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

**Opening Statement By**  
**Congressman Paul A. Gosar**

**Joint Water and Power and Indian and Alaska Native Affairs Subcommittee Oversight**  
**Hearing on "Protecting Long-Term Tribal Energy Jobs and Keeping Arizona Water and**  
**Power Costs Affordable: The Current and Future Role of the Navajo Generating Station"**  
**May 24, 2011**

TODD YOUNG  
CHIEF OF STAFF

Thank you Chairmen McClintock and Young, and Ranking Members Napolitano and Boren, for holding this hearing regarding the regulatory challenges facing the Navajo Generating Station. This is an important and complex issue facing my community, the State of Arizona, and the Southwestern region of the United States. I truly appreciate the committees' accommodating my request.

For nearly thirty years, the Navajo Generating Station (NGS) has been a vital economic engine and job provider in Northern Arizona and directly influences job creation in central and southern Arizona. The plant is paramount to sustained jobs, job creation, and economic recovery. In addition, the plant has played an instrumental role in providing affordable year-round energy and an affordable, reliable and sustainable water supply to cities, industries, farms, and Tribal communities encompassing nearly 80 percent of Arizona's population.

The NGS is critical to Arizona's water supply because it provides 95% of the power for the Central Arizona Project (CAP). Each year, CAP uses approximately 2.8 million megawatt hours of electricity to deliver more than 500 billion gallons of Colorado River water to a three-county service area that includes more than 80% of the state's population. This includes 45% of the city of Phoenix's projected water demand and 80% of Tucson's projected water demand.

The Bureau of Reclamation owns nearly 25% of the NGS, and revenues from the sale of excess power generated from the plant are used to repay the federal government for Arizona's share of the project. These revenues will also be used to help pay for the costs of Indian water rights settlements within Arizona.

At a time when 48% of the Navajos are unemployed and 40% live below the federal poverty line, the plant provides 500 well-paying jobs, almost 80% going to members of the Navajo Nation. In addition, the plant and the associated Kayenta coal mine provide \$137 million in revenue and wages to the Navajo Nation and about \$12 million annually to the Hopi Tribe, nearly 88 percent of their annual operating budget. Therefore, the plant both directly and indirectly supports the Native Americans' overall economic viability and it vital to their sustainability as independent sovereign nations. We have long encouraged Native American self-sufficiency. To now see the

Federal Government try to pull the rug out from under a successful, self-sufficient Native American industry is beyond comprehension.

In addition, it is important to note, the loss of the revenue from the sale of excess NGS power threatens the continued viability of all current Native American water rights settlements in Arizona and jeopardizes the ability of the U.S. to settle with other Tribes in on-going water rights settlement negotiations.

Despite these proven benefits, the NGS is in danger of being closed down due to unreasonable air visibility regulations. The Obama Administration's Environmental Protection Agency has spent the past two years reevaluating and drastically changing rules and policies even though Congress has made little-to-no changes to environmental law.

Specifically, the EPA is imposing regulatory uncertainty on the Navajo Generating Station, by utilizing the Best Available Retrofit Technology (BART) determination under the Regional Haze Rule of the Clean Air Act.

Since its construction, the owners of the NGS have been committed to stewardship of the environment, continuously taking action towards the continued long-term safe, reliable, and economical operation of the plant. They have been pro-active in implementing science-based environmental controls to ensure the plant meets ever-changing environmental regulations imposed by the federal government. Over the past two decades, they have invested over \$650 million in construction of the plant, including \$200 million in environmental-control equipment, with negligible rate increases to the consumer.

However, these proactive measures are not enough for the EPA. Even when industry goes above and beyond the demands of federal law, the agency continues to use rules and regulations to continue to move the bar further without regard for the economic impact. The agency is strongly considering imposing over one billion dollars of new costs on the Navajo Generating Station, a cost almost 20 times more than equally effective environmental measures that NGS owners are willing to undertake. The cost and timeframes of EPA's pending mandates would make it economically impossible to continue operations. This very tactic has been used in the past in my state and across the country to dictate winners and losers in the energy field.

Despite what some might have you believe, over 2,200 mw of power cannot be easily replaced. While I support an all-of-the-above energy approach, which includes alternatives like solar and wind, those types of intermittent energies simply are incapable of replacing the NGS in the next 25 to 30 years, let alone in the next 10 years. At a time when long-term, good paying jobs are critical to our economic recovery, it would be devastating to our constituents and the State of Arizona to lose this important asset and its numerous benefits.

It is important to note that the final rule has not been issued. However, the Administration's conduct in this matter has made its intentions clear: it plans to impose the worst case scenario on the plant. There is no doubt that this scenario will effectively shut the NGS plant down, and devastate the already struggling Arizona economy. And by so doing, inflict another injustice against the Hopi, Gila River Community and the Navajo.

The EPA's hard line approach with respect to Navajo Generating Station is nothing short of a case study for this Administration's EPA: overreaching its regulatory authority, exceeding Congressional intent, and forgoing consultation with stakeholders. EPA's continued hard-line stance is a direct threat to the State of Arizona's long-term water and energy security.

I look forward to hearing from my fellow Arizonans about the true effect the Administration's actions could have on our communities and continuing to push this issue into the forefront as the EPA considers its regulatory stance.