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

Opening Statement of
Chairman Tom McClintock
Subcommittee on Water and Power

On Wednesday, June 26, 2013

1324 Longworth House Office Building Subcommittee Oversight Hearing on
"The Power Marketing Administrations: A Ratepayer's Perspective"

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Today, the Subcommittee hears from the rate-payers who are bearing spiraling costs for electricity caused by ill-advised government policy.

These are the ratepayers who bought and paid for the great hydropower projects of the 20th Century, but who are today facing rapidly escalating surcharges and hidden costs to indulge policies imposed upon them by the federal government for programs they do not want and benefits they do not receive.

Earlier this year, this subcommittee heard from the Administrators of the Power Marketing Administrations of their plans for the coming fiscal year. Yet, they aren't the ones paying the bills – they are the ones imposing them under federal law.

This hearing today will focus on those who pay the electricity bills and who must answer to their customers – the families and businesses that actually write the checks to their local utility each month.

These families and businesses deserve to know WHY their electricity bills are skyrocketing, and the answer is very simple: government policy emanating from this administration.

And that's the fine point of the matter. Wise public policy produced the era of hydro-electric dams that today produce the cleanest and cheapest electricity on the planet, ultimately paid by the users of that electricity and not by general taxpayers. These projects also made possible the environmental benefits of year-round water flows in dry times and flood control after deluges. They provided the water necessary for the greening of the west and vast new recreational resources enjoyed by untold thousands of Americans.

But these great hydroelectric projects are ideologically displeasing to the political left – which has been amazingly successful first at discouraging the construction of new projects and are now encouraging the destruction of existing ones.

The left has sought to impose draconian restrictions on water usage while asserting that's the same as increasing supply. They have imposed outrageously expensive technologies and hidden the costs of these mandates by shifting them to consumers represented by the groups before us today as well as to general taxpayers.

The cheap and abundant water and power created by these projects made possible the explosive growth and prosperity of the Western United States, and as we shall hear, the war now waged against these projects has imposed prohibitive costs that are now destroying that prosperity.

Yet, while dramatically restricting these projects and vastly inflating their costs, the left tells us that we must mandate electric trains and cars at a time when we can't guarantee enough electricity to keep people's refrigerators running this summer.

We will hear testimony today that hydropower from federal dams continues to be a base resource that is cheaper than any other form of electricity available to us.

Families and businesses have paid for this resource with interest under the longstanding "beneficiaries pay" principle. The premise of this doctrine is that those who benefit must pay for their commensurate costs.

That doctrine is being radically transformed under this Administration that seems intent on imposing costly mandates, regulations, fees and litigation that are making the monthly arrival of the family utility bill a growing financial nightmare.

For example, we will hear that Central Valley Project power customers are being fleeced by an unaccountable tax program that lavishes funds on environmental causes while inflating electricity prices to cost-prohibitive levels.

We will also hear more of former Energy Secretary Steven Chu's far-reaching 2012 Memorandum that would use ratepayers as a piggy-bank for the pet projects of the left – projects that offer no benefits to these consumers but impose back-breaking new costs.

This radical policy – initially drafted in secrecy with no consultation with the consumers directly affected by it – sought to subsidize wildly expensive and intermittent wind and solar energies and to hide their true costs from the public. There are many questions and not enough answers as to how the current version of this document will be implemented.

Common sense should tell us that a government that confuses rationing with abundance or that mistakes ideological sophistry for sound resource management will condemn itself to increasingly painful shortages and economic distress.

Once again, it comes down to two very different visions of the future.