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TODD YOUNG  
CHIEF OF STAFF

**U.S. House of Representatives**  
**Committee on Natural Resources**  
**Washington, DC 20515**

**Opening Statement**  
**The Honorable Doc Hastings**  
**Chairman**

**House Committee on Natural Resources**

**At the Oversight Hearing on**

***“The Chu Memorandum: Directives Could Increase Electricity Costs  
for over 40 Million Families and Small Businesses”***

**Tuesday, September 11, 2012**

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DEMOCRATIC STAFF DIRECTOR

Today's hearing is the second examination of potentially significant electricity rate increases on 40 million consumers due to Washington, DC directives. These mandates, as proposed by the Obama Administration and Energy Secretary Chu without any clear legal authority, could dramatically change and undermine the collaborative and low-cost, emissions-free nature of the federal power program.

This Committee heard five months ago that the Administration's directives were a "solution in search of a problem" and that nothing was broken. In fact, we heard that those in the Pacific Northwest and others receiving hydropower from our dams and reservoirs are working well on a collaborative level to resolve grid reliability concerns and to integrate more non-intermittent energies. At the hearing, I asked why family farmers in my rural district should be forced to pay higher electricity bills so people in downtown Seattle can plug in expensive electric vehicles just because Secretary Chu says so. I never got an answer. I joined with 18 of my Pacific Northwest colleagues from both sides of the aisle in a letter to reaffirm many of those concerns.

Because it appeared these bipartisan concerns were falling on deaf ears, the full House adopted a bipartisan Appropriations Committee provision to prohibit funding for any new activities outlined in the Chu Memorandum. Shortly after, 166 bipartisan House Members and Senators sent a letter with their concerns that this was a "top-down" effort and urged the Secretary to engage in a "meaningful collaboration with stakeholders, including ratepayers and Congress, prior to moving forward with these new initiatives." In this charged political atmosphere, this letter should be instructive.

With this activity, the Obama Administration and the Energy Secretary, in particular, should have heard loud and clear the message that they needed to work with those ratepayers most impacted by the Memorandum and that maybe they had gone too far. By most accounts, the Administration and the Secretary have failed to get the message.

We will hear testimony today that the Department of Energy's workshops to gather input were "superficial" and "disorganized". In fact, the American Public Power Association will testify that they question whether DOE is "genuinely seeking customer input" and the National Rural Electric Cooperative Association has recently stated that "the reasons for the initiative have not been made clear and appear to be continually evolving". These charges are troubling and significant since they all come from those representing consumers who could be impacted by these directives.

Senator Max Baucus, in a letter he sent a few weeks ago to the Secretary, appropriately asked for concrete examples where Montana ratepayers will not pay for something in which they do not benefit. To my knowledge, he has not received an example. Instead, the Secretary's staff is emphatic about imposing its will on the Western Area Power Administration by its own arbitrarily-set deadline of the end of the year. Senator Baucus spoke for many in pointing out the Department's rush to judgment when he asked for a delay until at least early next year.

I commend Senator Baucus for his efforts to delay implementation of the Administration's Chu directives, and I support him, but the evidence is irrefutably clear that the better approach would be for the Secretary to pull the plug on this misguided effort. It's troubling to think that DOE's efforts with one PMA will become a blueprint for the other PMAs.

The Secretary needs to scrap this effort, start over and work with all involved in forming a policy based on need and transparency. That's why, following the Appropriations' Committee's actions earlier this year, my hydropower protection and promotion legislation, H.R. 6247, includes a provision to that end.

But, I fear that this Administration is on a roaring freight train to a pre-determined conclusion. Secretary Chu issued this Memorandum - it is, after all, signed by him and is in his name - which is why he was personally invited to testify today. Unfortunately, he turned down our request once again.

When Americans are already struggling to fill their tanks due to the rising price of gasoline, which has doubled under this Administration's watch, the last thing they need is to pay more every time they flip on the light switch. The Secretary needs to personally explain to this committee why he and his Administration are experimenting with various energy schemes and mandates.

At a crucial economic time, raising home energy prices defies logic yet that is what the Administration's proposals would do according to many of our distinguished witnesses before us today. The only thing this Secretary seems to be generating in this effort is unanswered questions and fear. The American people deserve better.