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December 6, 2017

The Honorable Tim Walberg  
2436 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representative Walberg:

On behalf of the American Public Power Association (APPA or Association), I am writing to express our support for H.R. 4476, the PURPA Modernization Act of 2017. APPA is the national service organization representing the interests of over 2,000 community-owned, not-for-profit electric utilities. These utilities include state public power agencies, municipal electric utilities, and special utility districts that provide low-cost, reliable electricity and other services to over 49 million Americans.

The Public Utility Regulatory Policies Act of 1978 was enacted following the energy crisis of the 1970s to encourage cogeneration and renewable resources and promote competition for electric generation, as well as the conservation of electric energy. Much has changed in the 40 years since the enactment of the act, including the development of organized wholesale electricity markets and the adoption of policies at the Federal Energy Regulatory Commission (FERC) to promote open access transmission policies. Further, state and federal incentives have been adopted to promote generation from wind and solar resources, such as state renewable portfolio standards and the federal Investment and Production Tax Credits. Today, 15 percent of electric generation is from these resources versus virtually none in 1978.

APPA has increasingly heard from its members that PURPA's mandatory purchase obligation has forced them to buy power from qualifying facilities (QFs) they do not need and many times at rates that are higher than what can be obtained from the market. Load growth at many public power utilities has remained flat or decreased since 2008. For public power utilities that are under contract with joint action agencies for all of their power needs, this obligation to buy power from QFs may interfere with their power supply contracts. In enacting PURPA, we do not believe Congress ever intended for utilities to have to buy power they do not need, at rates typically higher than what is available in the market.

The Association is pleased you have introduced this legislation to make some needed reforms to PURPA's mandatory purchase obligation provisions. We support the directive to FERC to provide a rebuttable presumption to its one-mile regulations. This will provide utilities and other stakeholders with potential redress when a renewable developer splits a larger project into smaller ones located just over a mile apart to meet PURPA's 80-megawatt QF capacity limit as implemented in FERC's regulations. We also support and appreciate the inclusion of language in the bill to allow self-regulated public power utilities to override the mandatory purchase obligation when they do not need electricity to meet load or have a competitive process for procuring power that QFs can bid for.

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Thank you for your leadership on this important issue affecting electric utilities. I hope you will feel free to contact me or the APPA government relations staff with any questions.

Sincerely,

A handwritten signature in black ink that reads "Susan N. Kelly". The signature is written in a cursive, flowing style.

Susan N. Kelly  
President & CEO

*SNK/DW*

cc: The Honorable Greg Walden  
The Honorable Frank Pallone  
The Honorable Fred Upton  
The Honorable Bobby Rush