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**Testimony Before the House Committee on Resources
On the Impact of Electricity Costs On Production Agriculture**

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My name is Leland J. Hogan. I am a fourth generation farmer. My brother and I operate a diversified ranch and farming operation, which includes 600 acres of alfalfa hay and grain crops in Stockton, Tooele County, Utah. In my area, as is true with much of the farmland in the West, crops must be artificially irrigated by pumping underground water or pressurizing surface water for sprinkler systems. I have served as a member and chairman of the Utah Committee of Consumer Services, an agency of Utah state government responsible for analyzing economic impacts of utility pricing on consumers. I have also served as chairman of the Tooele County Commission, a member of the Utah Quality Growth Commission, vice president of the Utah Farm Bureau Federation, and chairman of that organization's irrigation pumpers' committee. I am particularly pleased to appear before this committee, because Chairman Hansen is my congressman.

Energy costs comprise a major, and rapidly growing segment of the cost of producing food and fiber for America's consumers. From the fuel for our farm implements, to the irrigation pumping costs, to the processing and transportation of this food and fiber, the impact of these skyrocketing energy costs is placing farmers in a serious economic squeeze.

The agriculture industry's ability to directly pass on these increases in energy costs is limited or non-existent. Due to the highly competitive national and international market for agricultural products, the price for our products is set by market forces and not by producers. As "price takers," producers and processors must absorb increased costs resulting in the higher threat of widespread business failure. Moreover, in the long-run, increased energy costs to agriculture producers will ultimately be passed on to American consumers through higher retail pricing of goods.

There are roughly 3,500 agriculture producers in Utah who rely on electricity to irrigate crops. Approximately 1,300 of these irrigators are customers of Utah Power, Utah's only investor-owned electric utility company. Last June, these regulated customers used 54 megawatts of power on the company's peak load, which, to put in perspective, is enough power to provide electricity for 30,000 homes for one month. The collective annual cost for electricity to these 1,300 irrigators was \$7.2 million. However, these irrigators, along with all customer classes of the company, will be facing a 9.5 percent increase in their utility rates due to a recent interim rate adjustment ordered by our Public Service Commission. A rate case recently filed by Utah Power to adjust rates even higher is also pending.

To top it off natural gas pricing to Utah retail customers is up 50 percent from a year ago. While natural gas generally does not play as big a role in the cost of production for agriculture in Utah as electricity, it still takes a significant toll on residential cost of living.

So what can be done about these rapidly rising costs? While conservation and more prudent use of the energy we have is always a good idea, the current situation cries out loudly for the Bush Administration, working with congress, to develop a sensible energy policy. May I assure the committee that this comment is not a call for nationalization of our energy production in any form. Rather it is a call for a new commitment to development of existing known reserves of crude oil, natural gas and other fuels in the carbon-based family. It is also a plea for the United States government to devote far more funding and other incentives to foster development of alternative energy sources, including plant-based sources.

As a Utahn I cannot fail to again point out that in our state there is a vast supply of high grade, low sulphur coal. And perhaps hundreds of years' supply of it was locked up with the sweep of a presidential pen when the 1.7 million acre Grand Staircase-Escalante National Monument was declared in Southern Utah four years ago. Indeed, there are within that monument some important and apparently rare plant species and some rare, even spectacular scenery. As a farmer I am vitally interested in identification and preservation of endangered plants species. Future commercial agriculture plant genetics may depend on it. But there are vast acreages of that monument underlain by this high quality coal that could be harvested with very little surface disturbance. Isn't it time that we start to make the connection between the light switch on the walls of our houses and the coal mines of America?

In Utah most of the natural gas wells are on land managed by the Bureau of Land Management. The permitting process to gain access to these lands for energy development is daunting. Although I will defer to those who are experts in this area, surely this process can be streamlined and our government can encourage energy production rather than impede it. These are public lands. The resources they hold should benefit the public----all the public! We have learned much about more environment-friendly energy exploration and restoration of disturbed areas. I urge this committee to move our government back towards multiple use of these lands.

Some of my farm and ranch colleagues have visited Alaska's Prudhoe Bay oil fields. Then, after flying directly over the Arctic National Wildlife Refuge while in that area, they came back convinced that with modern technology and the existing commitment to environmental protection while harvesting energy, there is no real

reason to deny ourselves the vast quantities of recoverable high quality crude oil available within that refuge.

As a citizen, farmer, former elected public official, a parent and a grandfather, I plead with the members of this committee to move this nation away from an ever-growing dependence upon foreign sources of energy supplies. I believe we can do it, and I believe we must do it. If the recent escalations in energy costs, including the manipulated oil prices by the cartels don't make us understand this, I am at a loss as to what will.