

- Board of Directors  
*Executive Committee*

March 14, 2000 Board Meeting

---

**8-3**

---

**Subject**

---

Pay the American Public Power Association \$5,000 for its Special Assessment on Activities Regarding the Federal Power Marketing Administrations.

**Description**

---

The American Public Power Association (APPA), a national organization of over 2,000 public power agencies including Metropolitan, represents the public power industry before federal entities. APPA has taken a leadership role in advancing public power's position in the national debate on the status and future of the federal hydro systems and the energy they produce.

Metropolitan typically receives approximately 60 percent of the energy needed for pumping operations on the Colorado River Aqueduct from the Colorado River federal power facilities at Hoover Dam and Parker Dam. The energy from Hoover and Parker is transported and marketed by the Western Area Power Administration, a federal Power Marketing Administration (PMA). Through long-standing contractual agreements, Metropolitan receives its allocation of Hoover and Parker energy at cost, which is substantially less than market value.

Over the years, a number of proposals and legislation have surfaced to either privatize the PMAs or sell their power at market rates. Either outcome could have a dramatic, adverse impact on the cost of Colorado River Aqueduct pumping, potentially raising costs by \$60 million or more. It is anticipated that these efforts will increase during this year as national electric industry deregulation legislation is debated.

Up to this time, APPA has effectively countered the efforts to change the status of the PMAs. To continue its activities, APPA has requested payment of a voluntary, special assessment based upon the amount of energy received from PMAs (see [Attachment 1](#), APPA's payment request). This special assessment of \$5,000 is in addition to Metropolitan's annual APPA dues, which are approximately \$2,700. Metropolitan previously paid an APPA special assessment for PMA activities of \$10,000 in FY 96-97.

The possibility of this special assessment was anticipated and included in the dues amount for APPA in the "Annual Report on Organizational Memberships," informational Board Letter 10-31 dated April 15, 1999.

Metropolitan has been a member of APPA since 1994.

**Policy**

---

Administrative Code, Section 11202.

**Board Options/Fiscal Impacts**

---

**Option #1**

Authorize payment of the \$5,000 APPA special assessment for PMA activities.

**Fiscal Impact:** \$5,000

**Option #2**

Authorize payment of an amount different from \$5,000

Payment of a lesser amount may reduce APPA's effectiveness in promoting public power's interests in the PMA debate resulting in adverse impacts to Metropolitan.

**Fiscal Impact:** Unknown

**Option #3**

Do not approve payment of the special assessment.

Non-payment may reduce APPA's effectiveness in promoting public power's interests in the PMA debate resulting in adverse impacts to Metropolitan.

**Fiscal Impact:** None

**Staff Recommendation**

---

Option #1. Approve payment of the \$5,000 APPA special assessment for PMA activities.



Jill T. Wicke  
Acting Manager, Water System Operations

2/11/2000  
Date



Ronald R. Jester  
General Manager

2/18/2000  
Date

**Attachment 1—APPA's Payment Request**



356

American Public Power Association

2301 M Street, N.W.  
Washington, D.C. 20037-1484  
202/467-2900  
202/467-2910

## Preference Fund Campaign Remittance Form

The Preference Fund Campaign is a continuing effort by the American Public Power Association to address the attacks on federal power marketing administrations (PMAs) and the calls for privatization. We expect those attacks to continue through the introduction of bills in the House and Senate, attempting to force the PMAs to charge market-based rates or to cripple the PMAs with amendments to electricity restructuring or other bills.

We encourage you to consider sending the special assessment indicated below to ensure that APPA's efforts will continue in support of PMAs for the benefit of preference customers.

Please send your assessment by December 20, 1999.

Received from:

Jon C. Lambeck  
Manager of Power Resources  
**Metropolitan Water District of Southern California**  
of Southern California  
700 North Alameda St.  
Los Angeles, CA 90012

**Special assessment:** \$ 5000

Amount remitted: \$ \_\_\_\_\_

**Please make checks payable to American Public Power Association (no acronyms, please).** You may use the enclosed envelope, or mail your check to:

American Public Power Association  
P.O. Box 79367  
Baltimore, MD 21279-0367

**Please enclose a copy of this form with your check.**

Thank you.