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

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April 5, 2012

The Honorable Steven Chu
Secretary
Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Secretary Chu:

I cordially invite you to testify before the House Natural Resources Committee on **Thursday, April 26, 2012 at 10:00 a.m.** to explain and answer questions regarding your March 16, 2012 Memorandum to the Power Marketing Administrations. Since there are substantial questions about the Memorandum, I respectfully request that your Department postpone implementation of the Memorandum so that proper Congressional oversight and public input can occur.

This oversight hearing is highly necessary in light of numerous concerns over the Memorandum and the impact it could have on increased energy prices. Many consider the Memorandum to change the core mission of the Power Marketing Administrations (PMAs) from agencies providing low-cost hydropower within sound business principles to agencies that will be used to impose experimental schemes designed to pick winners and losers in the energy market while raising energy costs. Some of the Memorandum's goals may be laudable, but it is very concerning that the Department of Energy has failed to assess the potentially significant impacts of these directives on electricity consumers. There are also many questions of whether the PMAs have the legal authority to implement major parts of the Memorandum.

Your Memorandum seeks to dramatically change the PMAs and bluntly implement what seems to be a "Washington, DC knows best" philosophy on ratepayer-financed regional entities that usually work well with their customers. It specifically evokes language that would force the utilities to join regional transmission organizations (RTOs) that would only serve to socialize costs and bring little benefits to existing PMA customers. This faulty reliance on centralized markets, the imposition of expansive Federal Energy Regulatory Commission jurisdiction, and the significant consumer costs experienced in regions with RTOs have led to the rejection of these proposals by those in the Pacific

Northwest. Simply put, these are decisions that should be made at the regional level with real customer input, not by Department of Energy bureaucrats with little knowledge of the PMAs.

This command-and-control philosophy is also embodied in the Memorandum's absurd notion that PMA rates should be changed to incentivize electric vehicle deployment, a matter usually handled at the state and retail levels. Why would a family farmer in Prosser, Washington or Troy, Montana be forced to pay higher power rates for a millionaire to plug in his or her electric vehicle in downtown Seattle? It appears that the answer is: because the Secretary of Energy says so. Many PMA customers are wondering whether their rates will be increased to set up uneconomical electric refilling stations in rural areas. These concerns were heightened during the March 20th Water and Power Subcommittee FY 2013 budget hearing, when at least one Power Marketing Administrator acknowledged that any cost increases associated with implementing the Memorandum's directives would be borne by ratepayers.

As the Secretary of Energy, you are ultimately responsible for ensuring that the PMAs, including the Bonneville Power Administration (BPA), meet their statutory obligations. However, you also have the responsibility to ensure that the PMAs honor and uphold the unique aspects of their federal assets and the large role they play in their respective regions. It is troubling that your Memorandum appears to implement a top-down approach that could most certainly impose greater costs and risks that outweigh benefits and could force national directives that would supersede or conflict with existing PMA statutory authority, including BPA's.

I hope you agree with me that this is not the time increase energy prices and that you will accept this invitation to appear before the Committee to testify on the impacts your Memorandum will have on existing ratepayers.

Sincerely,

A handwritten signature in blue ink, appearing to read "Doc Hastings". The signature is stylized and cursive.

Doc Hastings
Chairman