

**Mr. Mark A. Gabriel, Administrator,  
Western Area Power Administration  
Remarks before the Subcommittee on Water, Power and Oceans  
House Natural Resources Committee  
April 12, 2018**

Thank you, Mr. Chairman and Members of the Subcommittee. My name is Mark A. Gabriel. I am the Administrator of the Western Area Power Administration, or WAPA. I am pleased to speak to you today on WAPA's Fiscal Year 2019 budget and budget authority request and WAPA's role in the energy industry.

Last year, WAPA celebrated its 40th anniversary providing renewable, reliable, cost-based hydroelectric power and related services to 700 customers, including 93 Native American tribes. These customers serve more than 40 million Americans in the West. It is a legacy to be proud of and a strong foundation for the future.

In Water Year 2017, WAPA delivered more than 26,000 gigawatt hours of hydroelectric power to its customers, which is 101 percent of average.

The hydropower WAPA markets provides unparalleled benefits to customers and citizens. Rates are often lower than or equal to industry averages, helping rural economies thrive. More than 70 percent of WAPA's customers are experiencing stable or decreased rates this year; and in partnership with the Bureau of Reclamation, we will be reducing rates for California customers by 13 percent over the next several years.

One of the most significant challenges for the industry is combatting physical and cybersecurity threats. It is a concern we take seriously as owners of more than \$4.3 billion in assets, including more than 17,000 miles of high-voltage transmission line, 177,000 structures, 319 substations, and 297 transformers.

In 2017, WAPA resolved 99.61 percent of cyber incidents within three days, and did not experience a single significant cyber event. We have completed more than 270 physical security assessments at our facilities since 2014.

In the event of a major, widespread power outage, WAPA has the ability to provide off-site emergency power to generating sources. The capability to energize a generating facility with no on-site power is called black start. After re-energizing generating stations, WAPA personnel help restore transmission service, a prerequisite for getting power flowing to homes and businesses.

Finally, WAPA helps guarantee reliable power by procuring and providing long-term, at-cost energy and transmission services to military installations and national labs in its territory.

WAPA has contained costs and staffing levels while also addressing new mandatory regulations and physical and cybersecurity requirements. The Fiscal Year 2019 budget request is \$1.2 billion, the same amount as in Fiscal Year 2018. WAPA's employee level is also flat.

Only \$66.6 million, or six percent, of the \$1.2 billion budget comes from appropriations. All appropriations are repaid to Treasury with interest.

The remaining \$1.1 billion, or 94 percent of WAPA's budget, will come from offsetting funding resources, particularly from power and transmission customers paying for benefits they receive on the federal power and transmission projects, and the original investment in the infrastructure, plus interest.

We forecast investing \$1.6 billion in our assets over the next decade, primarily in transmission lines and substations. It is the largest investment in the transmission infrastructure since its original construction.

We share our Asset Management program results with customers to collaborate on 10-year work plans and ensure we are making the right investments, at the right time and in the right place. WAPA has also deployed a lifecycle management strategy for the organization's information technology assets to keep up-to-date on Federal and industry requirements and technology.

WAPA has embarked on a number of public-private partnerships designed to improve grid reliability and security, relieve congestion and replace aging infrastructure. The projects would add 3,600 megawatts of capacity to the grid. None of these projects result in increased costs for customers or the government.

Like any organization, we are improving our processes and procedures. Our Continuous Process Improvement program has completed 25 efforts, resulting in \$55 million of primarily cost avoidance in the past three years. In the past two years, we have completed 26 internal and external audits, closed out 41 audit recommendations, and implemented a continuous monitoring program to review Government Purchase Card transactions on a quarterly basis.

Two years ago, we launched "The Source" website to share accurate and up-to-date operational information. WAPA continues to build and develop the site with considerable expansion scheduled this May to include financial information.

The industry is experiencing a wave of changes and opportunities the likes of which have not been seen in the past 50 years. But WAPA's mission of providing at-cost, reliable, renewable power remains the same. Thanks to the investments and wise decisions we are making today, our services will provide value to our customers in a dynamic and complex energy frontier.

Thank you, Mr. Chairman. I would be pleased to answer any questions that you or the Subcommittee members may have.