

**Mark A. Gabriel, Administrator, Western Area Power Administration**  
**Remarks before the Subcommittee on Water, Power and Oceans**  
**House Natural Resources Committee**  
**March 24, 2015**

Thank you, Mr. Chairman and Members of the Committee. My name is Mark Gabriel. I am the Administrator of the Western Area Power Administration.

Through its spending and operational priorities, Western demonstrates a positive return to the American people for their investments in Western's system. This is evidenced by the agency's on-going ability to fulfill its mission, successfully negotiate partner support for alternative financing, and achieve major accomplishments in changing markets across an evolving energy frontier.

Western's more than 1,400 employees manage 17,000 circuit-miles of transmission, 315 substations and 177,000 structures covering a footprint of more than 1.3 million square miles in 15 states.

Western markets and delivers clean, renewable, reliable, cost-based hydroelectric power and related services to customers ranging from Great River Energy in Minnesota to the Kansas Municipal Energy Agency to the Sacramento Municipal Utility District in California; in total, more than 40 million Americans receive our hydropower, annually. Recent tabulations show energy provided by Western now powers nearly 70,000 homes in Wyoming, 2.3 million households in Arizona, and 6.7 million homes in California.

For Fiscal Year 2016, Western is requesting Congress appropriate \$93.4 million. The FY 2016 budget request represents no change from Western's FY 2015 budget request. Western added no additional staffing to its FY 2016 budget.

Our appropriation request represents only eight percent of the Western's total funding sources. Over the past five years, more than \$457 million has been returned to the general fund of the U.S. Treasury and nearly \$900 million has been returned to the Reclamation Fund. One way this is accomplished is the Operations and Maintenance Annual Expense Fund, also known as "Net Zero," a dollar-for-dollar budget-neutral business practice. Throughout the year, Western collects and deposits sufficient revenues into its Annual Expense Fund to repay Treasury.

Western's Transmission Infrastructure Program celebrated completion of its second successful project this year, the Electric District 5-to-Palo Verde Hub Project. It was electrified in January, connecting the Palo Verde market hub to a renewable-rich zone south of Phoenix and to a collection of public power companies in Arizona including Electrical Districts in Pinal and Maricopa counties and tribal utilities like the Gila River Indian Community Utility Authority.

One of the most critical needs facing Western today is the ability to acquire adequate capital funding to make infrastructure investments while at the same time maintaining affordable services. Our Asset Management Program unveiled the first set of risk reports covering Western assets. These data driven analyses trend condition and risk over time and are included in 10-year plans supporting infrastructure and budget requests. Based on these reports, Western, in cooperation with its customers, will make capital improvement investments of \$150-\$250 million per year over the next 10 years.

We have completed the Loveland Area Project 2025 Power Marketing Initiative. In an age of uncertainty and volatility, these contracts will guarantee access to clean, renewable federal hydropower and ensure rate stability well into mid-century. Benefits extend to 125 preference customers including the Municipal Energy Agency of Nebraska, Native American tribes such as the Kickapoo in Kansas, irrigation districts like Midvale and Goshen in Wyoming and military installations including the U.S. Air Force Academy in Colorado.

In December 2014, Western issued Boulder Canyon Project final allocations to 59 new customers. A wide range of customers benefit including cities like Rancho Cucamonga, CA, Las Vegas, NV, and Phoenix, AZ, districts and cooperatives like the Imperial Irrigation District in California and Mohave Electric Cooperative in Arizona, and Native American tribes like the Shoshone and the Navajo Tribal Utility Authority.

As important as it is for Western to keep the lights on and power flowing, the most important accomplishment is ensuring employee safety. Last year, our Desert Southwest Region celebrated four years without a lost-time accident. The region's program is being emulated across Western to improve overall safety consciousness and safe work habits.

Western is also focused on the critical cyber security threats we all face. In the coming year, we will spend more than 30,000 person-hours to ensure compliance with new NERC Critical Infrastructure Protection standards.

Providing clean, renewable, reliable and affordable hydropower, transmission and related services is the heart of both Western's long-standing mission and its 10-year Roadmap to Powering the Energy Frontier. Working together with our customers, we are repaying our expenses with interest, ensuring that the beneficiary pays and keeping costs down through sound business practices to be good stewards of the public's resources. Thank you, Mr. Chairman. I would be pleased to answer any questions you or the Subcommittee members may have.