

**Statement of Congressman C.L. "Butch" Otter
Committee on Energy and Commerce
Subcommittee on Energy and Air Quality
“Nuclear Waste Storage and Disposal Policy, and Hydroelectric License
Extension and Energy Efficiency Legislation”
September 13, 2006**

Thank you for holding this important hearing today Mr. Chairman, and allowing me to testify.

The Committee is considering H.R. 4377, legislation to extend the time required for construction of the Arrowrock Hydroelectric Project in Idaho. You are going to hear opposition to this legislation when the Federal Energy Regulatory Commission testifies on my bill because of the length of time since the original license was issued. I am going to take this time to help the committee understand the need for this legislation and why this project should receive an extension.

Let me start with a little background on the project. It originally was licensed in 1989. The licensees are small, not for-profit, Idaho and Oregon irrigation districts. Revenues from the project were to be used to offset operational costs for thousands of water users. For a variety of reasons construction did not begin on the project within the original six-year deadline, so the irrigation districts received a legislative extension.

After that extension, bull trout were listed as a threatened species under the Endangered Species Act. The project was unable to meet the new March 20, 2005, deadline for the start of construction because the Fish and Wildlife Service would not begin consultation on the project until after it completed consultation on all the Bureau of Reclamation projects in the Upper

Snake River Basin. That Upper Snake consultation was a direct outgrowth of the requirements of the Snake River Water Rights Act of 2004.

The Fish and Wildlife Service advised FERC in 2005 and 2006 that informal consultation with the licensees was complete, and that the Service had received the necessary information from the districts to complete consultation in a short time period. The Fish and Wildlife Service then requested that FERC initiate formal consultation. However, FERC did not respond.

The irrigation districts finally had everything in place and were on schedule to start construction last December, but the license once again expired. All they needed was a little more time from FERC.

The Arrowrock Hydroelectric Project will be built at the existing dam and will use existing flows from the dam. The project has received certification of compliance with state water quality standards and an Idaho water rights permit.

The project has been modified to reduce the impacts. Rather than tunneling through Arrowrock Dam, it will use the Bureau of Reclamation's new valves; there will be a smaller powerhouse footprint; and 10 miles of transmission lines have been eliminated.

The irrigation districts have finalized a power sales agreement with the Clatskanie PUD to take all the power from the plant. They have engaged an engineer of national reputation to design and build the project. Lastly, they have financing lined up and ready to go.

The Energy Policy Act of 2005 contains several provisions that encourage development of projects which meet both the requirements of being a hydropower project built at an existing dam and a hydropower project that is a conduit. In Idaho, this is exactly what we are trying to do with the Arrowrock Hydroelectric Project.

This project has been given an extension in the past and another is needed because of circumstances out of the licensees' control. Without this amendment, the irrigation districts would have to completely start the FERC licensing process over. That would be a waste of resources by the agencies involved as well as the irrigation districts because all of the required collaboration and consultation is complete and the project is ready to move forward.

Mr. Chairman, I have supporting documentation that I would like to ask unanimous consent to have entered into the record to better detail the facts I have outlined.

Thank you again Mr. Chairman and I hope that the committee will look favorably on this small but important piece of legislation.