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U.S. House of Representatives
Committee on Natural Resources
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Opening Statement
Of
The Honorable Tom McClintock
Subcommittee on Water and Power
Legislative Hearing

On

H.R. 4349, the Hoover Power Allocation Act of 2009

And

H.R. 4579, the South San Diego County Water Reclamation Project of 2010

March 18, 2010

I believe that today's hearing offers us the best and the worst of federal water policy, and the two bills today offer us an instructive contrast.

The best of federal water policy is represented by Chairwoman Napolitano's HR 4349 to renew the power contracts for hydroelectricity generated by the Hoover Dam.

In the first half of the 20th Century, the principle objective of federal water and power policy was to produce an abundance of both. The Hoover Dam stands as a monument to that vision: producing more than 2,000 megawatts of the cleanest and cheapest electricity on the planet, in addition to 28 million acre feet of water storage and flood control for the entire Colorado River basin.

The federal government helped front the money for construction, which was repaid by the users of the water and electricity in proportion to their use.

Today, 75 years after it was completed, Hoover Dam continues to provide a bounty of abundant water and power to the western United States.

Chairwoman Napolitano's bill continues allocating this fee-for-service hydropower and is a model for federal water policy.

Although I have a few concerns -- namely the duration of the contract -- the bill continues to embrace abundance through the distribution of this far-sighted resource.

On the other end of the spectrum, we also have before us HR 4579, which embraces the water shortages that have become chronic in the years since the federal government abandoned abundance as its objective and since it abandoned rational financing and cost-benefit analysis.

The cost per acre foot of water from this facility is estimated at \$1,500 per acre foot – almost double the cost of importing water at \$800 per acre foot.

Unlike Hoover Dam, which was paid for by the users of the water and power it produced, the federal cost of this project is paid for entirely by the taxpayers of the United States and is thus a gift of public funds to the residents of Chula Vista.

Even the Obama administration – which no one can accuse of being a taxpayer watchdog – questions both the feasibility of the project and the ability of the Federal government to finance it in light of a \$626 million backlog of such projects.

Given the fact that we have such a backlog, I would suggest that we declare a moratorium on Title 16 projects until this committee develops a rational cost-benefit standard for all proposals coming before us.

We need to require the Bureau of Reclamation to consider the cost per acre foot of every water recycling project compared to other available alternatives, taking into account the construction cost amortized over the life of the project, the operating and maintenance costs, and the ancillary revenues (for example, power generation), per acre foot of water.

And instead of making public grants to local water agencies, all such projects should be financed as the Hoover Dam – by the users of the water and power in proportion to their use.

Furthermore, Title XVI projects should be subject to the same feasibility study required for other water supply projects before they are considered by this committee.

I'm not opposed to water recycling projects – but I am opposed to any water project that ignores costs and benefits or that robs St. Petersburg to pay St. Paul.

If a local water utility wants to spend its ratepayer dollars on expensive water recycling and desalination projects, it has every right to do so if its citizens approve. But, when those utilities and their lobbyists come before Congress asking the people of one community to pay for water projects for another, we need to ask some tough questions.

The American taxpayer deserves real answers, not a committee rubber stamp that authorizes projects from start to finish without documentation. We rightly require stringent financial and feasibility documentation on new surface storage, yet the majority falls silent when it comes to requiring the same documentation on water recycling projects that are often far more expensive per acre foot.

This duplicity has to stop and I would hope that it stops as of today.