the Congressional Budget Act of 1974. With respect to the requirements of clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308(a) and 402 of the Congressional Budget Act of 1974, the Committee has received the enclosed cost estimate for the bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 16, 2017.

Hon. ROB BISHOP,
*Chairman, Committee on Natural Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2371, the Western Area Power Administration Transparency Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

KEITH HALL.

Enclosure.

H.R. 2371—Western Area Power Administration Transparency Act

H.R. 2371 would direct the Western Area Power Administration (WAPA) to make more information about its financial operations available to the public. WAPA is an agency within the Department of Energy that markets electricity produced at federally owned dams in several western states. WAPA's expenditures are funded by annual appropriations and are offset over time by income from the sale of electricity.

Based on information from WAPA, CBO estimates that implementing H.R. 2371 would cost less than \$500,000 over the 2018–2022 period; such spending would be subject to the availability of appropriated funds. Implementing this bill would primarily involve making existing data accessible in new formats. According to

WAPA, much of that work is being done under current law. Enacting H.R. 2371 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 2371 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2371 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Kathleen Gramp. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

2. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to require the Administrator of the Western Area Power Administration to establish a pilot project to provide increased transparency for customers.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104-4

This bill contains no unfunded mandates.

COMPLIANCE WITH H. RES. 5

Directed Rule Making. This bill does not contain any directed rule makings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95-220, as amended by Public Law 98-169) as relating to other programs.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.