



October 8, 2013

The Honorable Bill Shuster
Chairman
House Transportation and Infrastructure
Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nick Rahall
Ranking Member
House Transportation and Infrastructure
Committee
U.S. House of Representatives
Washington, D.C. 20515

RE: H.R. 3080, Water Resources Reform and Development Act of 2013

Dear Chairman Shuster and Ranking Member Rahall:

We applaud the Committee for its unanimous approval of bipartisan water resources reform legislation, and urge the full House to move forward expeditiously with passage of H.R. 3080, the Water Resources Reform and Development Act (WRRDA).

The National Rural Electric Cooperative Association (NRECA) is the national service organization for more than 900 not-for-profit rural electric cooperatives and public power districts providing retail electric service to more than 42 million consumers in 47 states. The American Public Power Association (APPA) represents more than 2,000 community-owned, not-for-profit electric utilities providing service to 47 million Americans in 49 states. Our organizations represent members that purchase power from the federal government that is generated at U.S. Army Corps of Engineers (Corps) projects.

As water resources reform legislation advances through Congress, we want to commend the Committee for omitting a provision of concern contained in the Senate bill (S. 601), and express our desire to work with you and your Senate counterparts to resolve the issue in conference. Specifically, Section 2014 of the Senate bill could adversely affect our members that rely on Corps hydropower resources to keep electric rates as low as possible. In its current form, Section 2014 would provide the Corps with additional discretion to alter the operation of Corps projects, bypassing the authorization process that Congress traditionally exercises. This is of particular concern, because as it currently stands, the Corps continues to make operational decisions that reveal the agency's preference for project benefits other than federal hydropower generation.

Along these lines, the Senate language would allow the Corps to add a project "benefit," giving the agency the ability to adjust project operations to accommodate uses that Congress has not previously authorized. The ability to change project operations at Corps projects that provide hydropower presents a risk that hydropower generation from these projects could be diminished at the agency's discretion.

For many members of NRECA and APPA who rely on the power generated at Corps projects to keep electric rates as low as possible, the loss of hydropower generated at these projects would require our members to seek more expensive replacement power. Furthermore, the use of storage capacity at a Corps project to support new project “benefits” likely would decrease power production without a corresponding change in cost allocations. In other words, power customers would be asked to subsidize new project uses and receive less hydropower from Corps projects.

We recognize that the Corps faces many competing demands for the use of storage at multi-purpose projects. However, we also believe that Congress must recognize that but for the hydropower production and the revenues returned to the Treasury in the rates for capacity and energy charged by the federal government, many of these projects would have never been built. The underlying inequity in the Senate bill would decrease the benefits for the longtime supporters of Corps projects while providing no adjustment in their cost responsibilities.

We are pleased with the progress you and your Senate counterparts have made on critical water resources reform legislation. As this bill continues to move through the legislative process, we look forward to working with House and Senate conferees to secure a final reform package that provides the right balance between the interests of new project beneficiaries and the longstanding purchasers of Corps hydropower. Thank you for your consideration of our concerns. Please do not hesitate to contact us if we can answer any questions.

Sincerely,



James J. Nipper
Senior Vice President of Government Relations
American Public Power Association



Kirk D. Johnson
Senior Vice President of Government Relations
National Rural Electric Cooperative Association

CC: The Honorable John Boehner, Speaker, U.S. House of Representatives
The Honorable Eric Cantor, Majority Leader, U.S. House of Representatives
The Honorable Nancy Pelosi, Minority Leader, U.S. House of Representatives
The Honorable Barbara Boxer, Chairman, Senate Environment and Public Works Committee
The Honorable David Vitter, Ranking Member, Senate Environment and Public Works Committee