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U.S. House of Representatives

Committee on Natural Resources

Washington, DC 20515

Opening Statement of

Chairman John Fleming

Subcommittee on Water, Power, and Oceans

On Tuesday, March 24, 2015

1334 Longworth House Office Building

Oversight Hearing on *"Examining the Proposed Fiscal Year 2016 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"*

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Today the Subcommittee on Water, Power, and Oceans meets to review the budgets of the federal agencies charged with the responsibility of utilizing the immensely important water and power resources of the United States.

Most of the agencies we will hear from today are regional in scope, but have nationwide impacts. The Bureau of Reclamation, for example, has allowed our Western states to flourish both economically and culturally for over a century, yet the water that flows from its projects today has a profound benefit to our nation's food supplies. Many of the fruits and vegetable that we see in grocery aisles are directly related to irrigated agriculture served by the projects. The agency is still being financed by water and power users under the century-old "beneficiaries-pay" rules, but some of its programs are being financed by American taxpayers. It is indeed a legitimate question to determine the federal nexus for some of these grant programs, including the removal of residential grass or the exchange of toilets throughout the West.

The four Power Marketing Administrations – or PMAs - deliver hydropower generated at Bureau of Reclamation and Corps of Engineers dams serve millions of families and businesses throughout the West and the South. The core mission of these PMAs is to provide low-cost, renewable hydropower to wholesale power customers within sound business principles. My district in Louisiana is served by the Southwestern Power Administration. Southwestern has the potential to deliver more than 2,000 megawatts generated by 24 federal multi-purpose hydropower projects. These projects give our region diverse sources of affordable, reliable energy.

Like many states west of the Mississippi, however, our region has also experienced drought. Over the last decade, Southwestern customers have been plagued by volatile rates largely as a result of unpredictable weather patterns. To help alleviate some of this volatility, Southwestern's customers have proposed language to create a Purchase Power Drought Fund. This account, designed to avoid rate spikes, will be pre-funded through a new rate component charged to Southwestern customers. I look forward to discussing the

Drought Fund proposal during this hearing, and hope to gain valuable insight on the way in which Southwestern plans on managing this fund.

Drought has undoubtedly played a role on rate increases. However, there are other drivers that the ratepayers must absorb since the PMAs are solely ratepayer-financed. Fish and wildlife costs are directly passed on to the consumers. All staffing costs are borne by ratepayers as well. Since PMAs operate under the "beneficiaries-pay" rule, these agencies must be accountable to those who pay the bills.

There are instances where some of the agencies' activities could lead to un-intended costs borne by ratepayers and taxpayers. For example, Southwestern is engaged in a proposal called Clean Line to provide wind power to eastern cities. Although Southwestern's customers are not being asked to finance this project, many of its customers are concerned that they will bear the liability if the line goes belly-up. I would also note that the Arkansas delegation is pursuing legislation to limit Southwestern's eminent domain powers on this project.

In addition, the Western Area Power Administration has a new "borrowing authority" designed to facilitate the delivery of green energy through taxpayer loans to third-party developers. This so-called "stimulus" law that created this program states- and I quote - "If, at the end of the useful life of a project, there is a remaining balance owed to the Treasury under this section, the balance shall be forgiven." Taxpayers do not need another Solyndra, which is why I have offered amendments to the Energy and Water Development Appropriations bill in past years to ensure that no taxpayer dollars are spent on this program.

Taxpayers and ratepayers deserve accountability in our government. They deserve a more transparent and responsive government. This hearing is designed to help foster better communication and accountability. I look forward to working with the Subcommittee members on these goals and I welcome today's witnesses.