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CHIEF OF STAFF

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

Opening Statement
Congressman Tom McClintock
Chairman
House Water and Power Subcommittee
Oversight Hearing on

"Examining the Spending, Priorities and the Missions of the Bonneville Power Administration, the Western Area Power Administration, the Southwestern Power Administration and the Southeastern Power Administration"
March 15, 2011

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JEFFREY DUNCAN
DEMOCRATIC STAFF DIRECTOR

Today the subcommittee hears from the four federal power marketing administrations that administer our hydroelectricity.

When we reviewed these administrations last year, I said that I wanted to know how much more is being added to our electricity bills from over-regulation, water use restrictions and mandated use of so-called alternative energy sources and what they were doing to reverse these restrictions and costs. I also said that I wanted to know what plans are underway to increase our hydro-electric resources.

I hope that we will get clear and accurate answers today on these critical points.

We should remember that in the 1940s, the cheap and abundant hydroelectricity generated in the west's federal dams played a major role in producing the armaments and food needed to defeat our enemies in World War II. And in the post-war years, it laid the foundation for the explosive economic growth and prosperity of the western United States.

Federal hydropower projects and the transmission lines delivering the power continue to serve their purpose today. But, there's one major difference: the objective of providing abundance has been replaced by a mentality of rationing shortages and imposing wildly expensive mandates. Litigation, regulation, federal judges turned river-masters, and mission creep are reducing project output and slamming consumers when our economy can least afford it.

At a time when we should be empowering communities and employers to create jobs, I am concerned that these policies are adding greatly to our economic distress.

For example:

- 3 out of 10 ratepayer dollars in the Pacific Northwest are now spent on restoring salmon habitats – over \$800 million taken from ratepayers annually -- while we

ignore the role that fish hatcheries play in producing and supporting abundant salmon populations at a fraction of the cost.

- The federal government has deliberately foregone a third of the hydropower production – or 1,000 megawatts -- at Glen Canyon Dam in the name of saving the humpback chub. We have now discovered that this policy actually increases the predator populations that feed on the chub, and yet instead of admitting our mistakes and changing our policy, this administration seems intent on doubling down on them.
- Meanwhile, in the afflicted Central Valley of California, Central Valley Project power customers are fleeced by restoration taxes that inflate their electricity prices to the breaking point.

All of these policies make electricity more expensive. By imposing fees on hydropower or by deliberately restricting it for pet causes of the environmental Left, this government is forcing consumers to buy ever more expensive replacement power. The effort by the Environmental Protection Agency to radically restrict carbon dioxide will vastly exacerbate this burden.

I might also add that the Western Area Power Administration's quest to incorporate wildly expensive solar and wind power – combined with its new borrowing authority -- threatens to erode the "beneficiary pays" principle. Under the agency's new borrowing authority, any defaulted loans with balances could be heaped on taxpayers.

Instead of deliberately bypassing water away from hydropower turbines, decreasing storage capacity in the name of saving endangered fish and mandating wildly expensive and inherently unreliable generation into the grid, we need to restore as our objective the development and maintenance of abundant, affordable and reliable water and power supplies for those who actually pay the bills.

A government that confuses rationing with abundance or that mistakes ideological sophistry with sound resource management condemns itself to increasingly painful shortages and economic distress.

The power marketing administrations before us today hold a key to restoring a new era of abundance and prosperity if they choose to do so. Or they can plunge us into a new dark era of rationing, shortages, prohibitively expensive water and power and a dying economy.

I hope today to discover how much more power they are providing today than they were when they appeared before the sub-committee last year – and at what cost; what they have done to reduce prices for their consumers over the past year; and what they have done to relieve taxpayers from bearing costs that ought to be paid by the beneficiaries of their projects. I would like to know what cost/benefit analysis they use to evaluate their commitment of resources. And I would like to know what plans they have to further increase supply, decrease costs, and achieve financial independence in the future.