

U.S. HOUSE OF REPRESENTATIVES

NATURAL RESOURCES COMMITTEE

CHAIRMAN DOC HASTINGS

FOR IMMEDIATE RELEASE  
Wednesday, November 09, 2011  
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## **Chairmen Seek to Halt Risky WAPA Loans by Energy Department, Give Notice on Further Oversight and Document Requests**

*Troubling DOE IG "Alert" Details Signs of Mismanagement, Program Failure*

**WASHINGTON, D.C.** – House Natural Resources Committee Chairman Doc Hastings (WA-04) and Subcommittee on Water and Power Chairman Tom McClintock (CA-04) sent the following letter to Department of Energy (DOE) Secretary Steven Chu following the alarming November 7<sup>th</sup> DOE Inspector General ["Management Alert"](#) report on the Western Area Power Administration's (WAPA) risky, Solyndra-like loan authority and Rep. McClintock's bill, [H.R. 2915](#), to repeal WAPA's borrowing authority and take taxpayers off the hook for future poor investments. The letter asks for an "immediate halt to all WAPA borrowing authority allocations, expenditures and activities" as well as informs DOE and WAPA that they will "be receiving specific requests for information and documents."

H.R. 2915, the American Taxpayer and Western Area Power Administration Customer Protection Act of 2011, [passed out of the Natural Resources Committee](#), repeals the 2009 Stimulus Act's new \$3.25 billion WAPA loan authority, including the taxpayer bailout provision for failed renewable energy transmission projects.

The full text of the letter is below. Click [here](#) to view a copy of the letter.

November 9, 2011

The Honorable Steven Chu  
Secretary  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, DC 20585

Dear Secretary Chu:

We write to request an immediate and indefinite halt to any allocation of taxpayer dollars through the Western Area Power Administration (WAPA) borrowing authority enacted in the 2009 stimulus spending law, officially known as the American Recovery and Reinvestment Act. As the respective Chairmen of the appropriate authorizing Committee and Subcommittee in the U.S. House of Representatives, we firmly believe that any additional funding allocations made from this program puts American taxpayers and existing WAPA ratepayers at unacceptable financial risk. The Department of Energy (DOE) should cease and desist with any and all WAPA borrowing authority expenditures and

activities.

The DOE Inspector General's November 7, 2011 "Management Alert" on WAPA's borrowing authority is deeply troubling. The Alert makes it abundantly clear that WAPA not only lacks the qualifications and internal controls to carry out this program, but also points out that officials "encountered pressure...to spend Recovery Act funds expeditiously." The end result is that WAPA contributed \$161 million (or 75%) of American taxpayer funds towards a Canadian company's project that later experienced "significant delays and cost overruns" and is now at a "standstill."

The Inspector General also found that existing program management funding will run out later this fiscal year. This was supposed to be a "self-financing" program, but the lack of revenues in this failed program will likely lead to a funding gap. The report indicates that WAPA is considering "various options" to meet funding requirements. We are very concerned that the agency could be contemplating additional taxpayer funding or tapping existing ratepayer revenues to overcome this funding shortfall.

As you should be aware, the House Natural Resources Committee has acted on legislation to repeal WAPA's borrowing authority. On October 5, 2011, the Committee voted to favorably report the legislation to the full U.S. House of Representatives for consideration. We are committed to advancing this legislation and repealing this risky program that puts billions of taxpayer dollars in jeopardy of failure and bailout. Until this bill is enacted, taxpayer funds should not be further gambled on the WAPA borrowing authority. The risk of taxpayer bailouts and the loss of hundreds of millions of dollars are very real considering the underlying statute, which explicitly states: *"If, at the end of the useful life of a project, there is a remaining balance owed to the Treasury under this section, the balance shall be forgiven."* The troubling findings in the Inspector General's Management Alert amplify the very serious, legitimate and imminent concerns that the WAPA program could lead to taxpayer defaults, an overall lack of transparency in decision-making, and potential raids on existing ratepayer-financed projects.

In addition to asking for an immediate halt to all WAPA borrowing authority allocations, expenditures and activities, we will be continuing our oversight of this program and decisions made to date. The Energy Department and WAPA will be receiving specific requests for information and documents. As the Natural Resources Committee conducts further oversight, prompt cooperation is expected.

Sincerely,

Doc Hastings  
Chairman  
House Natural Resources Committee

Tom McClintock  
Chairman  
House Water and Power Subcommittee

cc: WAPA Administrator Timothy Meeks

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