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

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Opening Statement
The Honorable Doc Hastings
Chairman, House Committee on Natural Resources
At the Water and Power Subcommittee Oversight Hearing on
"Examining the Proposed Fiscal Year 2013 Spending, Priorities and the Missions of the
Bureau of Reclamation, the U.S. Geological Survey's Water Resources program and the Four
Power Marketing Administrations"
Tuesday, March 20, 2012

I'm pleased to be here today, especially since the agencies under the Water and Power Subcommittee have a profound and direct impact on the central Washington district I represent. Two of the largest federal irrigation projects in the West, as well as the Grand Coulee Dam, the largest producer of hydropower in the U.S., are in my district. Together, they serve as the heart of central Washington's economy and way of life.

The Bureau of Reclamation and the Bonneville Power Administration are two of the agencies before us today. Along with the Army Corps of Engineers, these agencies have played a vital role in providing reliable and affordable water and power supplies to the Pacific Northwest. It is our duty to ensure that these traditional missions continue for future generations.

This duty is becoming increasingly challenging. The historical roles of these agencies are being undermined. Ongoing endangered species litigation and a sue-and-settle approach embraced by this Administration have transformed these agencies into something that was never envisioned. The result: less water storage, continued man-made droughts and policies that are driving up electricity rates.

At a time when Americans are paying record prices at the gas pumps, higher water and electricity rates will only make matters worse for the economy. This is evident in the Pacific Northwest, where fish costs constitute over 30% of electricity rates – close to \$1 billion annually -- and -- thanks to a recent FERC directive -- Bonneville's ratepayers will likely be forced to pay wind developers not to produce energy that was most likely destined for California. BPA is already exporting 70 percent of Northwest-product wind energy to California.

I support renewable energy and wind power, but we must protect the lowest-cost hydro energy source. The economy of the Pacific Northwest is not a place to experiment and drive-up the cost of energy in pursuit of a political approach to energy. Which brings us to the next subject.

Last week, the Secretary of Energy issued directives to the Power Marketing Administrations that could dramatically alter the way these agencies do business. Mandating PMAs to change their rate structure to integrate even more wind and to provide power for electric vehicles will only increase energy rates, further strain the transmission system, and shift costs to consumers for little or no benefit. The Secretary's memo appears to run counter to the traditional mission of the PMAs to provide the lowest-cost energy possible to their customers within sound business principles

This Administration's departure from the traditional PMA missions didn't begin last week, however. The Western Area Power Administration's borrowing authority program was created under the cover of darkness in President Obama's so-called 2009 "stimulus" spending bill without any debate or input. As a result, it's no surprise that the new program is being mismanaged. Don't take my word for it – look at the Energy Department's Inspector General report detailing numerous problems.

Since there is another huge potential taxpayer bailout in the borrowing authority, this mismanagement is troubling and oversight is sorely needed. For this reason, subcommittee Chairman McClintock and I formally asked Secretary Chu for documents and information related to the implementation of the program. The agency has been less than forthcoming with this information, even in this supposed new age of Administration transparency. We are sending another letter today and it should serve as a stern warning that we intend to follow through with rigorous oversight.

In conclusion, I appreciate being here for this important hearing and I look forward to continuing to work with Subcommittee Chairman McClintock and Ranking Member Napolitano on these and other issues.