

Congress of the United States
House of Representatives
Washington, DC 20515-0301

March 15, 2016

The Honorable Mike Simpson
Chairman
Committee on Appropriations
Subcommittee on Energy and
Water Development, and Related
Agencies
U.S. House of Representatives
2362-B Rayburn HOB
Washington, DC 20515

The Honorable Marcy Kaptur
Ranking Member
Committee on Appropriations
Subcommittee on Energy and
Water Development, and Related
Agencies
U.S. House of Representatives
1016 Longworth HOB
Washington, DC 20515

RE: Customer Protections in Power Supply Contracts

Dear Chairman Simpson and Ranking Member Kaptur:

As you begin work on the fiscal year (FY) 2017 the Energy and Water Development, and Related Agencies Appropriations bill, we urge you to include language to protect power customers who buy electric power from the Western Area Power Administration (WAPA). Current efforts by WAPA to deny power customers the right to terminate power supply contracts in the context of Hoover Power allocations has departed from several decades of precedent employed in other WAPA service territories. Action by Congress is needed to restore the balance to the contracts proposed by WAPA.

Since the late 1980s, WAPA has relied upon a series of uniform contract terms for the sale of power from federal hydropower projects. These contract terms can be found in contracts with WAPA customers stretching from California to Arizona to North Dakota. Within the uniform terms, customers have retained the right to terminate power supply contracts in the event of a rate increase by WAPA.¹

The recent allocation of power from Hoover Dam has led to a new round of power supply contracts that will begin in 2017 and terminate after fifty years. Although the contract contains a formula to calculate charges, there is no specified rate or guarantee that WAPA will maintain attractive and competitive rates. While the absence of a stated rate presents a level of risk in the contract, utility managers are being asked to bind their organizations to a fifty year term with no option to exit.

WAPA's departure from traditional contracting terms utilized in other WAPA contracts requires correction from Congress. WAPA has rejected customer requests to include a

¹ Western Area Power Administration, General Power Contract Provisions, Provision 11, currently in effect.

termination provision, leaving many customers with concerns regarding the risk of contracting with a federal agency. Therefore, we ask for your support to include language similar to the following in the upcoming Energy and Water Development Act and Related Agencies Appropriations bill:

After fiscal year 2017, the Western Area Power Administration may not collect payments for power from electric power customers unless an executed contract with a power customer contains the termination clause found in Provision 11 of the Western Area Power Administration General Power Contract Provisions effective September 1, 2007 and is in effect for the duration of the power supply contract.

This language will afford all WAPA power customers the same rights without discrimination or prejudice as to the source of the hydropower. WAPA's refusal to treat all customers the same merits support of the language above by the Subcommittee as the Energy and Water Development and Related Agencies Appropriations bill moves forward.

Thank you for your consideration of this request.



Paul A. Gosar, D.D.S.
Member of Congress

Sincerely,



Martha McSally
Member of Congress



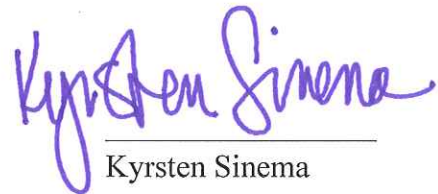
Trent Franks
Member of Congress



Ann Kirkpatrick
Member of Congress



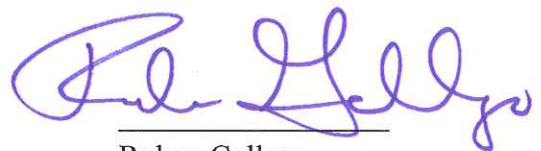
David Schweikert
Member of Congress



Kyrsten Sinema
Member of Congress



Matt Salmon
Member of Congress



Ruben Gallego
Member of Congress