

Committee on Resources

NEWS RELEASE

"The transfer of the Power Marketing Administrations out of federal ownership should be a benefit to both the ultimate rate payers as well as the taxpayers," said John Doolittle, Chairman of the House Water and Power Resources Subcommittee. Increased efficiency and competition will put pressure on the market to reduce rates. This should go a long way to offset rate increase pressures. "Keeping these sales from adversely affecting rates is the easiest challenge we have in making these transfer," he said.

The federal government no longer needs to be in the business of providing electrical power. There is a mature electric generation and distribution system run by local public and private power organizations. That system has grown up over the past 50 years with about 80% of the electricity generated by investor owned utilities (IOU's) and about 20% by the public sector power systems. Approximately 99% of Americans have access to electric power.

Currently, the PMA's are experiencing deferred maintenance problems on their facilities. In addition, there is typically a 25% increase in efficiency when this type of facility is transferred out of national ownership. Doolittle observed that, "America has an active program throughout the world to encourage countries to transfer their national power companies into local hands. We should be implementing the same policies here at home."

There are public power policies that should be protected in the transfers. "We can and should provide for limitations on rate increases, to provide a smooth transition from the current situation," Doolittle said at this morning's oversight hearing on the transfers of the PMA's. The trend toward increased competition should be enhanced by this transfer, rather than frustrated. And finally, the federal government should not be left with the liabilities while transferring the revenue sources.

Doolittle stated, "I remain very concerned about our ability to reach these objectives effectively, if we limit all transfers to the existing public power entities. It is unfortunate that there are those who continue to say that the sale of these facilities will cause significant rate increases." This is an opportunity to raise significant revenue to balance the budget at a time when very difficult choices are facing the American public. At the same time we will make sure that rate payers are protected in these sales.

###