AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2007

(109–54)

HEARING

BEFORE THE

SUBCOMMITTEE ON
WATER RESOURCES AND ENVIRONMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

MARCH 8, 2006

Printed for the use of the
Committee on Transportation and Infrastructure

U.S. GOVERNMENT PRINTING OFFICE

28–269 PDF WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

DON YOUNG, Alaska, *Chairman*

THOMAS E. PETRI, Wisconsin, *Vice-Chair*
SHERWOOD L. BOEHLERT, New York
HOWARD COBLE, North Carolina
JOHN J. DUNCAN, JR., Tennessee
WAYNE T. GILCHREST, Maryland
JOHN L. MICA, Florida
PETER HOEKSTRA, Michigan
VERNON J. EHLERS, Michigan
SPENCER BACHUS, Alabama
STEVEN C. LATOURETTE, Ohio
SUE W. KELLY, New York
RICHARD H. BAKER, Louisiana
ROBERT W. NEY, Ohio
FRANK A. LOBIONDO, New Jersey
JERRY MORAN, Kansas
GARY G. MILLER, California
ROBIN HAYES, North Carolina
ROB SIMMONS, Connecticut
HENRY E. BROWN, JR., South Carolina
TIMOTHY V. JOHNSON, Illinois
TODD RUSSELL PLATTS, Pennsylvania
SAM GRAVES, Missouri
MARK R. KENNEDY, Minnesota
BILL SHUSTER, Pennsylvania
JOHN BOOZMAN, Arkansas
JIM GERLACH, Pennsylvania
MARIO DIAZ-BALART, Florida
JON C. PORTER, Nevada
TOM OSBORNE, Nebraska
KENNY MARCHANT, Texas
MICHAEL E. SODREL, Indiana
CHARLES W. DENT, Pennsylvania
TED POE, Texas
DAVID G. REICHERT, Washington
CONNIE MACK, Florida
JOHN R. 'RANDY' KUHL, JR., New York
LUIS G. FORTUÑO, Puerto Rico
LYNN A. WESTMORELAND, Georgia
CHARLES W. BOUSTANY, JR., Louisiana
JEAN SCHMIDT, Ohio

JAMES L. OBERSTAR, Minnesota
NICK J. RAHALL, II, West Virginia
PETER A. DEFAZIO, Oregon
JERRY F. COSTELLO, Illinois
ELEANOR HOLMES NORTON, District of Columbia
JERROLD NADLER, New York
CORRINE BROWN, Florida
BOB FILNER, California
EDDIE BERNICE JOHNSON, Texas
GENE TAYLOR, Mississippi
JUANITA MILLENDER-MCDONALD, California
ELIJAH E. CUMMINGS, Maryland
EARL BLUMENAUER, Oregon
ELLEN O. TAUSCHER, California
BILL PASCRELL, JR., New Jersey
LEONARD L. BOSWELL, Iowa
TIM HOLDEN, Pennsylvania
BRIAN BAIRD, Washington
SHELLEY BERKLEY, Nevada
JIM MATHESON, Utah
MICHAEL M. HONDA, California
RICK LARSEN, Washington
MICHAEL E. CAPUANO, Massachusetts
ANTHONY D. WEINER, New York
JULIA CARSON, Indiana
TIMOTHY H. BISHOP, New York
MICHAEL H. MICHAUD, Maine
LINCOLN DAVIS, Tennessee
BEN CHANDLER, Kentucky
BRIAN HIGGINS, New York
RUSS CARNAHAN, Missouri
ALLYSON Y. SCHWARTZ, Pennsylvania
JOHN T. SALAZAR, Colorado
JOHN BARROW, Georgia

SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

JOHN J. DUNCAN, JR., Tennessee, *Chairman*

SHERWOOD L. BOEHLERT, New York
WAYNE T. GILCHREST, Maryland
VERNON J. EHLERS, Michigan
STEVEN C. LATOURETTE, Ohio
SUE W. KELLY, New York
RICHARD H. BAKER, Louisiana
ROBERT W. NEY, Ohio
GARY G. MILLER, California
HENRY E. BROWN, JR., South Carolina
BILL SHUSTER, Pennsylvania
JOHN BOOZMAN, Arkansas
JIM GERLACH, Pennsylvania
TOM OSBORNE, Nebraska
TED POE, Texas
CONNIE MACK, Florida
LUIS G. FORTUÑO, Puerto Rico
CHARLES W. BOUSTANY, JR., Louisiana, Vice-Chair
JEAN SCHMIDT, Ohio
DON YOUNG, Alaska
(Ex Officio)

EDDIE BERNICE JOHNSON, Texas
JOHN T. SALAZAR, Colorado
JERRY F. COSTELLO, Illinois
GENE TAYLOR, Mississippi
BRIAN BAIRD, Washington
TIMOTHY H. BISHOP, New York
BRIAN HIGGINS, New York
ALLYSON Y. SCHWARTZ, Pennsylvania
EARL BLUMENAUER, Oregon
ELLEN O. TAUSCHER, California
BILL PASCRELL, JR., New Jersey
RUSS CARNAHAN, Missouri
NICK J. RAHALL, II, West Virginia
ELEANOR HOLMES NORTON, District of Columbia
JOHN BARROW, Georgia
JAMES L. OBERSTAR, Minnesota
(Ex Officio)

CONTENTS

TESTIMONY

	Page
Baxter, Bill, Chairman, Tennessee Valley Authority	15
Bodine, Susan Parker, Assistant Administrator, Office of Solid Waste and Emergency Response, U.S. Environmrntal Protection Agency	12
Dunnigan, John H., Assistant Asministrator, National Ocean Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce	15
Grumbles, Benjamin H., Assistant Administrator for Water, U.S. Environmental Protection Agency	12

PREPARED STATEMENT SUBMITTED BY MEMBERS OF CONGRESS

Carnahan, Hon. Russ, of Missouri	55
Costello, Hon. Jerry F., of Illinois	56

PREPARED STATEMENTS SUBMITTED BY WITNESSES

Baxter, Bill	37
Bodine, Susan Parker	43
Dunnigan, John H	59
Grumbles, Benjamin H.	69

SUBMISSIONS FOR THE RECORD

Bodine, Susan Parker, Assistant Administrator, Office of Solid Waste and Emergency Response, U.S. Environmrntal Protection Agency, responses to questions from Rep. Kelly	51
Grumbles, Benjamin H., Assistant Administrator for Water, U.S. Environmental Protection Agency, responses to questions from Rep. Johnson of Texas	77

AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2007

Wednesday, March 8, 2006

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT, WASHINGTON, D.C.

The subcommittee met, pursuant to notice, at 2:00 p.m. in room 2167, Rayburn House Office Building, Hon. John H. Duncan, Jr. [chairman of the subcommittee] presiding.

Mr. DUNCAN. We are going to go ahead and start a little bit early here. Other members will be joining us.

I first would like to welcome everyone to the second of our fiscal year 2007 budget hearings. Last week, we heard from the Army Corps of Engineers, the Natural Resources Conservation Service, and the St. Lawrence Seaway Development Corporation. Today's hearing will examine the budgets and priorities of the Environmental Protection Agency, the National Oceanic and Atmospheric Administration, and the Tennessee Valley Authority for fiscal year 2007.

I certainly support the President's efforts to control Federal spending and I understand that some tough choices need to be made. But I have to take issue with some of the choices on where to cut the spending. It is inevitable that the Administration's priorities and congressional priorities will not always coincide. However, for the EPA and NOAA programs that fall within the jurisdiction of this Subcommittee, I would like to think that we have the same goal of protecting our environment in a cost effective way.

With that goal in mind, I continue to be disappointed that the Clean Water Act State Revolving Loan Program, the SRF Program, is perennially the target of proposed budget cuts. The SRF Program is one of the most cost effective programs in the government. For every dollar the Federal Government invests, more than $2 are made available for environmental improvements. That is not a pie in the sky figure.

In fact, the Federal investment of $23 billion in the SRFs has led to the creation of over $55 billion of revolving loan funds available for clean water projects. In fiscal year 2005 alone, the SRF Program provided over $4.9 billion in loans for sewer upgrades and other water quality improvements around the Nation, and certainly we need a lot of work in that regard.

It does sound like a lot of money, but the needs are far greater. We are all well aware that our national water infrastructure is aging, deteriorating and in need of repair and replacement. Studies

by the EPA, the Congressional Budget Office and the Water Infrastructure Network have confirmed that the gap between current levels of spending and the necessary level of investment in wastewater infrastructure is staggering and we need to double our efforts at least to close that gap.

We are spending several hundred billions each year in other countries doing all sorts of things, and as I have mentioned here before, we have been spending more on the water system in Iraq at the Federal level than we have in recent years from the Federal level here in this Country. Of course, we are spending more total when you add in the rate payers and the State and local expenditures.

By continuing to cut funding of the Clean Water SRF Program as the Administration has proposed, SRFs will be unable to help local communities fund thousands of essential clean water projects all around the Nation. The consequences of failing to invest are severe. Without upgrades to wastewater infrastructure, not only will we fail to make progress in water quality, but as our population increases we will lose the gains we have made over the past 30 years.

There has to be a shared commitment to make the needed improvements to our water infrastructure and there certainly is an important national role here, but we need local, State and Federal investment in this area to continue to increase, not decrease, as our population grows and the needs and the infrastructure age and the needs become even greater.

And there is an important national role because millions of people come to and through Tennessee each year, and millions of Tennesseans go each year to other States. Most people go to several States in any one year, and they use our water systems throughout the Country. So there certainly is a legitimate national role in this area.

The EPA also needs to direct adequate funding towards its other core clean water programs. As for the Superfund Program, the overall budget request of $1.26 billion is $17 million more than the currently enacted level. However, that increase is not being directed towards on the ground cleanup activities. Proposed funding for actual removal and remedial actions is less than the currently enacted funding level and even the Administration's fiscal year 2006 requested amount. The EPA needs to reallocate more funding away from overhead and administrative costs and towards cleanup.

In 2004, the EPA's Inspector General identified a shortfall of $175 million in funding for cleaning up Superfund sites. That shortfall has not been addressed. Instead, the President's budget appears to be deferring to the overall levels Congress has enacted recently.

For NOAA, I am interested in hearing about NOAA's role in carrying out the President's Ocean Action plan, particularly the National Water Quality Monitoring Network. This Subcommittee has consistently encouraged better coordination of water monitoring data and would like to hear about what NOAA is doing to maximize coordination with other agencies.

Finally, I want to comment on TVA's budget for fiscal year 2007. Unlike the other agencies before us today, TVA is self-financed,

drawing its revenues from eight million ratepayers in the seven States that it supplies with electricity. I appreciate all the benefits that TVA brings to the people of my District and our region. I want to see a strong and financially sound TVA that will continue to benefit the Tennessee Valley long into the future.

In past hearings, I have expressed concerns about TVA's long term financial health. Other Members have raised similar concerns. Since then, the Committee has met with the TVA, its customers and people in the financial and utility industries. I am pleased that TVA is now doing more to manage its financial obligations.

The TVA's strategic plan adopted in 2004 seeks to reduce the Authority's debt. This is something that I expressed concern about when I first came to Congress. This is my 18th year. Many years ago, the TVA's total debt was approaching almost $30 billion and was moving up rapidly. At one point, they were spending 34 cents of every dollar just to service that debt. I am very pleased that under the leadership of Chairman Baxter that real progress seems to be being made towards this debt reduction and that debt reduction is a high priority in the TVA's budgeting to reduce its total financial obligations.

I remember writing to the Federal Financing Bank to ask if they would allow TVA to refinance some of its debt, and that certainly has helped, but there have been many, many actions taken under the leadership of Chairman Baxter and I will say that I certainly admire and appreciate and respect the work that he has done. We are pleased to have him here today.

I should say I am pleased to have all the witnesses here. Mr. Grumbles has been with us many times before, and Mr. Dunnigan also, but we have the former Staff Director, Susan Bodine, here. I know that she misses us terribly.

[Laughter.]

Mr. DUNCAN. At any rate, we are certainly honored to have her back with us as well.

And now I would like to turn to my good friend, the Ranking Member, Ms. Johnson, for any comments she wishes to make.

Ms. JOHNSON. Thank you very much, Mr. Chairman, for holding this second hearing on the fiscal year 2007 budget and its impact on programs within the jurisdiction of this Subcommittee.

The President's budget highlights the disconnect between the priorities of the American people and protecting the Nation's economic and environmental health, and those of this Administration. The President's budget request for the Environmental Protection Agency is the lowest ever requested by this Administration, representing close to $400 million or a 5 percent reduction from last year's appropriated level.

This budget request also represents the lowest funding level requested by this Administration for EPA's Superfund Program, EPA's Brownfields Assessment and Cleanup Program, and EPA's water and wastewater infrastructure grant programs, programs that are essential for safeguarding human health and protecting the environment.

As I stated at our last meeting, this budget is simply not adequate to meet the Nation's needs. First, the budget takes a penny

wise, pound foolish approach to the economy, making imprudent short term cuts to programs that have proven essential for long term economic health. Most notable is the 22 percent reduction to the primary Federal program for investing in wastewater infrastructure, the Clean Water State Revolving Fund.

Mr. Chairman, the Congressional Budget Office, outside groups and even EPA itself have each documented annual needs of over $10 billion above current expenditures to meet future wastewater infrastructure needs. Yet this budget would eliminate almost $200 million in Federal grants to States for revolving loan funds, as well as an additional $200 million in Federal funding for high priority water and wastewater projects.

These reductions are simply unacceptable. States and local communities have warned that reduced funding for wastewater infrastructure programs will make it more difficult to respond to failing wastewater infrastructure and would likely force the delay of essential upgrades to meet requirements of the Clean Water Act and to improve water quality. In fact, we all know of examples where local communities have been unable to fund necessary projects due to the lack of available funds.

In addition, EPA has warned that without increased investment in our Nation's wastewater infrastructure, we will likely reverse the gains made in improving water quality over the past 20 years. According to the agency, in less than a generation, we could see a return to the days when rivers were little more than open sewers.

Mr. Chairman, the Superfund Program fares no better in this budget. Since this Administration came into office, the President's budget has almost halved the annual number of Superfund cleanups achieved by the previous Administration. In just six years, EPA has slowed the pace of cleanup from the average of 173 sites per year, to just over 40, leaving our neighborhoods at risk while they await available cleanup funding.

Unfortunately, the current budget request will do little to accelerate the cleanup of these remaining toxic sites. In fact, it will do the opposite because when faced with insufficient funding to address contaminated sites, EPA will be forced to further slow cleanups at current sites and may be forced to limit the number of future sites that may enter the cleanup program.

We will see a second slowdown of Superfund cleanups, perhaps as early as next year, as agency officials have indicated the need to internally shift funds from site investigations and selection of appropriate remedies, toward construction. While I am all for cleanups by shifting funds from the investigations end of the pipeline towards construction, the only result will be further delay in the future cleanups as sites more slowly through the entire cleanup process.

The budget also reinforces the troublesome finding of a 2004 EPA report that highlighted how limited funding for the Superfund Program has hampered its ability to clean up toxic waste sites. This report estimated that in fiscal year 2003 alone, the site specific shortfall for the Superfund was $174 million, forcing ongoing cleanups to be delayed, segmented into pieces or scaled back, solely as a result of budgetary shortfalls.

EPA responded that a major cause for this shortfall was that the remaining sites were more complex and more costly. However, most of these sites have been in the Superfund pipeline for decades, so it comes as no surprise that additional cleanup dollars were going to be necessary, and the longer we wait the more will be needed.

Yet, for the last six years, EPA's Superfund budget has been declining, failing even to keep up with the pace of inflation. Fewer resources for more expensive sites can only lead to slowdowns. If the President's request is enacted, this would be the lowest amount available for cleanup in terms of real spending power at any time since the late 1980s, again forcing local communities to live with toxic waste sites.

This budget also proposes that all Federal spending for the Superfund Program will be from general taxpayers and continues the alarming trend of collecting fewer and fewer cost recoveries from responsible parties. This is not how the Superfund Program was intended to be when it was enacted. Gone are the days when the Superfund was a polluter pays program.

I am also concerned at the failure to adequately fund other important programs within the jurisdiction of this Subcommittee. In particular, I am concerned that the budget proposes to cut EPA's Section 319 Program despite recognition that point sources of pollution are the single largest source of impairment of the Nation's rivers, lakes and near coastal waters.

At the same time, the budget proposes to eliminate the National Oceanic and Atmospheric Administration's Coastal Nonpoint Pollution Control Program, a program that has demonstrated great potential in improving coastal water quality and reducing the likelihood of unsafe beach conditions and closures.

The budget requests the lowest level of funding ever for the Brownfields site assessment and cleanup programs, while asserting that the budget fully funds Brownfield cleanups. When the President signed the Brownfield legislation in January of 2002, he said that the bill was good public policy, that it was wise, and encourages growth, and fosters the environment. Under this budget, those attributes seem no longer to be important to the Administration.

Mr. Chairman, we cannot under-invest in our Nation's infrastructure or its environment. We have an obligation to future generations to provide a cleaner, safer and more secure world for them to live.

I thank you for having this testimony. I look forward to hearing out witnesses.

I yield.

Mr. DUNCAN. Thank you very much.

Does anyone wish to make a statement? Mr. Fortuno, do you have a statement? Mr. Gilchrest?

Mr. GILCHREST. I just wanted to say hi to former staff, and hope their lives are going well, and they are being treated equitably. If you could focus all of your attention on the Chesapeake Bay issues, we would appreciate it.

[Laughter.]

Mr. DUNCAN. Mr. Pascrell?

Mr. PASCRELL. Yes, Mr. Chairman. I want to thank you and Ranking Member Johnson for this opportunity, and welcome As-

sistant Administrator Bodine and Mr. Grumbles, who have been before us before, and Mr. Dunnigan and Mr. Baxter.

I want to start of by two questions, asking rhetorical questions, of course, because I have a Homeland Security meeting I have to go to. I would ask this of Mr. Grumbles very quickly. You do not need to be a former Mayor to know that municipalities need resources to do what we say they must do, build the infrastructure. Whatever happened to Federal mandate, Federal pay?

My second question to Administrator Bodine is, in 1995 taxpayers paid just 18 percent of the total Superfund Program. In 2004, taxpayers paid 80 percent. Under the Clinton Administration, we averaged 87 cleanups per year. Under this Administration, we average 40 a year, and there are 113 Superfund sites in the State of New Jersey. What do you intend to do about it?

So if it feels like we have all been to this same hearing with the same budget problems each of the last six years, it is because we have. I am hopeful that the laudable addition of newly installed Assistant Administrator Bodine will help the situation across town at the EPA, but with this Administration, I am not holding my breath.

Let's get real here. The Administration budget offers a mere $687 million for the Clean Water State Revolving Fund. That is half of what the Congress had been appropriating up until 2004. New Jersey municipalities at least know who to blame when the long line to access the limited funds will keep getting longer and property taxes get higher and higher.

The Federal Government has rightly mandated tough clean water standards, but municipalities need the resources to build infrastructure to meet those standards. The Administration budget misses another chance to prove its commitment to our Nation's clean water.

It is not on the front pages. You don't see it on any of the talk shows. Nobody cares about it. It is a fact of reality. If it wasn't for this Chairman and this Committee on both sides of the aisle, it wouldn't even be discussed even here in the Transportation Committee. It wouldn't even be a second thought. So it wouldn't be on page 38; it would just not be there, period. Let's not kid ourselves.

Cities want to be in compliance with EPA, and keep local rivers clean by doing what is right for the environment and for the future generations. But when you mix large capital investments with severe budgetary constraints, many cities are simply unable to do what they need to do to meet Federal regulations.

What the Administration should do is take a page from this Committee, which thanks the leadership which is at the forefront of wastewater infrastructure issues. For five years, this Committee has attempted to not only authorize, but to put real money there so we can use it. We do not have a system of checks and balances in this government. We have thrown fair government to the wind. We do not have equal branches of government. And this is a perfect example and a mirror up to what this Administration is all about.

The Committee reported to reauthorize as reported out $1.5 billion for wet weather grant programs. This legislation can actually give cities and towns the resources they desperately need to clean

up non-complying combined sewer systems, and there is enough to go around in this Country, as you well know.

They will need all the help they can get as in the budget blueprint the EPA Brownfields Program is slated to receive only half of its authorized level. No question about it, two years, they will zero it out. I don't know what else they intend to zero out.

I have serious concerns about the budget. I wish the panel lots of luck in defending the Administration request. I know that is why you are here. But you know what? You are not just messengers. You are smart. You are intelligent human beings. I don't say that in a compromising way at all or a patronizing way. You can't simply be the messenger when you know darn well that this Administration is not doing what should be done. If we mandate it, we have to help those municipalities out there.

You do not have to talk to the municipalities. You are down here. We represent those municipalities back in our Districts. You want to come up and hit every District where we have this problem? You know you are not going to be able to do that. So you have to fight for what we think should be in there, or go back and just deliver the message. I think that compromises your intelligence. I ask you, I beg of you, let's make this year different from all the last five.

Should I be hopeful? I ask rhetorically, should I be hopeful.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you, Mr. Pascrell.

Dr. Ehlers?

Mr. EHLERS. Thank you, Mr. Chairman. I appreciate your having this hearing. It is good to see our friends back, Mr. Grumbles, Ms. Bodine. I can say that I knew you before you were honorable.

[Laughter.]

Mr. EHLERS. It is a real pleasure to see you back. You were both outstanding members of the Committee. We hated to lose you, but we still have part of you through this process and your new assignments.

A few comments. I associate myself with a number of the comments of Mr. Gilchrest, except his comment about Chesapeake Bay. Obviously, the Great Lakes have much more water and have much greater need, and I hope that all of you will keep that in mind.

Mr. GILCHREST. Will the gentleman yield?

Mr. EHLERS. No.

[Laughter.]

Mr. EHLERS. Sorry about that, Wayne.

I very much appreciate the Administration's request of $49.6 million for the Legacy Act. That has been a real boost to keeping the Great Lakes clean and cleaning up the sediment in the rivers. I am sorry that Congress has not matched the President's request. We will continue to work on that to make sure that it does.

Also as you know, the entire Great Lakes Program went through a major national collaborative project last year and came to good conclusions which they announced on December 12. It is clear that there is not enough funding in this present funding climate to really launch the program the way it should be launched, but I am working on legislation to get a start on that.

I hope that will be ready within the matter of a couple of weeks, and I will then be discussing it with you, Mr. Chairman, and with

the staff because this is a crucial issue. As I said, it is going to take time, but it time for the Everglades. It took time for the Chesapeake Bay. But it is the sort of thing that you have to begin addressing and do as much as you can as soon as you can.

The other factor I mentioned, it really strikes me that water is an incredible friend, but also an incredible enemy at time. I think the focus of this Committee has to be to continue to try to make sure that water remains a friend, and by that I mean that it is accessible, it is pure, and that we will have a sufficient supply for every part of our Nation.

Also, we have to make sure that we contain the enemy in the water, whether it is hurricanes, floods, and any other activity that creates major problems for our people. I think that has to be the emphasis of all that we do here, whether it is done through our legislation, through the Corps, through helping others, but we always have to keep in mind our effort should be concentrated toward helping the friendly aspects of water and mitigating the unfriendly aspects of water.

With just one last comment, when I talked a minute ago about the friendlier parts, I mentioned the purity of water. I find it ironic in this Country where, as Mr. Pascrell has said, we don't seem to have enough money at either the local or the Federal or the State level, to deal with some of the problems of water. And yet we are spending billions of dollars every year on bottled water in this Nation.

I never, when I grew up, I never would have believed that this would ever happen. We knew it was that way in Europe. It was that way in parts of Asia, most of Asia. And we never, we have always been proud of the pure water in this Country. Today, even in the Congress of the United States, we are given bottled water because the city water does not meet the quality standards that we should have. So I think that is something that we all have to address.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you, Dr. Ehlers. Certainly, one of several bills that were passed by this Committee in recent years was your Great Lakes Legacy Act, and that was very important legislation. No one has done more for the Great Lakes than you, and not enough people in this Country realize the importance of the Great Lakes to this entire Nation and what a tremendous asset it is.

I told somebody recently I think that probably one of the things that my grandfather would have been the most amazed at is how much people are paying for and spending on bottled water in this Country today. You are right on that, too.

Mr. Bishop?

Mr. BISHOP. Thank you, Mr. Chairman. Let me thank you and Ranking Member Johnson for holding this hearing.

Let me say at the outset that I am very concerned by the budget proposals that we are now considering. These proposals sacrifice the long term health of our environment and the protection of our coastal communities for short term and insignificant reductions in the deficit.

I am troubled by the Administration's continuing retreat from the protection of our environmental resources under the pretense

of expanding economic growth. As someone who represents over 300 miles of coastline and numerous communities that depend on tourism and an immaculate local environment for their economic well being, I fail to see the correlation between weakening environmental protections and decimating our shoreline and growing the economy.

This budget contains deep and disturbing cuts to efforts to protect our environment. Despite the urgent environmental needs of our air, water and land at risk, the EPA suffers some of the most drastic cuts proposed by the Administration. Many of these proposed cuts will directly affect my constituents on Long Island. The Administration's budget specifically targets the Long Island Sound Restoration Funding by drastically slashing this worthwhile program.

In addition, it is perplexing that the President reauthorized this program in December with an authorization of $40 million, and yet the budget now sees fit to propose funding cuts for the Long Island Sound Study yet again.

The budget also proposes funding cuts for the National Estuary Program, a proven Federal initiative. My District is home to two estuaries that rely on this funding to maintain their pristine environmental qualities.

I look forward to discussing these issues further as we hear the testimony from our panelists.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you, Mr. Bishop. And also we passed two bills that you helped usher through, the National Estuary Program and particularly the Long Island Sound legislation. We appreciate that very much.

Ms. Norton, I believe, is next.

Ms. NORTON. Thank you very much, Mr. Chairman.

I welcome today's witnesses. I am not sure I welcome the budget they have come to talk about.

I want to begin by saying I was not here to hear what Wayne Gilchrest said about the Chesapeake Bay, but I just want to go on record as seconding whatever he said about the Chesapeake Bay.

Mr. DUNCAN. He said we should spend the entire budget on the Chesapeake Bay.

[Laughter.]

Ms. NORTON. Could I strike that?

But Wayne understands that water does not stop at the border. The Chesapeake Bay, of course, is one of the great wonders of the United States, truly. I am concerned that among the waters that flow into ultimately the Chesapeake Bay are filthy Anacostia River waters from which storm water overflow from the capital of the United States, downtown Washington and the entire Federal presence flows.

So thank you very much for your sewage, colleagues, but this is something that we simply have to get done since most of this storm water overflow comes from the fact that the system was built by the Corps of Engineers at a time when you mixed or allowed in rainstorm the mixture of sewage with more sanitary water, and thus it flows into the streets, it flows wherever it can find, but

much of it comes from here. About one-third of it comes from the Federal presence.

It is urgently needed. This Committee has been helpful. I noted that, I see Mr. Grumbles is here. He and I have gotten to know one another. I note that the Chesapeake Bay got into your testimony, and I am pleased to see that, but Mr. Grumbles' presence reminds me of the huge lead in water scare we had here in all of all places the Nation's Capital just three or four years ago.

When Dr. Ehlers talked about bottled water, we know exactly what you are talking about because when people who drank the water who were pregnant, when children who drank the water learn of the possibility and indeed the fact that lead pipes had seeped into the water, you know that you are in trouble, and that what was being used here in the District to clear such impurities was not state of the art.

As a result of that, along with a number of other Members, I filed a bill, refiled it this year, to truly update the Clean Water Act. We are living off of an old Act. Our own water treatment facility here has made some changes. For that matter, EPA has made some changes. The EPA was nothing short of embarrassed to have the capital of the United States in the national and international press with a lead water problem. For us, it was more than embarrassment. It was a true and terrible scare. We believe we have come some distance, but it has nothing to do with anything in this budget.

I think the only thing that will matter is a much closer look at the Clean Water Act. The water fountains that your children use at school are undoubtedly like the water fountains we found in Maryland and in the District of Columbia. They have old pipes. Nobody looks to see whether those pipes are leeching lead. And those are children, those are the vulnerable people.

Those of us who are sitting on this end of the roster have brains so thick and in place that lead would probably not penetrate at this point. But if you are a child, a young person with a supple brain and those brains are supple for a good number of years of their lives, certainly for the first dozen years or so, you simply do not need to be exposed to lead in the water when you go to school.

What has happened of course to the confidence in the government's ability to provide this very basic necessity is that we have spawned an industry that sells water. We don't know what in the world that water is about. We don't know what its purity is. We assume.

Isn't this pathetic? We assume that it must be better than the water that comes through our spigots. There is something very wrong with that. It is a loss of confidence in the ability of the government to in fact do one of the most basic things you do in even a society that does not claim to be advanced.

Mr. Chairman, I am certain, given the success of the water industry, the loss of confidence in the people of the United States, that their governments can provide clean water. I am certain that somebody soon is going to be bottling clean air. Watch for it, my friends.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much.

Mrs. Kelly is next, but if you don't mind, Congressman Ehlers wants 30 seconds of your time. He wanted to make one more comment before you started.

Mrs. KELLY. Mr. Chairman, I have no opening statement. I am anxious to go to the question and answer portion of this.

Mr. DUNCAN. Okay.

Mrs. KELLY. So you may use my time however you would like.

Mr. DUNCAN. Okay, sure. We will go to Vern, Congressman Ehlers.

Mr. EHLERS. Thank you very much. I will try to keep it short anyway.

I got so carried away in my diatribe about bottled water, I neglected to mention something very important about NOAA. It is a plea to my colleagues to help me in an effort to maintain the integrity of their budget and their appropriations this year. For some reason, the NOAA budget has become a target for larceny in the past several years in the appropriations process, probably because they feel that, those who take the money for other purposes may feel that there is not enough support for NOAA's programs.

I would just encourage all of us to work diligently to make sure that the appropriations intended for NOAA in fact end up in NOAA research and operations, and that we do not have so much diverted to other causes and other purposes in the next few years.

Thank you.

Mr. DUNCAN. Thank you very much.

Mr. Baird?

Mr. BAIRD. Thank you, Mr. Chairman.

Just very briefly, I want to thank the panelists, and enjoyed meeting with Mr. Dunnigan the other day. We discussed at the time the importance of research that is often neglected on harmful algae blames, which Mr. Ehlers and I have worked on very much before. I want to reiterate the importance of that, particularly for our shellfish industry and for public safety. And also my longstanding interest, again with Dr. Ehlers, on the issue of invasive species. So we wish to work with you on that.

Also, of course, the important permitting issues that many of your agencies are involved with, to the extent that we can work collaboratively to expedite those processes while still protecting the environment, we can I think do things more efficiently and economically.

I yield back. Thanks, Mr. Chairman.

Mr. DUNCAN. Thank you very much.

We have a very distinguished panel today. The Honorable Benjamin H. Grumbles is Assistant Administrator for Water at the U.S. Environmental Protection Agency. He is from here in Washington. The Honorable Susan Parker Bodine is Assistant Administrator, Office of Solid Waste and Emergency Response of the EPA, also from here. We have Mr. John H. Dunnigan who is the Assistant Administrator of the National Ocean Service of the National Oceanic and Atmospheric Administration, also from Washington. And then we have one of my 700,000 bosses, Mr. Bill Baxter, a long time friend of mine, who is Chairman of the Tennessee Valley Authority.

Mr. Baxter, it is an honor to have you here. You are fortunate, when Chairman Boehlert, the six years he chaired this Subcommittee, and he was from upstate New York, almost every year he would use this hearing to complain about what he thought was an unfair advantage TVA gave people from our region. Of course, I didn't think it was an unfair advantage at all. At any rate, we are glad to have you here.

Your full statements will be placed in the record. We are supposed to limit you to five minutes. I always give the witnesses six minutes, but as a courtesy to the other witnesses, if you see me start to wave this, that means your six minutes is up and so I want you to try to bring it to a close.

To be honest with you, I think of all the times that Ben Grumbles has been here, I don't think he has ever taken the full five minutes even.

[Laughter.]

Mr. DUNCAN. So I don't know. We will see what happens today.

Mr. Grumbles?

TESTIMONY OF BENJAMIN H. GRUMBLES, ASSISTANT ADMINISTRATOR FOR WATER, U.S. ENVIRONMENTAL PROTECTION AGENCY; SUSAN PARKER BODINE, ASSISTANT ADMINISTRATOR, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, U.S. ENVIRONMENTAL PROTECTION AGENCY; JOHN H. DUNNIGAN, ASSISTANT ADMINISTRATOR, NATIONAL OCEAN SERVICE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE; BILL BAXTER, CHAIRMAN, TENNESSEE VALLEY AUTHORITY

Mr. GRUMBLES. Thank you, Mr. Chairman. It is truly an honor to appear before the Committee. I just look at the membership of the Committee and see the leaders on environmental issues, particularly in great waters, sensitive ecosystems like the Great Lakes, the Chesapeake Bay, the Anacostia, but also the whole effort. So it is an honor to be back.

It is even more of an honor to be able to appear with Susan. That is just a tremendous opportunity for EPA to have her working at EPA with us.

It is an honor to be here to discuss the President's fiscal year 2007 budget request for EPA, and specifically for the National Water Program. The President charged the Administrator with the job of accelerating environmental protection, while maintaining our Country's economic competitiveness. We believe the 2007 budget request provides the tools and the resources to do so. In the amount of time I have in the opening statement, I want to emphasize two words, and the two words are sustainability and stewardship.

Sustainability of infrastructure is a key theme and a focus of the agency. I know and we are taking note and we understand the views of those who criticize the investments in the President's budget in the State revolving fund. We feel that the $688 million request is on track with the commitment to provide a self-sustaining, fully revolving level of $3.4 billion after 2011, and that that seed money, those investments in the State revolving fund must be

coupled with an aggressive approach to implement four pillars of sustainability.

Those four pillars are improved management, looking at it from a demand side, working cooperatively with utilities and cities across the Country to use asset management, capacity development, environmental management systems, technologies, to reduce the costs, reduce the demand on infrastructure and improve the management.

The other pillars of sustainability that we are committed to and want to work with you on include full cost pricing and also water efficiency, and then the last pillar being watershed-based approaches. We think that is where we can make the progress.

Through all of those pillars, the key tools are technology and innovation and collaboration. So we agree. We recognize that one of the greatest challenges is making progress, maintaining economic competitiveness, but making progress on the water infrastructure challenge.

We want to work with Members of Congress, with citizens, with the private sector, to find innovative financing tools to supplement the four pillars of sustainability.

Mr. Chairman, on the issue of watersheds and core clean water programs, the President's budget includes $192 million for EPA's core clean water regulatory program. This provides the tools and the science for setting water quality standards, for monitoring, for progress and coordination with our partners on the clean water challenge.

Also included is $194 million for nonpoint source pollution, which we recognize is one of the greatest challenges. We believe that EPA's budget, in coordination with USDA farm bill programs and other programs, can continue to make significant progress. We will make more progress if we focus on innovative tools such as water quality trading, to have more cost effective in environmentally results-oriented approaches.

The budget request also includes $222 million in grants to States and tribes, our partners in carrying out the Clean Water Act, to help them administer their important responsibilities. For wetlands program, we are requesting a total of $38 million. That includes $17 million for State Capacity Development Grants. We think it is important for States to have the tools to protect these precious resources.

On the Great Lakes, I want to acknowledge the leadership of the Subcommittee, including in particular Congressman Ehlers. That is a highlight of the budget. It is a high priority of the Administrator. It is a priority of the President, and $70 million is included in the budget, and nearly $50 million for implementation of the Great Lakes Legacy Act, cleaning up those contaminated sediments.

The Chesapeake Bay Program includes approximately $26 million. That is a very important program. It is a national treasure, and we are very excited about improving and accelerating the progress with our partners in the Chesapeake Bay.

There are two last things I want to mention, Mr. Chairman. One of those is water security. That is truly one of the priorities for the National Water Program, and $53 million is included for water se-

curity-related efforts, including $38 million for the Water Sentinel Program.

The last thing I want to mention is the promise and progress that we can achieve through Good Samaritan legislation and administrative efforts. Now is the time to move forward in a bipartisan way and enact Good Samaritan legislation. The Administration and the EPA are committed to working with you and with the States on Good Samaritan efforts. We are also working administratively to develop a toolbox of tools to provide assistance.

With that, Mr. Chairman, I want to thank you for the opportunity to testify. I would be happy to answer questions at the appropriate time.

Mr. DUNCAN. Thank you very much, Administrator Grumbles. Actually, our next hearing at the end of this month will be concerned with the Good Samaritan legislation to which you have referred.

Ms. Bodine?

Ms. BODINE. Thank you, Mr. Chairman, Members of the Committee.

As most of you realize, this is my first hearing as Assistant Administrator of the Office of Solid Waste and Emergency Response. I am delighted that this opportunity is happening in front of the Water Resources and Environment Subcommittee. I am very happy to be here today to discuss the President's budget with you with respect to the programs that fall under the Office of Solid Waste and Emergency Response.

The President's budget provides the necessary funds for EPA to carry out our missions effectively and efficiently. Administrator Johnson has reminded us that we are not only stewards of the environment, but we are also stewards of the taxpayer dollars. This budget allows us to achieve both of those goals.

I do want to mention that the Administrator is very heavily focused on results, environmental results, and maximizing the return on our investments, and has initiated some very good tracking measures to make sure that that is the case. So we are all focused on spending our dollars as efficiently as possible and making sure that we are getting the results for that investment.

For the Superfund Program, the President's budget request is $1.259 billion. That represents increased funding from last year. The increased funding is targeted towards both enforcement and for homeland security. There is a $9 million increase in enforcement, and that is important because it does ensure that Superfund cleanups are performed by parties that are responsible for the waste.

To date, the Superfund program has obtained commitments from PRPs to pay over $24 billion worth of cleanup, as well as cost recovery efforts. So I want to remind you of that just for context, that the contribution to date has been $24 billion.

On the increase in homeland security, overall it is a $12 million increase, but $9.5 million of that is to establish a network of labs. I want to spend a few minutes talking about this because it is extremely important. It was requested last year as well. It was not funded. I think that we did perhaps a poor job of explaining the need to establish a lab network.

This is critical to our response efforts in the event of any terrorist attacks. As you might expect, EPA has extremely good and well established networks of labs to deal with chemical substances, chemical releases. We do not have that same network established for both radiological and biological substances. The purpose of the $9.5 million is to set up the networks of labs that we know can work with EPA, understand our protocols, and are able to deal with our databases so that should an event happen, we would be ready.

I would hope that this year Congress would see fit to fund that. About $2 million of that funding request also is for the National Decontamination Team's special equipment. Again, it is the same issue. It is readiness. We all hope that nothing happens, that there would not be any attack, but should there be, there is specialized equipment for the National Decontamination Team that we do not have right now, and we do need to purchase it. So I am spending time stressing that because it has not been funded.

The Superfund request allows us to continue the pace of cleanup. As of January, there were 970 construction completions. Cleanup construction is underway for over 90 percent of the sites on the NPL. The goal for construction cleanup this year is 40 sites.

I do want to spend another minute talking about the efforts that we are taking in the Superfund Program to increase efficiencies, and also to use our money as best we can. For example, if a contract is closed out and there is still money left in it, we are very aggressively de-obligating funds so that we can then take that money and use it at other sites. We are conducting a workload analysis to make sure that the workload is appropriately distributed across the regions and across the various functions.

We are benchmarking performance because again we are trying to get the most effectiveness out of our people. We are asking the regions to share best practices and we are working with all of the regions on remedy selection, whether it is contaminated sediments or groundwater. Of course, we also have the Remedy Review Board. We have expanded the use of that to make sure that we have our best technical experts in the agency looking at high cost remedies.

On Brownfields, we are maintaining steady funding for the Brownfields program. The request is what Congress has provided for the last couple of years. In the past, the President has requested about $200 million for Brownfields, and Congress has not provided it. So what this year's request reflects is a recognition that Congress has not been willing to fund at the $200 million level, and instead proposes steady funding.

Finally, with my last 29 seconds, I want to talk very briefly about the Katrina response. I appreciate the support of the Subcommittee with EPA's Katrina efforts. I want to let you know that there have been 1,100 EPA employees, not just from the Office of Solid Waste and Emergency Response, but Office of Water, all across the agency, all across the regions, volunteers that have gone down there, away from their homes, away from their families, and done rotations. They have done a terrific job.

I am very proud of the job they have done. I am very proud of how EPA has responded to this emergency. We have the lead for ESF-10, which is oil and hazardous materials. We have support

functions under ESF-3. The Corps has the lead for that, and that is the function under which the debris removal is taking place.

I know that, Mr. Chairman, you have been down there. Other Members of the Committee have been down there and seen just the tremendous effort. I just want to convey to you, first, thanks for the support, as well as my pride in the contribution that EPA has made.

Thank you.

Mr. DUNCAN. Thank you very much, Administrator Bodine. Good job. The first testimony is always the hardest.

I mentioned bills that Mr. Ehlers and Mr. Bishop had worked on and shepherded through this Committee, but I remember the major Brownfields legislation that we passed that you were the lead person on, among many other bills that I can mention. I thought of that as you were testifying very briefly about the Brownfields situation.

Mr. Dunnigan?

Mr. DUNNIGAN. Thank you, Mr. Chairman, Ms. Johnson, Members of the Committee. Thank you for the opportunity to be here this afternoon. My name is Jack Dunnigan. I work for NOAA. This is also my first time for an opportunity to be before this Committee.

I must tell you that I have been in my current position as the Assistant Administrator for Oceans and Coastal Services for all of six weeks. I have been learning an awful lot about what it is that NOAA does in these areas, and in particular how much of the importance of what we do is represented by matters that are of intimate importance to the Members of this Committee on the transportation and navigation services side of what we do.

We are basically in a position in our part of NOAA to be able to see where conservation and stewardship programs and our navigation programs have to work together, because they are really two sides of the same coin once you realize that it is all about the water.

We began to realize that even more so, I think, in response to the storms that hit the Gulf of Mexico over last summer. NOAA was very hard in working to move forward and help respond to those storms. We were flying over the Gulf of Mexico the day after Hurricane Katrina left so that we could be taking over 9,000 different photos that would be available to emergency response planners.

We had navigation and response teams. We have six of those around the Country. Four of them were pre-positioned and ready to be deployed so that we could help the Coast Guard and the Corps of Engineers to identify areas of water that needed to be reopened so that we could begin commercial transportation along those waters as soon as possible.

We had two of our large ocean-going research vessels redeployed, the Thomas Jefferson, which is from the Chesapeake Bay area, and the Nancy Foster, which works out of South Carolina, to do missions for navigation and environmental surveys.

So in many numbers of ways, what we saw as a result of those storms last year was how all of NOAA could come together. We in the National Ocean Service really were a place where all of that

had an opportunity to happen. We are certainly very proud of the efforts that our staff was able to make. We are very proud of the collaborations that we were able to have with our sister Federal agencies and working with State and local governments as well.

There are a couple of parts of the President's request that we think are particularly important for the Committee that we would like to point out. One of them has to do with what we saw happen in the Hurricane Katrina context last year. That relates to response and restoration. The President's budget is seeking a total of $16.5 million for this program, which is an increase of about $3 million over what was enacted last year.

This is a critical program because it is the place where we can provide the scientific support to agencies that have the primary response capabilities when oil spills or hazardous material spills or large environmental hazards happen. This is a part of our budget that has been gradually decreasing and whittling away over the last couple of years. The President's request would restore that funding to where this program was in 2003.

We think these are essential activities. There is about $1.5 million of those dollars that we lost in the 2006 budget. What we are afraid of is that if this continues, our ability to support our sister Federal agencies in difficult times is going to be gradually eroded. That is not a good thing. It is not a good thing for our collaborative efforts. It is not a good thing for the people who are affected.

We also have a number of navigation programs that are critically important. The President's budget is seeking $10.5 million to finish out surveys according to a plan that was looked at a couple of years ago that identified parts of our coastline that have not been surveyed, or parts where the surveys are just very old. Over half of the chart marks that you will see on NOAA charts are 40 to 50 years old or longer, and taken by somebody dropping a lead line in the water.

You have to ask yourself how accurate, given today's modern technology, do we think those are? And what has happened to the bottom? How has it changed in those four or five decades since those surveys were taken? So we have identified a plan to survey by 2017 an additional 43,000 square nautical miles in the United States. This $10 million that the President has asked for will allow us to survey an additional 500 square nautical miles this year. In our base budget, we will be able to do about 2,500 square nautical miles. This 500 will keep us on a track to be able to complete the project that we have by 2017.

The President has asked for funding that would allow us to move towards completion of the suite of electronic navigation charts. The Coast Guard is going to require by 2010 that all commercial navigation use NOAA's electronic charts. If they are going to be able to do that, we have to be able to get the charting done. The amount of money that is in the President's budget this year will keep us on track towards having that finished by the year 2010. It would allow us to do an extra 70 charts this year in addition to what we would try to do through our base funding.

I think that these are examples. We are in a part of the President's budget where there are a lot of opportunities that the Administration has identified that are critical to the environmental

stewardship and to the commerce of the United States, that deserve to have some funding. Mr. Ehlers mentioned it earlier in his opening statement about parts of our budget that have suffered in some budget issues lately. The President is asking to have that funding restored. We would certainly ask for the opportunity to do that.

Mr. Chairman, it is a pleasure on my part to be able to introduce myself to the Committee. I have had a chance to meet with some of your staff. We look forward to continuing collaborations and being able to support you as you move forward with the important work that you have.

Thank you.

Mr. DUNCAN. Thank you very much, Mr. Dunnigan. Very fine testimony. Both you and Administrator Bodine mentioned the Katrina damage. I had the privilege of leading an 11-Member delegation down there about three weeks after that happened. The devastation was just unbelievable. You could not really appreciate it as much seeing it on a TV screen as in person. Unfortunately, apparently much of that damage is still down there and will be for awhile.

Thank you very much for the work you have done on it.

Mr. DUNNIGAN. Thank you.

Mr. DUNCAN. Chairman Baxter?

Mr. BAXTER. Thank you, Mr. Chairman and Madam Ranking Member and Members of the Committee. My name is Bill Baxter. I am the Chairman of the Tennessee Valley Authority. On behalf of the board of directors and the employees of TVA, I want to tell you, thank you for this opportunity to be here today. It is an honor.

Excuse my voice. I am a basketball fan and I have been screaming during March Madness here.

Mr. DUNCAN. Unfortunately he is a Duke fan, and not a Tennessee fan.

Mr. BAXTER. Well, Duke and Tennessee, for law school, and both are doing well. They may meet this year.

Director Harris and I look forward to welcoming six new members of the TVA board that have been now confirmed by the United States Senate just this last week. Having these new board members in place will complete TVA's transition to a modern part time board structure that Congress laid out in late 2004. The new board will consider long term policy, budgets and rates, and hire a CEO to manage the day to day business of TVA.

With the new board, TVA will continue its mission of service to 8.6 million consumers in the seven State region in three key areas: providing affordable reliable power; serving as a steward of the region's natural resources; and supporting economic development.

As you know, TVA is 100 percent self-financing. There are no congressional appropriations that we seek. However, Congress appropriately has oversight responsibility for TVA in many capacities, and we are very happy to report to this Committee today.

TVA generates power from a diverse mix of coal, nuclear, hydro, natural gas, and renewable sources, and in 2005 TVA's power system had its best performance in its 72 year history. TVA met back to back peak demands during the summer and had its sixth year of 99.999 percent transmission reliability.

We are also on schedule and on budget to bring online the Nation's first nuclear reactor in the 21st century. In May of 2007, Browns Ferry Unit One will add 1,280 new megawatts of safe, low cost, zero emissions generating capacity to our fleet.

As steward of the valley's natural resources, we are continuing to improve the way we manage the Tennessee River, which is the backbone of the valley and at the heart of TVA's mission. Managing this river system, which is the fifth largest in the United States, requires a careful balance of many diversified stakeholders' needs.

We are also working hard to ensure the valley's air will be cleaner for our children and grandchildren. Our air quality today in the Tennessee Valley is the best it has been in decades. When we complete our current clean air commitments, TVA and its ratepayers will have invested $5.7 billion in one of the most aggressive clean air programs in the Country.

In economic development last year, TVA partnered with public officials in local communities to help attract or retain 57,000 jobs and leverage almost $3.6 billion in new capital investment. In addition to technical assistance and low interest loans, we are now also providing communities with tools to attract specific industries.

In order to continue to excel in meeting our mission for the valley, we are committed to a disciplined approach to improving our financial performance. TVA must reduce its total financial obligations which include both statutory debt and alternative financing. I am pleased to report that since the end of 1996, TVA has cuts its total financial obligations by $2.1 billion and our strategic plan, which we have submitted to OMB, calls for by 2016 further reducing our debt by $7.8 billion.

We believe we can meet this goal if we constrain our internal costs, and we recover the increased costs of fuel and purchase power that we have all seen recently. These costs are increasing dramatically for utilities all across the Nation and we are doing our best to mitigate them. We are working closely with our customers on long term solutions and we are cutting our own costs to offset some of these increases.

Unfortunately, we must pass along some of these increases to our customers and we are endeavoring to keep those to a minimum. As you know, as I said earlier, TVA is entirely self-financing. In preparing our fiscal year 2007 budget, we are projecting revenue of around $9 billion. About $1 billion will be spent on capital projects supporting improved transmission reliability, cleaner air, and the restart of the first nuclear power plant in America.

Since fiscal year 2000, TVA has funded its stewardship activity solely out of power revenues, rather than out of appropriations. In fiscal year 2007, TVA will spend $84 million on water and land stewardship activity. Beginning with our annual report for fiscal year 2006, TVA will file financial reports with the SEC. In fiscal year 2007, we will begin complying with portions of Sarbanes-Oxley as well.

TVA is transitioning now to a new management structure that I believe will help TVA lead itself into the future. It is also important to note what is not changing at TVA, and that is our dedica-

tion to our mission of service to the valley and to continuing to improve our financial strength.

We will continue to work with the Congress and the Administration and with all of our stakeholders to ensure that we achieve these goals.

I want to thank you again for the opportunity to be here and I look forward to answering any questions that you might have.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you. Ms. Johnson and I have questions, but I think we will go first to members, and first to Mr. Gilchrest.

Mr. GILCHREST. Thank you very much, Mr. Chairman.

I have three questions, actually four since TVA is here, I am going to ask you, you can be thinking about this. This will be the fourth question. BP and Shell have both said that fossil fuel is not in their future. I would like to know at TVA, what is in your future.

Forgive me if I say Jack or Sue or Ben. I do not mean, you know, you are all honorable. If I get caught up in a moment and I say Jack, but anyway, Jack, you referred to Katrina. I think everybody, including this Committee, did extraordinary work to heal the souls of people who lost their lives and lost their homes and got separated and things like that.

I think what we saw in Katrina, though, was human activity was grossly incompatible with nature's design in that region, and when you had that huge hurricane, we had this enhanced destruction. The first question is, when you look at all these programs in NOAA, in EPA, do you look at the fundamentals of the physics of the system upon which you are trying to repair or clean up or restore, which is basically geology and hydrology of a particular region?

Now, the fundamentals of an ecological system are the geology and the hydrology of that system. So when you take a look at, which is what my next question will be, a prosthesis to correct or eliminate some of the degradation, do you look at that prosthesis, which whatever it might be, a sewage treatment plant or a berm or a barrier or a levee or whatever, do you look at the ecological system upon which that will be working? The first question.

The second question, the State of Maryland has come up with something called a flush fee. I know that the Federal Government certainly cannot do everything for all the sewage treatment plants and all the revolving loan funds. So Maryland has really stepped up to the plate and generated about $60 million, $70 million, $80 million a year by charging every homeowner $30 a year, which is pretty good.

The question, though, is, the technology that we use to eliminate the problems of sewage and things like that, is that the whole answer to degraded waters? Technology is a prosthesis. It is rarely as good as a natural design. So are we developing, and this is not a Federal question, though, because it is all local land use issues, but do you think we are developing our open space faster than we have the technology to restore our waters? That is the second question.

The third question is, since we want to have maximum returns on our investment, Secretary Johnson has said that at EPA, do we look at a big picture of how to? I mean, I have lines and lines of

stuff that I wanted EPA and NOAA here for restoration of the Chesapeake Bay and things like that, just lines and lines of stuff that we resubmit every single year.

It seems to me in certain regions of the Country that open space is a better filtration system for air deposition or other forms of pollution to clean bodies of water. It is possible to re-look at this system of funding in all these various things, and then say for the first five years we are going to, and there are a lot of willing sellers, purchase acres and acres of easement, development rights in certain areas, so these areas can have this natural process at work, and in my region, most of that are wetlands.

So I guess, do you look at the ecological structure before you put in a particular structure? Do you think we are developing faster than we have the technology to stay up with it, and the maximum effective use of the dollars? I do not know if we have time for all these answers, but those are my questions.

Mr. DUNCAN. Let me say this. We are about to get to a number of votes in just a few minutes, so I would ask that you make your responses very, very short, so we can get to some other members here.

Mr. GILCHREST. They can call them on the phone, Jimmy. Okay?

Mr. DUNCAN. Go ahead, Mr. Grumbles.

Mr. GRUMBLES. The Administrator of EPA and the head of NOAA entered into a memorandum of agreement a little over a year ago to work together towards sustainable development in coastal areas to better instill principles to provide not Federal regulations or mandates, but technical assistance and planning for local officials to take into account the resiliency and the stressors in the coastal environment.

You mentioned geology and hydrology and technology. There is also sociology, and recognizing a lot of it is local land use planning. I think the agency, our perspective and the Water Program's perspective, is to provide technical assistance and planning assistance to make those decisions, and recognizing that buffers, barriers, coastal barrier islands can be extremely helpful and protect not just the environment, but people, too, in the instance of hurricanes and storms.

Mr. DUNCAN. Mr. Dunnigan?

Mr. DUNNIGAN. Yes, thank you, Congressman.

I think I would second what Mr. Grumbles said. You see this, of course, in the collaboration between NOAA and EPA working in the Chesapeake Bay, where we focus on trying to make tools that are available. If we take it back to your question of Hurricane Katrina, in the weeks immediately following, part of what we did was to put technical experts on-scene to begin working with local governments, our experts who understood the geology and the physical properties, to help that community begin to re-vision what their future could and ought to look like and how we could help do it.

But as you said, these are decisions that need to be made by the people that live there. What we can do is to help provide the technical expertise for them to do that.

Mr. GILCHREST. Thank you, Mr. Chairman.

Chesapeake, an environmental biography by John Winterston, it is a great read. You guys would love it.

Mr. DUNCAN. All right.

Mr. Bishop?

Mr. BISHOP. Thank you, Mr. Chairman. I know we are getting called for votes, so I will go quickly.

Mr. Grumbles, it is nice to see you again. I have essentially the same set of questions that I had last year. The funding for the Long Island Sound Study is going in the wrong direction. In fiscal year 2005, we spent $6.8 million on the Long Island Sound Study. In fiscal year 2006, we provided $2.8 million. The President's budget request for fiscal year 2007 is $467,000.

I guess I have an observation and a question. My observation is that within months of signing a bill that authorizes up to $40 million for the Long Island Sound Study Project, how could we get to a request that is $467,000?

I guess my other question, not to be flip, but what does the Administration know about the Long Island Sound that the rest of us who live near it don't?

Mr. GRUMBLES. Congressman, I know your intense interest and passion in making progress on the Long Island Sound. We certainly recognize the importance of accelerating progress on Long Island Sound. A couple of things, one is the funding request is, as you noted, approximately the same as previous years, and that is to provide funding for the study, for the office activities, recognizing that it is not attempting to fund implementation of the comprehensive conservation and management plan. There are other tools and resources that we all must use to help facilitate that.

The agency has been working very closely over the last year and a half with the Army Corps on an intensely important effort on the dredge material management plan for the Long Island Sound. I know that we all recognize the need to improve the tools and accelerate market based approaches through trading. The water quality trading efforts in the Long Island Sound, we are very excited about.

We want to provide the technical assistance and help the States continue the reduce nutrient loadings into Long Island Sound, recognizing that the Federal funding may not be increasing. It is going to take a partnership of State and local and nongovernmental efforts to make progress in the Long Island Sound.

Mr. BISHOP. I thank you for that. I guess my response would be that you spoke before about the department having two guiding principles. One was sustainability and the other was stewardship. I would just suggest that stewardship is still very much required for Long Island Sound and it does have to be a multi-governmental effort. The Federal Government, in my view, needs to continue to be an active player in providing the stewardship for the Sound.

If I may have one more question, Mr. Chairman? I think this is for Ms. Bodine. I want to ask about the Superfund. The Administration has once again not recommended to the Congress that the Superfund tax be reinstated. It also continues to forego cost recoveries from responsible parties. So my question is, does the Administration believe in the principle of the polluter pays? And if it does,

why is it not requesting that we reinstate the tax? And if it doesn't, why doesn't it?

Ms. BODINE. The Superfund statute does have parties responsible for pollution pay for cleanups, and that is through the liability provisions. As I noted earlier, the President's budget actually increases the funding for enforcement efforts, and that we have a cumulative level of effort from PRPs of $24 billion. In fact just in fiscal year 2005, it was $1.1 billion of commitments and cost recoveries.

On your question relating to why aren't we doing more cost recovery, well, we certainly are. It is better to have the PRPs, the responsible parties, pay for the cleanup up front, so then it is not the taxpayer dollars being spent. Second, where EPA has spent money, what we have been doing is recovering those costs and putting them into special accounts so that we can then use those funds to conduct more cleanup.

So if you are suggesting that cost recoveries are going down because you are not seeing that amount deposited to the Trust Fund, I would say no, that is not the indicator. Cost recoveries are very strong, but we are able to spend that money to do more cleanups at the site. Again, that is PRP money.

On the taxes, if you looked historically, there has never been a relationship between the amount of funding that is in the Trust Fund and the level of appropriations for the Superfund Program. The Superfund Trust Fund is an on budget trust fund. I know this Committee understands trust funds very well. There are no firewalls. It is part of the unified budget. It is subject to discretionary spending caps. So the appropriations annually have been relatively steady throughout the years, and have borne no relationship to the level of funding in the Trust Fund.

Mr. BISHOP. Thank you.

Mr. DUNCAN. Thank you very much.

We have run into a problem that I hoped we could have avoided, but we have six votes, which means we are going to have to go into a very lengthy break. I apologize. Before I do this break, I do want to go to Chairman Baxter first of all. I did not give you a chance to respond to Mr. Gilchrest's question about fossil fuel. Secondly, and more importantly to the people of our region, let me just ask you this. Last fall, the TVA had a rate adjustment, a rate increase. You mentioned some of these increases that TVA is facing. Natural gas prices have exploded. Almost all of our energy costs have been shooting way up.

Do you think that TVA is going to have to have another rate increase anytime soon? What do you see in the near foreseeable future, as best you can?

Mr. BAXTER. As soon as the new board gets with us, which we hope will just be in a few weeks, we will go to work on our 2007 budget. That will be a part of that, what are our revenue projected requirements and how do we fund those.

We have been discussing now for nearly a year with our distributors, rather than doing base rate increases, which should be attuned to what our underlying cost of doing business is at TVA, that we need to consider doing what most other utilities in our region do, which is have a fuel clause adjuster, which is an automatic for-

mula that passes through those costs up and down. We are now tracking that with our distributors to see how that would work and that mechanism would work. We have gotten very favorable response to that.

So you could very well see that as part of the 2007 budget, where the actual base rate for electricity from TVA would go down, and there would be placed a fuel clause adjuster that would go up and down automatically with those fuel costs, and be audited by our distributor customers.

Mr. DUNCAN. As much as possible, you know, our economy overall is very good, primarily because our area has become one of the most popular retirement areas in the Country. We have a lot of upper income moving from other parts of the Country.

But that does mean that there is still a pretty wide gap between the people moving in and we still have a lot of lower income people in that region. I hope that the new board will keep in mind that there are a lot of people who still have great difficulty in paying for their utility needs, and I think we always need to try to keep that in mind.

We are going to have to break at this time. We will come back as soon as we can, but it is going to be a little while, and I apologize to you. Mrs. Kelly and some others want to ask some questions, so we cannot just put them in writing, I don't think.

Ms. Johnson?

Ms. JOHNSON. Mr. Chairman, I don't think I am going to be able to come back after this series of six votes, but I would like to submit some questions and wonder if I might request they be responded to in a couple of weeks.

Mr. DUNCAN. All right.

Ms. JOHNSON. Thank you.

Mr. DUNCAN. Thank you very much.

[Recess.]

Mr. DUNCAN. We will go ahead and start back. Let me apologize. I chaired the Aviation Subcommittee for six years, and now I am in my sixth year of chairing this Subcommittee. This is my 18th year here overall. I have never had a Subcommittee or Committee meeting interrupted by that many votes all at once, although we did have an Aviation hearing one time in which we had the presidents of all the major airlines, and Congressman Jose Serrano from New York got mad and called 24 votes in a row, but we called off the whole hearing. We did not really get started on it. So I remember that.

I do apologize for making all of you wait. I would have been satisfied to submit these questions to you in writing, but Mrs. Kelly has some questions that she wants to ask. Until she gets back, I am going to start going over some things.

Mr. Grumbles, as you could tell from my statement, I am particularly interested in the funding of the SRF Program. You talked about the $688 million, and said that that would produce $3.4 billion in total funds, and that you thought that was enough. The $688 million is $200 million below the enacted level last year, and I am sure you realize that.

Also, I think we had $4.9 billion in total funding, approximately $5 billion in total funding. Do you see that gap between the $5 bil-

lion and the $3.4 billion that you are talking about? Do you see that as a problem? If not, why not? Because we get all these groups, that tell us that we have the Water Infrastructure Network, and so many other groups and analysts and experts who tell us that the needs are out there; that over half of our water infrastructure is over 50 years old; that much of it is over 100 years old. And they have even come up with a figure, a size $400 billion over the next 20 years. What do you say about all that?

Mr. GRUMBLES. Yes, sir. Mr. Chairman, I appreciate the question, and I have a couple of points to make. One is that EPA recognizes that there is a large gap between the estimated needs and the estimated revenues over the next 20 years. We are saying from a Federal perspective, for the Clean Water SRF, that there needs to be a continued Federal commitment of seed money, and in 2004 the Administration agreed to a plan, laid out a plan that said, okay now, if you have an investment over a number of years through 2011, the cumulative amount, $6.8 billion, coupled with some key assumptions and with the pillars of sustainability, which also means full cost pricing and local ratepayer support, we think we can make significant progress in eliminating that gap.

Now, one of the key points that we need to make and agree with Members of Congress and others is that it requires a shared effort. The history of the water infrastructure programs and funding across the Country has been by and large that 90 percent of the revenues and investments going into infrastructure have been at the local or State level. We do not expect that to change dramatically over time.

What we are seeking to embrace is a much more aggressive approach for leveraging those funds that are going into the Clean Water SRF, plus additional concepts like full cost pricing and doing more with less. The leveraging, the $3.4 billion, I appreciate the question because it is often easy to either miscommunicate it or confuse it. That level is what we would project at the level that the fund would be revolving at in 2015 through 2040 on an annual basis without Federal funds going in.

The dollars you mentioned, the $5 billion or the nearly $4 billion amount, what that currently reflects is the Federal funds plus the State returns. It is not really a self-sustaining revolving level. So when we say the $3.4 billion, that is the goal we are shooting for after Federal funding into the SRF would stop by 2011.

Mr. DUNCAN. All right.

On another issue, you know that I have had particularly one community in my District, Marysville, Tennessee, my second largest county that has had real concerns or problems about the blending issue. I wonder, and there have been communities all over the Nation that have been confused or concerned about that and potential costs. In fact, I have been told about possibly extremely high costs that could potentially be there. Where does the EPA stand on that now? Have you got that all straightened out so that people will stop bothering us about that?

Mr. GRUMBLES. Well, we are trying our hardest, Mr. Chairman. We proposed a peak flow policy, a blending policy that we are very excited about because it represents progress on that difficult issue, where in the past you had very strongly held opposing views. We

are going through the comments on that policy and we hope to finalize it soon.

What we are striving for is an approach that provides some greater consistency across the Country in the different regions.

Mr. DUNCAN. Right.

Mr. GRUMBLES. But also recognizes that meeting the Clean Water Act requirements at the end of the pipe through technology and through the right process is important. I can tell you, Mr. Chairman, on the issue of sustainability, we also have an important component and that is affordability. The utilities across the Country are asking us to take a new look, a fresh look at the affordability policies on clean water infrastructure financing with respect to sewer overflows and long term control plans. We are committed to reviewing that because we recognize that that is one of the issues that comes across your desk very frequently, and we have to deal with that as well.

Mr. DUNCAN. Well, that has been I think the main concern. It is a legitimate concern because all these people that run these water districts and these water utilities around the Country, they want our water to be as clean and safe as possible. In fact, I am sure they have a lot more concern about it than just the average person out there, so they want to do everything they can. But they also know that it is difficult to come up with the money for some of these things.

Let me ask you one last question. Everybody today is throwing out security, talking about security on this and that. Do we have any problem at all, or should we be concerned about the security at our water facilities around the Country?

Mr. GRUMBLES. Mr. Chairman, one of the priorities in the Administration's budget, and certainly the priority of the agency's operating programs over the last several years has been to work towards instilling a sense of water security, institutionalizing it more within the context of the clean water programs and the drinking water programs.

We do have more work to do. We have made progress. The utilities and States, drinking water and wastewater agencies are taking it very seriously, but we do have a lot of work to do. The Water Sentinel Program that is requested in the President's budget, the $38 million for that, is trying to emphasize in a comprehensive, coordinated monitoring and surveillance approach, particularly for the drinking water systems across the Country, using five different data streams for routine as well as triggered monitoring of contaminants of concern, physical surveillance using public health data and records, to really keep an eye, a wider eye and a more attuned ear to potential problems, particularly in distribution systems.

So we do have more work to do on the water security front.

Mr. DUNCAN. I said I was not going to ask you any more questions, but you used to work for our friend, Chairman Boehlert. You heard me mention that he used to enjoy making anti-TVA comments. Were you the one responsible for coming up with those comments or questions?

[Laughter.]

Mr. GRUMBLES. I think Susan can answer that question.

[Laughter.]

Mr. DUNCAN. All right.

Assistant Administrator Bodine, the staff that you left me with, which is a very good staff, they tell me that it is very difficult to try to determine exactly how Superfund money is spent, and that half of it, or over half of it is not being spent on actual cleanup work. I remember, of course even that is much better. I remember reading a lengthy article about the Superfund years ago, and that article said that 85 percent of the money at that time was being spent on bureaucratic administrative costs, and particularly the cost of the litigation, paperwork and so forth.

Now, since you have been over there, what have you found out about this? Have you been able to get a handle on that? Do you think that that still is a problem? If it is, what do you propose to do to improve the management of Superfund resources?

Ms. BODINE. Thank you, Mr. Chairman.

That is an issue that I have studied for a long time. I would say that there are still challenges within the Superfund Program in terms of dealing with the most efficient, effective way of using its resources. There have been a number of studies. The Administrator had commissioned when he was Deputy Administrator a study called the 120 Day Study, that had a number of recommendations for efficiencies, some of which I cited in my testimony, ideas like benchmarking; ideas like expanding the oversight of remedies that are coming through to save costs; concepts like perhaps reexamining our workforce allocation to make sure that our resources are distributed in the most effective way.

The response, the follow-up activities to those recommendations, are underway and are under my oversight. They are now my responsibility, and I take that very seriously. That is something that we are going to continue to be working on for a long time, to try to make sure that we are spending the resources effectively. It is not a six month project, but over the next three years I hope that we then will be reporting back to you that we have succeeded in making the program as efficient as possible. But I will concede to you that there is still work to be done.

Mr. DUNCAN. How is the Supreme Court's decision in the Cooper Industries case impacting the spending on the Superfund and Brownfields? Is it having an effect?

Ms. BODINE. Well, that case had to do with the ability of one private party to recover costs from another private party, so it has not impacted EPA's activities, but we do hear anecdotally, and I don't have data on this, but anecdotally we are told that it could have a potential problem of making people reluctant to step forward to clean up voluntarily if they then cannot recover their costs because someone else is responsible, but I don't have data on that. That is anecdotal.

Mr. DUNCAN. Roughly, what percentage of the Superfund Program is paid for by private parties or from private funds? Do you know, from the settlements of lawsuits and those types?

Ms. BODINE. I do not have an exact number. I would say that for example at the end of last year, in fiscal year 2005, the responsible parties did make payments and commitments to do future work that totaled $1.1 billion. That was a high number. That was a good

year. But the responsible party commitments have been at a fairly good pace. The appropriated funds were, again, roughly about $1.25 billion.

Mr. DUNCAN. You heard, I can't remember whether it was Mr. Bishop or Mr. Pascrell mention that either in the last year or the average number of Superfund sites cleaned up during the Clinton years was 87 or something or 86 or 87, and now you are proposing to clean up 40 Superfund sites. But you also mention that, if I heard you correctly, that over 90 percent of the sites on the national priorities list, the NPL, have been cleaned up. Is that correct? Or work was being done?

Ms. BODINE. Correct. I said that cleanup was underway at over 90 percent. Either cleanup was completed or underway at 90 percent of the sites.

The phenomenon we have right now is in the early days of the program, there were few completions simply because of the effect of getting the program up and running and moving sites through the process. In the 1990s, there certainly were a number of sites that were ready for completion at that time, and Congress was also very concerned about completions, and therefore there was a policy within EPA of completing as many sites as possible.

If you look at the statistics on EPA's out of pocket costs with respect to those sites, what the agency was paying to get those construction completions, the statistics that I have were from 1993 to 2000, but you have 659 sites completed from 1993 to 2001, so 659 sites had construction completed during those years. But 511 had EPA costs of less than $5 million. In fact, 262 of those, also included in the 511, had EPA costs of less than $1 million, and in fact 63 sites had no remedial action at all.

So what you see was very rapid construction and completion of sites that really were not requiring a significant investment. If you look at the sites that we have remaining, for example out of a universe of 581 sites that are not yet construction complete, 128 of those are Federal facilities, which are huge sites, many operable units, and 106 of those, in addition to the Federal facilities, are what we call mega-sites, where the costs are over $50 million, and 124 of those are sites that are new to the program. They have been on the NPL for less than five years.

So I guess in response, what we are seeing is a management of the program of less expensive site completions. What we have left are more expensive sites, and that is what I am now responsible for managing those sites. What I would like to do is manage those sites on the basis of risk, and deal with these to address the risks that are presented.

Mr. DUNCAN. Well, that is a good explanation.

Let me ask you this. I mentioned that you did some good work on our Brownfields legislation a few years ago. Where do we stand on those grants? Do you feel like there has been some real progress made, good work done? There has been a decrease in the requested funding for the grants program for Brownfields. That does not necessarily mean that the overall spending on Brownfields, though, is going down. Where do we stand on all that? What can you tell us?

Ms. BODINE. Well, first the request is in line with what the Brownfields appropriations have been. The request represents

steady funding for the Brownfields Program. With this request, we would expect that with the Federal dollars, we would be providing grants to assess 1,000 Brownfields sites and that we would be providing 60 cleanup grants.

The goal then is that those dollars, and that is the Federal investment, would then leverage at least $900 million in cleanup or redevelopment funding, as well as 5,000 jobs. So the beauty of the Brownfields Program is that the relative Federal contribution is small, but then you end up leveraging a tremendous amount of private cleanup and redevelopment dollars, which then do translate into jobs, which is the goal of the revitalization.

Mr. DUNCAN. And as I understand it, there were about 6,000 Brownfields sites identified. Can you tell us how many of those have been redeveloped or put back into productive use?

Ms. BODINE. Six thousand as a universe?

Mr. DUNCAN. What I have from the staff says that since 1995, more than 6,000 Brownfields sites have been assessed. It tells that over 2,100 properties have been made ready for reuse. That is what I was referring to. I did not have it right at hand when I mentioned that. I just wondered. Is that similar to the information you see?

Ms. BODINE. I have the total numbers. I do not have the breakdown, but I can certainly get that to you in terms of how many properties. We track, or our grantees do, and we are tracking what the State voluntary cleanup programs are accomplishing as well. I do have a statistic that just shows the growth of the effort in this area, and that is that before 2000, apparently State voluntary cleanup programs had worked on about 5,000 sites, but between 2000 and the present, that number has gone up to 50,000.

Now, that does not mean they all required cleanup, but part of making things available for use is in many cases doing a site assessment to say that the properties are acceptable. Now, that does not mean Federal dollars were spent on that 50,000 either. But it means that there has been tremendous support and expansion of Brownfields efforts in recent years that I think everyone should be proud of.

Mr. DUNCAN. Well, I have a couple more questions, but I was going on and on because I had gotten word that Mrs. Kelly was not able to come back, and now she is here. So I am going to turn it over at this time to Congresswoman Kelly.

Mrs. KELLY. Thank you, Mr. Chairman.

I have some very serious concerns I would like to raise with Ms. Bodine. I have serious concerns about TCE. It is a toxic chemical that has been associated with many, many health risks, including birth defects and cancer. The Hopewell Precision Superfund site is in my congressional District. It is contaminated with TCE. On numerous times, I have raised the TCE issue with EPA officials, and I feel that the EPA has actually been very responsive on the ground at the Hopewell Precision site, and they have been very helpful to the families living there. But the EPA here in Washington has not demonstrated that kind of urgency with regard to TCE issues.

The EPA issued a TCE health risk assessment in 2001. That risk assessment determined that TCE is far more toxic than they previously thought. Yet instead of acting immediately, three years

later in 2004, that report was referred simply to the National Academy of Sciences for more review.

So here we are nearly five years later and we still do not have a clear national standard for addressing the TCE contamination. My constituents and I really feel that the EPA is not focusing on the health risks that are associated with the TCE problem. I really have been pushing hard to get some kind of a designation and some information on it.

Along with several of my House colleagues, we have really asked for a protective interim approach to the TCE problem. Apparently that assessment still has not been finished from the National Academy of Sciences.

So I wonder if you could tell me, why won't the EPA issue an interim standard on TCE while we are waiting for the National Academy of Sciences to do this re-review?

Ms. BODINE. Thank you, Congresswoman.

Steve Johnson, the Administrator of EPA, is a scientist. If you know his background, you know that he was a career employee and came out of the Office of Pesticides and Toxic Substances. He is very strongly committed to using sound science, the best available science to address environmental problems.

In the 2001 draft risk assessment, there were questions as to the adequacy of the science. He felt that it was appropriate to get the best available science, and that is why he has referred that to the National Academy of Sciences. That does not mean that work is not underway and not ongoing at sites that have TCE vapor intrusion issues.

As you know, Region II is out there assessing sites and doing remedial actions, removal actions, and dealing with the TCE issues. They are using the draft guidance from 2001, as well as New York State. They are working with the New York State Department of Health to set their levels. Essentially, that would be the screening levels.

If you have the vapor intrusion problem, the remedy often is similar to what you would do with radon, which is ventilation. For example at your Hopewell site, the systems have been installed in at least 37 homes. There is activity. So I guess what I am trying to convey to you is while we are getting the best available science on the site's level that is recommended, we are still moving forward with the science that we have today, which is the existing guidance plus the State levels.

Mrs. KELLY. But there is still no interim standard. While you are waiting for the National Academy of Sciences to come up with a scientific background, there ought to be something that is a standard, because we know that this is toxic. You know, and the EPA knows, everybody knows that this is toxic. We need a standard and we need to do something.

I would think it would be pretty easy for you, since you already have a lot of information. This has been going on since 2001. I would think it would be pretty easy for you to come up with some kind of an interim standard until we get an absolute standard that comes from the National Academy of Sciences.

The EPA on ground in New York has been very helpful. I do not want to cast any aspersions on their work. They have been helpful

and they have helped with ventilation in this kind of a thing. The problem is we have this plume moving, and the constituents that I represent are very concerned that this is moving on down and we simply do not know.

You have to break a certain number on a piece of paper before anyone will come in and help you remediate. In the meantime, how do you know it is not toxic up to that number? That is the problem.

So I am trying to find out whether or not you would be willing to look at doing some kind of an interim standard, because nothing is really black and white. There are usually levels of gray. If we are moving into a gray area on the TCE in these wells, and that gray area is something that might involve being a toxic level for children because children's toxic levels are lower than adults, maybe there is something that we should put in as a standard right now to take a look at it.

Also, I wanted to ask you about the status of the re-review over at the NAS. When are they going to release those results? We are hopeful that we can get them sooner rather than later because they have had it for awhile. I know it takes time to do the studies, but I really am hopeful about two things. I would like an answer to that first question.

But also if you would, give me some kind of, take a look, just take a look and see if we can't get some kind of an interim standard, because I am concerned that the standard will come out and it will be lower than what it currently is. And then we will have people on wells with a standard that they were told was fine, a level that they were told was fine, and it is not fine.

Ms. BODINE. There isn't a standard right now that the agency can stand behind and say that it is based on best available science, which is why the regions are using, as I said, they are using the draft guidance as well as working with States on establishing the levels. Region II is going out and assessing properties and they are addressing the properties in a very proactive way.

So work is not halted while we are getting a standard that we can stand behind, because right now there is not one that we can stand behind and say this is the national guidance; this is the level.

Mrs. KELLY. And you are unwilling to give us an interim standard or some kind of, just give us like two numbers. These are the worry areas, from this to this. If you give us some kind of levels, at least the people that I represent will have a cohesive understanding about when they should start to worry.

Ms. BODINE. Then I need to go back and talk to Region II, because my understanding is they are not standing back and waiting for the NAS study to come back. They are establishing their levels based on their best professional judgment, which includes using the draft guidance as well as the State Department of Health levels.

The NAS report, it is a two stage report. The first stage will be out in May, 2006, but that was really essentially the existing body of knowledge, and they estimate that the peer review on a final assessment would be completed in 2007, which means that the number would be completed in 2008. So what we are doing is getting a peer review by the NAS on TCEs.

Mrs. KELLY. You are telling me that these people in the area have to wait until 2008 for something that started in 2001? When you are talking about health risk, waiting for seven years to find something out. I am not holding you personally responsible. Please understand that. What I am trying to do is hopefully get you to put some pressure on this situation so we can get a response to help these people.

The District I represent isn't the only one that is contaminated with TCE. We have got to have something to tell our people. Especially women and children are very, very concerned. Our bodies are smaller, our children. Who knows what is going to happen if you get pregnant or if you are drinking this water? How is that going to affect your child? We do not know.

Now, you are saying we have to wait until 2008. That is really unacceptable.

Ms. BODINE. But remember, the EPA is not waiting and is being proactive and is going out and working in your communities on these sites.

Mrs. KELLY. On the present level, but the question you raised yourself is that you were not sure that that science established that level was correct. That is why in 2004 the request went from your agency to the NAS. And the NAS is, if anything, just dragging its feet apparently, because they got it four years ago.

I only know from my own personal experience as a bench chemist in a manufacturing situation and as a medical researcher for Harvard University that unless something is requested and it is requested right away, it does not get done. It gets done partially and then gets pushed off until somebody else gets it. Things get put in front of it.

I would suggest that the people in this area who are battling this problem and this plume is moving down and it is moving down into some very serious areas that we need to understand better, that force us to need to understand better what this level is.

Please understand, I am very grateful for what the EPA has done to help the people there, but they have to wait until they have a certain level. They are told, oh, you have TCE, but you are not at the level where we are really concerned, so we are going to let you drink this and bathe in it and cook in it until you get the level that suddenly says, oops, emergency, and then EPA comes in and helps.

I am asking for something that is more flexible than that. I am asking for something that works a little bit more easily to help these people protect themselves if we find out that the level of TCE is not a level that is currently established, but one that is in fact lower. Because that was the original finding, that the current level was established at a level that in fact was more, the TCE is more toxic than we thought.

So that is the nature of my concern, because it is more toxic than we thought, I want to make sure that we get something.

Ms. BODINE. Let me go back and talk to Region II about how they are doing the screening and get back to you then.

Mrs. KELLY. I really would appreciate that.

I do want to say to both you and Mr. Grumbles, it is a great pleasure to see you sitting here in this Committee with the word

"honorable" in front of your names. I have to say that working with both of you, you deserve to have that "honorable" designation. You have done a great deal of good work here and it is a pleasure to continue to work with you.

I want to add one thing, though, to Mr. Grumbles, and that is the Clean Water State Revolving Fund. I Know that our Chairman has amply discussed this with you, but the fact that this is a loan program which gets paid back. It is not grants. It is not going to cost the way that a grant program does. I find the President's budget request simply unacceptable. I think that our Chairman feels the same way, and I hope that that will go back.

I appreciate both of you. I appreciate all of you being here, and I really appreciate, Mr. Chairman, your forbearance in allowing me to have this discussion. Thank you very much.

Mr. DUNCAN. Thank you very much, Mrs. Kelly. You are an outstanding member of this Subcommittee and I know your great interest and concern on these matters.

Let me ask just two or three more questions, then we will bring this to a close.

Mr. Dunnigan, the Resources Committee says that we spend a little over $8 billion a year on all ocean-related activities in this Country, and that is far more than any other country. Yet there has been a presidential commission that has recommended that we try to greatly increase that spending. Are we doing a good job on our ocean-related activities at this time? And if we need a big increase, what would it be spent on? Where are we falling short, if we are?

Mr. DUNNIGAN. Thank you, Mr. Chairman.

The United States is in a position where we are able to recognize the important role that the oceans and that our coasts play in the fabric of the life of America, as well as our economic productivity. So among the countries of the world, we are able to step forward.

The U.S. Ocean Commission report highlighted a number of areas that needed further attention. The President looked at that very carefully and has directed the Federal agencies to move forward where we can within existing resources to be able to try to address those, to do our job better, to collaborate better internally, and with States and with our sister agencies.

The problem you have here is really a question of a broad suite of national priorities, and where can this fit in. We are never going to be able to have obviously all of the resources that we all might like to have to do this job, but the issue really is one that has to be a matter of balancing and making difficult choices, as the Congress has to do, about where we are going to be able to make the investments and use the resources most wisely.

Mr. DUNCAN. All right.

Mr. Baxter, a more localized question; you touched on a couple of these things, but how much has the Browns Ferry plant been costing TVA on a yearly basis? And how much difference is that going to make when you get that started up here is it in 2007?

Mr. BAXTER. Yes, sir. May of 2007, and I am proud to report to you we are on schedule and on budget. It is a $1.8 billion project over five years. So that has not been an even spend all the way

through, but most recently $400 million a year has been the rate of spend. In 2007, that will go down since it will be a partial year.

Then when we turn that on in May of 2007, instead of spending money every year, we will actually begin to enjoy some revenue from the sale of that low cost zero emissions power.

Mr. DUNCAN. Do you know about how much?

Mr. BAXTER. That will be a swing of I would say anywhere from $600 million to $700 million a year from the spend side, but now to a revenue side.

Mr. DUNCAN. I understand that now you are buying 12 percent to 15 percent of your power from private companies like Duke Power and others. Is that correct?

Mr. BAXTER. We have to buy in the hottest summer days in that range, and over an annual period of time approximately 7.5 percent of our power was purchased last fiscal year because we are not generating enough with our own base load, and that is what Browns Ferry One will help us do, and will alleviate the need to purchase so much on the marketplace.

Mr. DUNCAN. All right. You mentioned TVA's air pollution clean-up activities. The New Republic magazine three or four years ago had a big article about how our air and water are both much cleaner than they were 25 or 30 years ago. We have made great progress in both those areas. Do we need to do more? Yes, but we have made great progress.

The bar has been raised in our area. They have changed the standard from a one hour .08 level, to an eight hour .12 requirement, or vice versa, on the .12 to the .08, but they have gone from a one hour standard to an eight hour testing period.

What that means, is that sometimes people have the impression that our air is getting less clean in the valley instead of cleaner. Tell me a little bit about what you are doing, and a little bit more about what you are doing through TVA?

Mr. BAXTER. You make an excellent observation. In fact, our own Senator Baker was one of the authors of the Clean Air Act back in the 1970s. The Clean Air Act has been a tremendous success. It set a bar for all of us that we had to achieve on reducing emissions of various identified pollutants, and we identified areas of the Country and communities that were out of compliance with those standards.

Over a period of time and after the expenditure of literally billions of dollars in this Country, we achieved compliance in most all of those areas. Then as a result, 10 or 12 years later, we tightened those standards and said, okay, now we want to take it down even further. And that would throw communities back into noncompliance and they would have to go to work again.

This has happened, we are in about the fourth iteration of that now most recently. Of course, it becomes incrementally more expensive to achieve another percent of cleanliness in the year as you get closer and closer to 100 percent.

TVA when we complete our $5.7 billion program at the end of this decade, we will have achieved 80 percent to 85 percent reductions in sulfur dioxide and nitrogen oxide, which are the two main pollutants that come out of our plants. Then we will get co-benefits with the reduction of mercury in that same neighborhood.

So we are making tremendous progress. Like you, I grew up in East Tennessee. I can remember being young and going to church in a white shirt and seeing coal dust on your shirt when you came back home. That does not happen anymore. My four children, I guarantee you today, are breathing cleaner air than I ever breathed growing up in East Tennessee and I am proud of that.

Mr. DUNCAN. I want to thank you. You are doing a lot of good work in that area and so many other areas.

Finally, Mr. Grumbles, I read a few years ago a column by former Governor DuPont. He said that you could put every family of four in the State of Texas and give them three acres of land each and leave the whole rest of the Country totally empty. And yet, people look at map of the whole United States on one page in a book and they just cannot comprehend how huge this Country is.

I guess the other side is that people say they want land around them, but they really don't. They want to be near the malls and the restaurants and the movie theaters. What I am getting at is this. The Federal Government owns or controls a little over 30 percent of the land. The State and local governments and quasi-governmental agencies have another roughly 20 percent. So you have about half the land in some type of public ownership now. And then we keep putting more and more restrictions on the land that remains in private hands.

Governments all over are needing or demanding more money, yet we keep shrinking the tax base. I hear from homebuilders and developers at times that they are having some real difficulties with these storm water discharge regulations and sometimes they are fined and so forth, and that some of these requirements are duplicative of State and local requirements. In many, many areas, there is so little land less to develop that we are crowding more and more people into smaller and smaller areas. We are having to go to townhouses rather than homes. We are having to go to homes on postage stamp size lots.

Home ownership has always been a really important part of the American dream. We do not want to limit that just to the wealthy. In this area, you see that, in a lot of places. Even in the area I live in, six miles from the Capitol here in Alexandria, you see homes are just out of sight.

What are you doing in that regard? Are you trying to work with these developers and homebuilders in some ways to make housing more affordable? I think that is really an important challenge in this Country. When I see homes out here in Alexandria and other places around here that are asking $1 million and $2 million for now, in my area, it is just crazy. Apparently from what I read, that is happening in many places around the Country.

Mr. GRUMBLES. Mr. Chairman, while EPA recognizes that in some watersheds and across the Country one of the greatest challenges to water quality can be the pollutants and sediments in storm water. We need to do more work on the effectiveness and efficiency and equitable nature of the storm water regulatory program as it is implemented through the Federal Clean Water Act.

There are a couple of things we are doing that I would mention. One of them is, as we work with States and localities implementing the storm water permitting program under the Clean Water Act,

both Phase I and Phase II, which gets at the smaller communities and the construction sites across the Country, we recognize that we have to do a better job taking a results oriented focus that is based on science and includes feasibility.

Results oriented so that we do not get hung up on the costly process of going through detailed permitting programs, but focus on general and flexible permits that have the results approach of meeting Clean Water Act requirements.

The key is working at the local basis through our regions and most importantly through the States, who really implement the clean water programs. The homebuilders in particular, Mr. Chairman, have raised the concern. Environmental groups have raised concerns as well about implementation of the Storm Water Program. So we are sorting through and working through those concerns.

With the homebuilders, one of the key complaints they have is the potential for duplication. So we are committed to working with the States on the management practices so that there are not multiples, you know, that a developer has to get a permit that is the same as the permit that the city just got. There needs to be greater jurisdiction-wide coordination.

We will work on that. I would be happy to report back to you and to Congresswoman Johnson on the progress on that front.

Mr. DUNCAN. Well, I just don't believe that most homebuilders and developers are criminals. I believe 99.99 percent of them want to do the right thing. I don't want to see any department or energy of the Federal Government with this gotcha type attitude where they pride themselves on how many people they catch doing something wrong. But, they pride themselves on working with these people to help them do the right thing in the most cost effective way possible. Because if we do not, then you are going to see home ownership just go. The really important point goal here is to make sure that home ownership doesn't just become an impossible dream for most young couples around the Country.

It is not just in this area. This is happening in many, many, many places all over this Country. So is it is a concern of mine, and I think there is a balance that we can achieve there, and I hope that we will work on that.

Mr. GRUMBLES. Mr. Chairman, I just wanted to say, I cannot speak for the enforcement office, but they also have a compliance assurance office, and they are working, they are exploring pilot projects with developers to assure compliance with the Clean Water Act in a way that does not focus on penalizing, but more on complying with reasonable requirements. So they are working on that. I appreciate the message. We will report back to you and your colleagues on that.

Mr. DUNCAN. All right. As usual, first of all, let me thank you again for your patience, and I apologize to you for the delay caused by those votes. As usual, the staff may wish to submit some questions to supplement your testimony, and your response to questions for the record of the hearing. I believe Ms. Johnson was going to submit some questions as well.

Thank you very much. That will conclude this hearing.

[Whereupon, at 5:12 p.m. the subcommittee was adjourned.]

Testimony of
Bill Baxter
Chairman, Tennessee Valley Authority
before the
House Transportation and Infrastructure Committee
Subcommittee on Water Resources and Environment

March 8, 2006

Opening Statement

Chairman Duncan, Ranking Member Johnson, and members of the Committee, it is an honor to appear before you today. I was appointed by President Bush to the TVA Board in November 2001 and named Chairman on June 16, 2005. On behalf of Director Skila Harris and TVA's dedicated employees, I would like to thank you for this opportunity to discuss TVA's priorities and goals for the coming fiscal year.

Director Harris and I look forward to welcoming seven new TVA Board members as part of a change in the leadership structure of TVA. On March 3rd, the United States Senate confirmed the President's nominations of six people to serve on the expanded nine-member TVA Board. Once they are sworn in, these new Board members, along with Director Harris and myself, will consider long-term policies and goals for TVA and select a Chief Executive Officer to run the day-to-day business. I look forward to this new structure, which I believe will help prepare TVA for its future in a changing environment.

Building on our Momentum

TVA is a wholly owned corporation of the United States government that provides reliable, competitively priced electric power to 8.6 million residents of a seven-state region. We sell electricity wholesale to 158 local utilities and directly to 61 large industrial customers and federal installations. Additionally, TVA serves as a steward of the region's natural resources and a catalyst for sustainable economic development. In the three key areas of energy, environment, and economic development, TVA generates momentum, helps our region thrive, and improves the quality of life in the Tennessee Valley.

In preparing for the future, we at TVA are building on this momentum and are committed to a disciplined approach to improving our financial flexibility.

Affordable, Reliable Power

TVA fuels the region's economy by supplying reliable, affordable electric power to the Tennessee Valley through a diverse portfolio of generating assets. The TVA electric power system includes 11 coal-fired plants, three nuclear plants, 29 hydro-electric plants and five combustion-turbine plants. In addition to traditional generation sources, TVA's Green Power Switch Program employs wind, solar, and methane-gas generation to offer many consumers in the Valley the option of purchasing renewable power from their local power distributors.

The President's Advanced Energy Initiative recognizes the value of using diversified, domestic sources of energy. TVA is an example of the power of such diversification. By using a balance of coal, nuclear, gas, hydro-electric, and renewable sources of energy, TVA is doing its part to ensure the long-term reliability and affordability of electric power in the Southeast.

In 2005, TVA's generation and transmission system had its most successful year on record. The TVA transmission system is a critical link in the movement of electricity throughout the eastern United States. In 2005, the TVA system provided our customers with more than 171 billion kilowatt hours of electricity. For the sixth year in a row, the system delivered power to our customers with 99.999 percent reliability. The power system also met back-to-back all-time peak demands during one week in July. The second peak, which measured 31,924 megawatts, was 6.5 percent higher than any previous TVA peak.

During the year, TVA's coal-fired plants generated 98.4 billion kilowatt-hours of electricity, four percent above last year's total, and achieved their best reliability ever recorded for a fiscal year. In our nuclear operations, TVA's nuclear plants achieved their best-ever record for equipment reliability in 2005, and the industry publication *Nucleonics Week* ranked Browns Ferry and Sequoyah first and second in the U.S. for the lowest average operating and maintenance costs reported by nuclear utilities for the years 2002 through 2004. Our nuclear program is also supporting TVA's historic role in national defense. In 2001, TVA and the Department of Energy signed an agreement to use surplus highly enriched uranium (HEU) as a source of fuel for TVA reactors. The HEU is blended to low enriched uranium (BLEU) in order to eliminate it as weapons-usable fissile material and to provide fuel for TVA's Browns Ferry nuclear reactors. In 2005, TVA's BLEU program won a Platts Global Energy Award as the Energy Engineering Project of the Year.

Anticipating the future power needs of the Tennessee Valley, we are working hard to make our power system even stronger. We expect power needs in the region to increase an average of two percent every year in the coming decade. To help meet this need, TVA will bring online the nation's first nuclear reactor of the 21st century. Browns Ferry Unit 1, located in Athens, Alabama, is on budget and on schedule to go into service in May 2007. It will provide 1,280

megawatts of safe, zero-emission base-load generation. These megawatts will not only add about four percent to our generating capacity, but will also be cheaper than our average cost of generating power.

To ensure a reliable power supply for the long-term, we are also exploring potential advances in nuclear power through the 11-company NuStart Energy Development consortium, which is developing the design certification and licensing of two advanced nuclear power reactors.

Environmental Stewardship

As steward of the Tennessee Valley's natural resources, TVA is continuing to improve the way we manage the Tennessee River watershed and the aggressive emissions-reduction program we are implementing to make the region's air cleaner.

The Tennessee River is the backbone of the Valley. Managing the river system – the fifth-largest in the United States – is at the heart of TVA's mission and requires a careful balance of stakeholder needs. In 2005, TVA's new policy for operating the river system helped us meet flow commitments, keep water levels higher through Labor Day for recreation, and generate much-needed hydropower to meet electricity needs.

Due in part to our ongoing hydro-modernization program, TVA dams generated 15.7 billion kilowatt-hours in Fiscal Year 2005, which was 13 percent above normal. At the same time, TVA used its series of locks and navigation channels to help transport some 50 million tons of cargo by barge, saving shippers $550 million over alternative forms of transportation.

We are also working to ensure that the Tennessee Valley's air will be cleaner for our children and grandchildren. Air quality in the TVA region is the best it has been in decades, according to air-quality trend studies by the Environmental Protection Agency. Last year, TVA spent $202 million on clean air equipment. TVA currently expects to add five sulfur-dioxide scrubbers to the six already in use at its coal plants, and two are currently under construction. When all 11 are complete, TVA's sulfur-dioxide emissions will be 80 to 85 percent below levels in the historical peak year of 1977.

In 2005 we also added two new nitrogen-oxide selective catalytic reduction (SCR) systems to our coal-fired plants. With 20 SCRs now in operation, nitrogen-oxide emissions have been lowered 80 percent since the historical peak year of 1995. When our current commitments are completed, we expect to have invested $5.7 billion to reduce emissions. This is one of the most aggressive clean-air programs being carried out by any utility in the country.

Economic Development

TVA is also keeping up the momentum of economic development in the Valley. By partnering with public officials and communities, we have helped the region to attract and keep quality jobs. In 2005, along with our state and local partners, TVA helped attract or retain over 57,000 jobs and leverage almost $3.6 billion in capital investments in the region.

One initiative that will boost the region's economy for years to come is the Megasite Certification Program. This program certifies large industrial properties as "megasites," suitable for major automotive or other large manufacturing facilities. In November, the first industrial investor decided to locate a plant at one of five certified megasites.

In addition to the technical assistance and low-interest loans that TVA provides to communities working to attract new businesses, in 2005 we offered specific tools to communities interested in recruiting life sciences industries and retail/commercial development.

TVA's economic development partnerships, along with reliable and competitively priced electric power, help make the Valley region a great place to do business.

Reduction in Total Financing Obligations

At the same time that TVA is striving to achieve operational excellence, be effective stewards of our natural resources, and promote economic development in the Tennessee Valley, we are committed to increasing our financial flexibility. To achieve that goal, TVA must reduce its Total Financing Obligations (TFOs), which include both statutory debt and such alternative financing mechanisms as lease-leasebacks and prepayment agreements.

Since the end of 1996, TVA has reduced its Total Financing Obligations by $2.1 billion. In FY 2005, TVA reduced them by $301 million, $76 million more than was budgeted. The amount of each revenue dollar used to pay interest and other financing expenses has declined from 34 cents to 18 cents. The TVA Board remains committed to the trend of reducing our financing obligations and will continue to work with the Administration and Congress on our goals for achieving greater financial flexibility.

In fact, TVA is striving to reduce our financing obligations even more than was called for in the TVA Strategic Plan released in 2004. In FY 2007, we plan to reduce Total Financing Obligations by $529 million to help us reach our goal of a $7.8 billion reduction by 2016. TVA believes it can meet this goal if we work to constrain our Operations and Maintenance costs and if TVA can recover from

customers the increased fuel and purchased power costs that we, like utilities across the country, are experiencing.

FY07 Budget Overview

TVA's power program is entirely self-financing and does not receive federal appropriations. TVA projects revenue in FY 2007 of more than $9 billion, including two recent rate adjustments approved by the Board to recover the fuel and purchased power costs.

We have been working closely with our distributor customers on the problems associated with rising fuel costs, and we are continuing to work with them on long-term solutions. We are making internal cost reductions to offset some of the increases, and we must pass along some of the costs to our customers. We appreciate our customers understanding the problem of rising fuel costs and that this national problem is coming at us from three sides.

- First, coal prices are up significantly. Some major coal suppliers are experiencing multiple production and transportation problems.

- Second, natural gas prices have also increased dramatically. Prices were driven up by the two hurricanes in the Gulf last fall, which affected natural gas supplies. In fact, natural gas supplies from the Gulf are still running below normal.

- Third, higher coal and natural gas prices drive up the price of power we buy on the bulk power market. Right now, we buy that power to meet some peak demands and to continue fueling the Valley's growing economy. In 2005, we acquired about 12 billion kilowatt-hours – or about seven percent of our total sales for the year – through such purchases. On a positive note, when we bring Browns Ferry Nuclear Plant Unit 1 on-line in 2007, it will reduce our need for purchased power.

In Fiscal Year 2007, TVA will spend approximately $1 billion in capital projects for the power system, including $306 million for clean air projects, $81 million for Browns Ferry Nuclear Plant Unit 1, and $209 million for transmission system reliability.

TVA continues to effectively operate and maintain its systems of dams, reservoirs, and adjacent lands. Beginning in Fiscal Year 2000, TVA has funded its stewardship activities solely out of power revenues, user fees, and sources other than appropriations. In FY 2007, TVA will spend approximately $84 million on water and land stewardship activities.

Beginning with our annual report for FY 2006, TVA will begin filing financial reports with the SEC, in accordance with the Consolidated Appropriations Act, 2005. In FY 2007 we will also begin complying with portions of the Sarbanes Oxley Act to ensure that TVA is providing the appropriate level of disclosure and transparency for its stakeholders.

Conclusion

TVA is in a time of transition, and I believe TVA's new structure of a nine-member Board of Directors and a Chief Executive Officer to run the day-to-day business will help lead TVA into the future. It is also important to note what is not changing at TVA, and that is TVA's dedication to its mission of service to the Tennessee Valley region.

TVA remains committed to reducing Total Financing Obligations and to achieving our mission of delivering reliable, affordable electric power; efficiently managing the Tennessee River system; and supporting sustainable economic development in the region. We will continue to work with the Congress, the Administration, and all of our stakeholders to ensure that we accomplish these goals.

Thank you again for the opportunity to appear before you today, and I look forward to answering any questions you may have.

STATEMENT OF
SUSAN PARKER BODINE
ASSISTANT ADMINISTRATOR
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
U.S. HOUSE OF REPRESENTATIVES

MARCH 8, 2006

Mr. Chairman and Members of the Subcommittee, I am Susan Parker Bodine, Assistant Administrator of the Office of Solid Waste and Emergency Response (OSWER), U.S. Environmental Protection Agency (EPA). Also appearing today is Mr. Ben Grumbles, Assistant Administrator for EPA's Office of Water. We are pleased to be here to discuss President Bush's budget request for EPA and our views on Clean Water Act programs, Superfund, brownfields, and other programs that fall within the Agency's Offices of Water and Solid Waste and Emergency Response.

The President's budget provides the necessary funds for EPA to carry out our mission efficiently and effectively - to protect human health and safeguard the environment. The FY 2007 budget request is $7.3 billion, which maintains steady funding for the brownfields program, maintains funding for continued Superfund cleanup progress, and increases funding for homeland security and emergency response efforts.

The President's 2007 budget for EPA reflects the need for spending restraint while accelerating environmental protection, advancing economic competitiveness and strengthening the security of our homeland.

OSWER PROGRAMS

Superfund

The Superfund program protects human health and the environment by requiring cleanup of hazardous waste sites and short-term actions to mitigate immediate threats to human health. This program also works with both public and private partners to promote reuse and redevelopment of Superfund sites.

Overall, the President's budget requests an increase for the Superfund program, increasing funding for enforcement and homeland security efforts. The $9 million increase for enforcement will ensure that Superfund cleanups continue to be performed by the parties responsible for hazardous waste sites. In FY 2005, EPA secured more than $1.1 billion in cleanup commitments and cost recovery from private parties. The $12 million increase for homeland security will allow EPA to continue upgrading and enhancing our emergency response capabilities. Incorporated in the request is funding for additional Environmental Laboratory Preparedness and Response capacity. This funding will enable EPA to enhance Federal and state laboratory systems to support responses to national security incidents. The request also contains nearly $2 million more in targeted investments to strengthen the Agency's readiness and response capabilities, including development of a national portfolio of decontamination resources, purchase of state-of-the-art equipment, and highly specialized training for On Scene Coordinators (OSCs).

The budget request for the Superfund Remedial Program will enable the Agency to maintain the overall pace of construction completions, notwithstanding a small reduction from FY 2006. To accelerate the pace of cleanup at Superfund sites where

responsible parties are not conducting the cleanup, we plan to increase the amount of program funds allocated for remedial construction at these orphan sites.

The Superfund program continues to meet Agency performance measures. As of the end of fiscal year 2005, cleanup construction has been completed at 966 National Priorities List (NPL) sites. Additionally, more than 90 percent of the 1547 NPL sites have begun construction activity, have been completed, or have been deleted from the NPL. EPA expects the Superfund program to complete cleanup construction at 40 Superfund sites in FY 2006.

Before or during long term remedial action, the Superfund program often completes short-term removal actions to mitigate immediate health threats at sites prior to completion of investigations and the start of long-term cleanup construction. For example, under the Superfund program, EPA has provided alternative sources of drinking water to more than 2 million people near sites where existing water supplies were determined to be unsafe due to contamination. Similarly, through removal actions the Superfund program controls exposure to hazardous substances so human health is protected while long-term cleanup is underway. The Superfund removal and emergency response program conducted more than 400 emergency response and removal cleanup actions in fiscal year 2005, and, to date, has completed more than 8,700 removals at hazardous waste sites to immediately reduce the threat to human health and the environment.

The Superfund program is undertaking a number of actions to ensure that program resources are used effectively and efficiently. For example:

- We have aggressively deobligated funds from contracts, grants, cooperative agreements and interagency agreements, to better utilize more than $600 million for new cleanup activities over the past five fiscal years;
- We are conducting a workforce analysis to determine if staff resources should be reallocated.
- We are conducting benchmarking studies of EPA performance.
- We are sharing best practices among the EPA Regions.
- We have established the Contaminated Sediments Technical Advisory Group, comprised of Agency experts, to provide technical support to Regions with potentially high cost contaminated sediment sites.
- We have increased the number of sites addressed by the Remedy Review Board, which reviews high cost cleanup remedies, by lowering the threshold cost of remedies that will be reviewed from $30 million to $25 million.
- We continue to optimize long-term ground water remedies in order to reduce operating costs and restore potential drinking water sources more efficiently.

These efforts are in part a result of several studies, including an internal review of the Superfund program, known as the 120-Day Study, which identified opportunities for the Agency to begin and ultimately complete more long term cleanups with current resources.

EPA is undertaking all of these activities to find and efficiently utilize every dollar and resource available to clean up contaminated sites and to protect human health. However, the size, complexity and cost of sites currently under construction or ready to

begin construction continue to grow. In fact, in fiscal year 2005, approximately 50 percent of the Superfund obligations for long-term, on-going cleanup work were committed to just eleven sites. The Agency expects to have a similar situation this year.

Brownfields

Brownfields cleanup and redevelopment continues to be one of the Administration's top environmental priorities. The President's fiscal year 2007 budget request maintains steady funding from fiscal year 2006 enacted funding levels for the brownfields program for a total request of $163 million. Fiscal year 2007 funding will produce 1,000 assessments, 60 cleanups, and leverage more than $900 million in cleanup and redevelopment funding.

Strong support by President Bush and Congress for brownfields cleanup and redevelopment culminated in enactment of the Small Business Liability Relief and Brownfields Revitalization Act. The Act was signed by President Bush on January 11, 2002, and expanded EPA's Brownfields Program, boosted funding levels, expanded the entities, properties and activities eligible for EPA funding, clarified and strengthened liability protection for certain property owners and provided increased support to state and tribal response programs. EPA has awarded 744 brownfields assessment grants in FY2003 through FY2005 that totaled more than $217 million

Oil Spill Program

EPA's oil spill prevention program requires protection of inland waterways through oil

spill prevention, preparedness, and enforcement activities associated with the more than 600,000 non-transportation related oil storage facilities that EPA regulates.

The President's budget request provides $13 million for the Office of Solid Waste and Emergency Response's portion of EPA's oil spill program. Our oil spill program focuses on preventing oil spills from occurring, reduces the risk of hazardous exposure to people and the environment, and responds to spills when necessary. EPA and the U.S. Coast Guard evaluate thousands of spills annually to determine if assistance is required. On average, EPA either manages the oil spill response or oversees response efforts of private parties at approximately 300 sites per year.

Hurricane Response

Beginning on August 25th, 2005, in advance of Hurricane Katrina, EPA deployed personnel to the Federal Emergency Management Agency (FEMA) National Response Coordination Center and sent On-Scene Coordinators (OSCs) to the Florida, Louisiana, Alabama and Mississippi Emergency Operations Centers. The OSC is the federal official responsible for monitoring or directing responses to all oil spills and hazardous substance releases reported to the federal government. EPA sent additional personnel to the affected areas as soon as travel into the region was possible. In anticipation of Hurricane Rita, EPA also deployed response experts to the multi-agency Regional Response Coordination Center in Denton, TX on September 20th. The number of EPA staff and contractors assisting with recovery efforts is more than 1,100. EPA's hurricane response related activities are being funded by FEMA pursuant to the President's disaster declaration.

EPA is the lead federal agency under the National Response Plan for Emergency Support Function (ESF) #10, which addresses oil and hazardous materials, and works with other agencies to provide support for a number of other Emergency Support Functions, including ESF #3, which addresses Public Works and Engineering. Specifically, our responsibilities include preventing, minimizing, or mitigating threats to public health, welfare, or the environment caused by the actual or potential releases of hazardous materials; testing the quality of flood waters, sediments, and air; and assisting with the restoration of the drinking and waste water infrastructure. Also under ESF #3, the Agency works with the U.S. Army Corps of Engineers to address final disposition of the large volumes of debris from homes, buildings and other structures damaged by Hurricane Katrina. EPA, in coordination with the States, is providing information to both workers and the public about sampling test results, as well as assisting communities with debris disposal and hazardous waste issues.

Land Revitalization

The land revitalization initiative, launched in April 2003, includes all of EPA's cleanup programs as well as partners at all levels of government and in the private and non-profit sectors. The goal of land revitalization is to restore our nation's contaminated land resources and enable America's communities to safely return these properties to beneficial economic, ecological, and societal uses. EPA is ensuring that cleanup programs protect public health, welfare, and the environment; and also ensuring that the anticipated future uses of these lands are fully considered in cleanup decisions.

Experience has taught us that one of the best ways to clean up contaminated sites and to address blighted properties in communities is to expressly consider the future uses of this land. The country has accepted the economic and ecological importance of recycling various consumer products – and our understanding of sound resource management must now also embrace the recycling of contaminated properties.

Under the land revitalization agenda, we also are advancing several other key approaches. One of these is the One Cleanup Program. This approach does not require new programs or additional appropriations, but instead creates opportunities for the many state and federal cleanup programs to collaborate and leverage resources.

CONCLUSION

EPA will continue to protect human health and the environment by requiring responsible parties to clean up hazardous waste sites and looking for ways to improve Superfund and brownfields program efficiency and effectiveness. I look forward to continuing to work with the Committee to address the Superfund and brownfields programs, and other programs entrusted to the Office of Solid Waste and Emergency Response. The President's budget request for EPA will help ensure that we are able to accomplish the Agency's important mission - - to protect human health and the environment.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 07 2006

OFFICE OF
SOLID WASTE AND EMERGENCY
RESPONSE

The Honorable John J. Duncan, Jr.
Chairman
Subcommittee on Water
Resources and Environment
U.S. House of Representatives
Washington D.C. 20515

Dear Chairman Duncan:

It was a pleasure to appear on March 8, 2006, before the Subcommittee on Water Resources and Environment to testify regarding the President's budget request for fiscal year 2007. I am writing to respond to a question you posed during the hearing regarding Brownfields grants and the number of properties returned to beneficial reuse. Since the first Brownfields assessment grants were awarded in 1993, EPA has awarded 883 assessment grants as of the end of fiscal year 2005. These grants resulted in more than 7000 property assessments. Of those properties assessed, our grantees report that 2,528 have been made ready for reuse.

Thank you for your continued interest in EPA's Brownfields program. Should you have any further questions, please contact me, or your staff may contact Carolyn Levine in EPA's Office of Congressional and Intergovernmental Relations at (202) 564-1859.

Sincerely,

Susan Parker Bodine
Assistant Administrator

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 07 2006

OFFICE OF
SOLID WASTE AND EMERGENCY
RESPONSE

The Honorable Sue W. Kelly
U.S. House of Representatives
Washington D.C. 20515

Dear Congresswoman Kelly:

It was a pleasure to appear on March 8, 2006, before the Subcommittee on Water Resources and Environment to testify regarding the President's budget request for fiscal year 2007. I am enclosing a response to a question you posed during the hearing regarding EPA's efforts to address TCE vapor intrusion at the Hopewell Precision Superfund site given the absence of a federal TCE cleanup standard. The attached response describes actions taken at the site and how EPA Region 2 made its cleanup decisions.

Thank you for your continued interest in EPA's cleanup activities at the Hopewell Precision Superfund site. Should you have any further questions regarding the Site, please contact me, or your staff may contact Carolyn Levine in EPA's Office of Congressional and Intergovernmental Relations at (202) 564-1859.

Sincerely,

Susan Parker Bodine
Assistant Administrator

EPA Activities at Hopewell Precision Superfund Site

EPA has taken early action to address exposure to contaminated drinking water and indoor air at the Hopewell Precision Superfund Site.

- In February 2003, EPA collected samples from 75 residential wells in the vicinity of the Site and found that 5 of these wells were contaminated with trichloroethylene (TCE). In response to this finding a Superfund Removal Action was initiated in March 2003.

- Since March 2003, 450 residential drinking water wells located in the vicinity of the Hopewell Site have been sampled. Sampling of these wells revealed elevated levels of volatile organic compounds (VOCs), including trichloroethylene (TCE) and trichloroethane (TCA). Point-of-entry treatment (POET) systems were installed in homes where TCE was found in well water at concentrations in excess of the Maximum Contaminant Level (MCL) for drinking water of 5 parts per billion (ppb). MCLs are the maximum permissible levels of a contaminant that may be present in water used for drinking purposes. The POET systems which EPA installed are carbon filtration systems that are highly effective in removing TCE and other VOCs from drinking water. NY State Department of Environmental Conservation installed similar filtration systems for the 14 TCA-contaminated wells found to exceed the New York State MCL of 5 ppb.

- In April 2003, EPA began collecting air samples from a number of residences in the vicinity of the Hopewell Precision Site to determine if TCE was present in indoor air. EPA collected air samples from underneath the homes (these are referred to as sub-slab samples) as well as from basements and first floors. EPA conducted sub-slab air sampling at 207 homes; of these, 65 homes were found to have detectable concentrations of TCE. EPA determined that vapors from the contaminated groundwater were finding their way into some of the homes. EPA evaluated these data in consultation with the New York State Department of Environmental Conservation (NYSDEC), the New York State Department of Health (NYSDOH), and the federal Agency for Toxic Substances and Disease Registry (ATSDR), and determined that there were residences requiring mitigation due to elevated concentrations of TCE in indoor air.

- EPA Region 2 developed a flexible decision matrix to evaluate the potential for vapor intrusion at sites throughout New York State. This matrix approach considers both indoor air concentrations and sub-slab soil concentrations. The matrix also takes into account the state of the science regarding the toxicity of TCE, as well as consideration of the New York State Department of Health guideline for TCE in air.

- Based on EPA's experience with indoor air remediation, the effectiveness of the vapor mitigation systems at Hopewell, and the ability of laboratories to detect TCE at lower levels using EPA analytical methods, for those homes where a sub-

slab ventilation system is necessary, an indoor air cleanup goal of 0.38 micrograms per cubic meter (ug/m3) was adopted for the Hopewell Precision Site. In addition, because it is a goal (as opposed to a strict regulatory cleanup level), EPA can depart from it if necessary, as long as the indoor air level achieved remains protective.

- EPA Region 2 plans to use its decision matrix as a guide at every TCE site, as well as other vapor intrusion sites. The matrix takes into account the old TCE risk numbers as well as the new ones. By spanning the risk range, the matrix is able to consider all available risk numbers for TCE. EPA Region 2 believes that using the sub-slab soil gas concentrations, along with indoor air concentrations when available, and site specific information such as subsurface geology and the source of the contamination, will allow for the most appropriate decisions to be made at each site.

- To date, EPA has installed sub-slab ventilation systems in 50 residences to mitigate the intrusion of TCE vapors into these homes. These ventilation systems, which are identical to the systems used to reduce the level of radon in homes, have been successful in addressing vapor intrusion problems, however a number of months may be required to reduce the vapors to acceptable levels. Air sampling which was conducted during February 2006 has confirmed that the installed systems are successful in achieving the indoor air cleanup goal of 0.38 ug/m3.

- On April 27, 2005, the Site was placed on the National Priorities List, making it eligible for long-term federal cleanup funding. In December 2005, EPA initiated a remedial investigation and feasibility study (RI/FS) as part of the long term Site cleanup phase. Through the RI/FS process, EPA will evaluate the nature and extent of groundwater, soil, sediment, surface water, and vapor contamination at the Site, and determine the appropriate cleanup alternatives for the identified contamination prior to selection of a comprehensive cleanup plan for the Site. The first phase of the RI is to investigate and determine whether any additional homes are being impacted by subsurface vapor intrusion. EPA recently conducted this subsurface vapor investigation at approximately 74 residences in early March 2006. The analytical results are being validated by EPA and should available in by the end of June 2006. The RI/FS is expected to be completed during the Fall of 2007.

Although EPA is currently reevaluating the toxicity of TCE at the national level through the National Academy of Sciences, this has not prevented EPA from taking action to protect the health of the residents of Hopewell. EPA is using the best scientific information available on TCE to decide when to take action and to what levels indoor air contaminants should be reduced.

OPENING STATEMENT OF
THE HONORABLE RUSS CARNAHAN (MO-03)
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
U.S. HOUSE OF REPRESENTATIVES

Hearing on
Agency budget and FY07 Priorities for:
Environmental Protection Agency (EPA),
National Oceanic and Atmospheric Administration, and
the Tennessee Valley Authority

Wednesday, March 8, 2006, 2:00pm
2167 Rayburn House Office Building

Mr. Chairman, thank you for taking the initiative to hold this important hearing on the administration's budget and priorities for the EPA, NOAA, and TVA. We are lucky to have a leader that recognizes the importance of sufficient funding for environmental policies.

There is clearly a benefit to fully funding each of these programs. It is important that we allocate sufficient resources for water related infrastructure for both health and economic reasons.

Of specific interest to me and my district will the be testimony on behalf of the EPA's budget. In particular, I am interested in the Clean Water State Revolving Fund. Since this program provides capital to local communities around the country to make much needed wastewater infrastructure improvements, it is imperative that we provide sufficient funding for these loans. I am concerned that the President's request is below both the FY2006 requested and enacted levels. The obvious apprehension is that the administration's budget request will not sufficiently capitalize the fund. I am interested to hear the testimony regarding this, as well as other program requests.

I urge everyone that we pay particular attention to meeting health and safety needs in a fiscally responsible manner.

I look forward to hearing the testimony of the panelists. Thank you very much for being here today.

###

STATEMENT OF
THE HONORABLE JERRY F. COSTELLO
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
HEARING ON THE ADMINISTRATION'S BUDGET AND PRIORITIES FOR FISCAL YEAR 2007
WEDNESDAY MARCH 8, 2006.

Thank you, Mr. Chairman, for holding today's hearing on the Administration's budget and priorities for fiscal year 2007.

Today, the Subcommittee has the opportunity to discuss the Administration's budget proposal for fiscal year 2007 with representatives from EPA and NOAA, agencies within the Subcommittee's jurisdiction.

As with the FY2006 budget, I am concerned that the FY2007 Bush Administration budget does not adequately meet the nation's needs and expectations for investment in critical water-related infrastructure and the environment.

Estimates of the nation's clean water infrastructure needs over the next 20 years exceed $400 billion. These needs are becoming even greater for small communities lacking sufficient independent financing ability, many of which are in my congressional district. Current spending by all levels of government is one-half of the estimated needs and we are no closer

with this budget in closing the gap between current spending and projected needs.

For example, the Superfund program continues to suffer under this FY2007 budget. For the fifth consecutive year, the budget proposes to slow the pace for cleaning up the nation's most toxic waste sites. After averaging 73 cleanup completions per year during the previous Administration, this budget proposes that only 40 Superfund cleanups will be completed in 2007 – the same as proposed during the last five years.

The budget also proposes that virtually all federal spending for the Superfund program will be from the general taxpayers, and continues the alarming trend of collecting fewer and fewer cost recoveries from responsible parties, like the oil, gas, and chemical companies or the general business community.

Mr. Chairman, as I said earlier, I am deeply concerned about these budget numbers and I believe that it is appropriate that this Subcommittee, in carrying-out its oversight responsibilities, should further explore this issue to ensure that proper decisions are being made in the management of federal

tax dollars, and in support of water infrastructure and management. I look forward to our witnesses' testimony.

WRITTEN STATEMENT OF
JOHN H. DUNNIGAN
ASSISTANT ADMINISTRATOR, NATIONAL OCEAN SERVICE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

OVERSIGHT HEARING ON
NOAA BUDGET AND PRIORITIES FOR FY 2007

BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND THE ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

MARCH 8, 2006

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to appear today to discuss FY 2007 budget request plans and priorities for National Oceanic and Atmospheric Administration (NOAA) programs of interest to this Subcommittee. My name is Jack Dunnigan and I am the Assistant Administrator for NOAA's National Ocean Service.

At NOAA, we work to protect the lives and livelihoods of Americans, and provide products and services that benefit the economy, environment, and public safety of the Nation. Today, I will highlight programs that help fulfill NOAA's responsibilities for understanding, protecting and restoring coastal and marine resources. Before I discuss the details of our FY 2007 budget request, I would like to briefly highlight some of NOAA's notable successes from the past fiscal year (2005).

FY 2005 ACCOMPLISHMENTS

Critical Information and Support Before and After Hurricanes

In 2005, we experienced the most active hurricane season in recorded history. Hurricanes Katrina, Rita, and Wilma battered the Gulf Coast and Florida, resulting in devastation unlike anything the Nation has witnessed before. NOAA responded immediately:

- The National Geodetic Survey provided more than 9,500 aerial images, aiding emergency responders of all types to save lives and make crucial assessments;
- The Office of Response and Restoration immediately deployed Scientific Support Coordinators to aid in the mitigation and control of nearly 400 hazardous material spills;
- The Office of Coast Survey's Navigation Response Teams surveyed waterways for obstructions, facilitating the delivery of relief supplies and resumption of maritime commerce;

- NOAA diverted its ships THOMAS JEFFERSON and NANCY FOSTER from planned missions to conduct navigation and environmental surveys;
- Tide stations in NOAA's National Water Level Observation Network (NWLON) enabled storm surge predictions and provided emergency responders with real time data for nautical charting and recovery; and
- The National Centers for Coastal Ocean Science joined with other Federal and State agencies to develop and implement a strategy to assess the environmental impacts of the storm; this strategy included measuring contaminant concentrations in water, sediments, and marine life.

NOAA capabilities continue to support the impacted areas with the removal of thousands of vessels, drums, tanks, cylinders and other potentially hazardous containers in marshes and along the shoreline, response to spills and maritime incidents, and work to provide accurate geodetic height information. Accurate land and water level heights are important for determining effective highway evacuation routes, levee heights, storm surge modeling, flood plain mapping, sea level rise calculations, vessel under-keel and bridge clearance, subsidence monitoring, and restoration of coastal habitats.

Office of Response and Restoration

Federal, state, and local agencies rely on NOAA's support in oil and chemical spills and other emergencies that threaten life, property, and natural resources. Our interdisciplinary scientific response team provides the U.S. Coast Guard (USCG) and other response agencies with the best scientific information to prepare for and respond to spills. NOAA forecasts the movement and behavior of spilled oil and chemicals, evaluates the risk to natural resources, and recommends cleanup actions. NOAA is on call 24/7 and is able to provide scientific support within 15 minutes of notification and to respond on scene within 4 hours of notification. NOAA's expertise is critical to making science-based response decisions that prevent further harm, restore adverse effects on natural resources, and promote effective planning for future incidents.

NOAA's Office of Response and Restoration provided scientific response to two significant spills in FY 2005: the M/V *Athos I* in the Delaware River that threatened the Salem nuclear power plant by spilling 265,000 gallons of heavy crude oil, and the M/V *Selendang Ayu* in Unalaska, Alaska that spilled approximately 335,000 gallons of fuel oil. In both cases, NOAA scientists provided trajectory predictions, effects assessments and prioritized cleanup activities.

As a natural resource trustee, NOAA regional coordinators, scientists, and economists work in partnership with government agencies, the public, and industry to assess the impact to NOAA trust resources from oil and hazardous materials releases, and plan and implement restoration. NOAA has protected and restored thousands of acres of wetlands, streams, mangroves, and other vital habitat, including coral reefs, and the services they provide to the public and ecosystem. In Lavaca Bay, Galveston Bay, and Port Arthur, Texas, NOAA and other federal agencies successfully worked in partnership with the State of Texas and industry to develop innovative solutions to eliminate toxic threats and

achieve comprehensive restoration of essential coastal habitats. Through this cooperative approach, more than 300 acres of wetland and oyster reefs will be restored and 2,500 acres of coastal habitat will be preserved and improved in Texas alone.

Harmful Algal Blooms and Hypoxia

Both Congress and the Administration recognize Harmful Algal Bloom (HAB) and hypoxic events (i.e., severe oxygen depletion) as some of the most complex phenomena currently challenging management of aquatic and marine ecosystems. Impacts have affected almost every coastal state and have included the devastation of important coastal habitats, loss of economically and culturally vital shellfish resources, illness and death in populations of protected marine species, and serious threats to human health. Last year (2005) was particularly problematic with extreme harmful algal bloom events occurring along the New England Coast (the largest recorded in New England waters since 1972 forcing shellfish closures from Maine to Rhode Island) and off the west coast of Florida (causing respiratory distress, fish and marine mammal mortalities, and widespread hypoxia in bottom waters damaging vast areas of coral reefs). These events were in addition to the recurring "dead zone" in the Gulf of Mexico with management implications for 31 states and a watershed that encompasses greater than 40 percent of the conterminous U.S.

NOAA's mandate to address national issues related to HABs and hypoxia in the Nation's coastal waters is primarily provided by the recently reauthorized Harmful Algal Bloom and Hypoxia Research and Control Act of 1998 (HABHRCA). Through the auspices of the U.S. Ocean Action Plan, and in coordination with our federal partners, NOAA has made considerable progress in the ability to detect, monitor, assess, and predict HABs and hypoxia in coastal ecosystems. This progress has been accomplished through a mix of extramural and intramural research, long-term regional ecosystem-scale studies supported by short-term targeted studies, collaborations between academic and federal scientists, and multiple partnerships with federal, state and tribal managers, These advances are helping coastal managers undertake short- and long-term efforts to reduce and ultimately to prevent the detrimental effects of these phenomena on human health and valuable coastal resources.

In FY 2005 NOAA:

- Provided assistance in response to the HAB events along the New England coast and Western coast of Florida by enhancing ongoing research and providing assistance to monitor and map the movement of the events and to provide managers with early warnings of shellfish toxicity to protect public health in the region.
- Made laboratory investments that have led to developments that are now aiding coastal scientists and managers with timely information on the occurrence of HABs and the production of toxins.
- Sea Grant researchers studied the biological and physical processes that underlie HAB formation, including which environmental conditions favor algal blooms.

Sea Grant investigators also conducted research on the biology and behavior of toxic alga in order to further the development of new strategies for HAB control. NOAA Great Lakes Environmental Research Laboratory scientists monitored the presence of toxin-producing HABs in western Lake Erie, Saginaw Bay and inland lakes. During summer months, the public was alerted to potential health threats via the web. The data will also be used to identify areas where potential for human exposure to toxic HABs is high, to forecast the movement of toxic HABs, and to assist managers seeking to further understand the implications of the presence of toxic HAB species in water supplies.

Ballast Water and Invasive Species

NOAA made progress in reducing the impacts of invasive species and preventing new species invasions during FY 2005. In FY 2005 NOAA:

- Improved understanding of the ballast water management practices of ships with ballast and No Ballast On Board (NOBOB), and identified a number of procedures that can further increase the effectiveness of these practices against invasive species in the Great Lakes and other areas;
- Supported the development of several treatment technologies for ballast water now being tested on commercial ships;
- Worked with federal, state, and private interests to eradicate the invasive seaweed *Caulerpa taxifolia* from southern coastal California;
- Partnered with other agencies and the private sector to initiate the "Habitattitude" public awareness campaign, to reach millions of aquarium and water garden hobbyists and vendors with an invasive species message; and
- Made progress in documenting the status and trends of invasive Indo-Pacific lionfish populations, and in determining possible ecological impacts.

Ballast water is the most significant pathway for introduction of aquatic invasive species into coastal waters and NOAA recognizes its specific statutory responsibilities to develop new ballast water treatment technologies.

In FY 2005, the NOAA Great Lakes Environmental Research Laboratory completed a three-year multi-institutional assessment to characterize the biota found in NOBOB vessels entering the Great Lakes and to evaluate the effectiveness of at-sea ballast water exchange. NOBOB vessels are exempt from the U.S. Coast Guard's mandatory ballast exchange requirements, but the residual water and sediment in the ballast tanks of NOBOB vessels can contain a wide assortment of potentially invasive plants, animals, and microorganisms. Results of the assessment are reported in "Assessment of Transoceanic NOBOB vessels and Low-Salinity Ballast Water as vectors for Non-indigenous Species Introductions to the Great Lakes," available at http://www.glerl.noaa.gov/res/Task_rpts/2001/nsreid10-1.html. The study found that the risk of NOBOB-related invasive species introductions may be lowered with good management practices, especially flushing NOBOB tanks with saltwater on the open

ocean. Following the release of the report and NOAA participation in a U.S. Coast Guard sponsored public hearing and a technical workshop, the U.S. Coast Guard issued voluntary NOBOB management guidelines in August 2005 calling for ships to take steps to assure that the salinity of their residual ballast water is over 30 parts per thousand, either through ballast water exchange or tank flushing, as appropriate and safe (Federal Register Vol. 70, No. 168 Wednesday, August 31, 2005, pp 51831-51836; see also http://www.uscg.mil/hq/g-m/mso/nobob.htm).

In September 2005 NOAA conducted an interagency workshop to work towards integration and coordination of Federal and federally-funded invasive species databases. Also in FY 2005, NOAA began efforts to identify the potential and realized socio-economic threats associated with the presence of invasive species. In addition, NOAA initiated an Integrated Assessment of the occurrence and potential spread of an invasive tunicate in the fertile fishing grounds of Georges Bank and sponsored a cruise to monitor and assess its impacts. These efforts will also assist the NOAA Invasive Species Program in making future resource allocation decisions based on current and relevant invasive species impacts.

NOAA is leading research and monitoring to understand the consequences of the recent Indo-Pacific lionfish invasion in the southeast Atlantic shelf of the United States through its National Centers for Coastal Ocean Science. NOAA plans to continue research and monitoring to help elucidate the impacts as well as expand efforts to include public education and outreach directed in particular to anglers, scuba divers, and the health care community. The National Center for Coastal Ocean Science is also supporting efforts by NOAA's Chesapeake Bay Office to assess environmental, economic, and human health risks of introducing the non-native asian oyster (*Crassostrea ariakensis*) into the Chesapeake Bay.

Estuary Habitat Restoration

South Florida Ecosystem Restoration

NOAA has been actively supporting South Florida Ecosystem Restoration (SFER) since its inception as part of supporting efforts to the Comprehensive Everglades Restoration Plan (CERP). The restoration-related goal of the SFER is to develop the capability to provide ecological forecasts that allow managers to determine the downstream effects on key natural resource responsibilities (e.g. Florida Keys National Marine Sanctuary) as a result of different restoration scenarios in South Florida. NOAA provided research and development that enabled an ecosystem approach to management, including characterization of the availability and penetration of sunlight and the movement of water within the Florida Bay.

Coastal Nonpoint Pollution

NOAA and EPA entered into a Coastal Community Development Memorandum of Agreement in January 2005. NOAA is also investing in monitoring, research, and modeling to support state nonpoint pollution source management programs. We are

actively pursuing efforts to link coastal growth and development management with water quality protection by fostering a greater emphasis on community development and planning efforts to address growth issues in a sustainable manner. Existing Coastal Zone Management Act funding mechanisms can be used to support these efforts.

Navigation

NOAA's Mapping and Charting Program is carried out by the Office of Coast Survey. Established by President Thomas Jefferson in 1807, the Coast Survey celebrates its 200th anniversary in 2007 as the oldest scientific organization in the U.S., with a long history of supporting and facilitating maritime commerce. NOAA is responsible for surveying and charting U.S. and territorial waters to the limits of the Exclusive Economic Zone (EEZ), an area of about 3.4 million square nautical miles. Over 500,000 square nautical miles of this area is considered navigationally significant; it is this area that has become NOAA's primary survey priority. In FY 2005, NOAA and its contractors surveyed over 3000 square nautical miles in waters important to navigation.

NOAA's Center for Operational Oceanographic Products and Services' (CO-OPS) provides tide and current data, products and services that support safe and efficient marine navigation, emergency response efforts, storm surge and tsunami warnings and forecasts, long-term sea level rise monitoring, marine boundary determination, habitat restoration, coastal zone management and other NOAA strategic mission goal outcomes. In FY 2005, NOAA installed a Physical Oceanographic Real-Time System (PORTS®) on the Columbia River. PORTS® support safe, cost-efficient marine transportation by providing accurate real-time oceanographic and meteorological data. Nearly 48 million tons of cargo transits through the Columbia River annually; vessel operators must know the depth of the water in order to maximize ship efficiency and minimize groundings and accidents. A 2005 economic study revealed that the Tampa Bay economy receives more than $7 million a year in savings and direct income from the operation of its PORTS®. A number of ports important to the transport of vital energy supplies to the Nation have expressed strong interest in establishing PORTS but cannot be accommodated with current funding.

Precise positioning is needed for the safe navigation of our waterways, roads and air space. NOAA maintains the National Spatial Reference System (NSRS), which provides the foundation for transportation and communication; mapping and charting; and a multitude of scientific and engineering applications. NOAA provides many models and tools that allow the public to obtain highly accurate positions relative to the NSRS. In 2005, NOAA registered the 300,000th use of the Online Positioning User Service (OPUS), after only three years of OPUS operation. OPUS allows users, such as professional surveyors, to submit their GPS observations to NOAA, where the data is processed to determine a position. Each OPUS solution is estimated to save the user approximately $600 over traditional positioning methods.

FY 2007 BUDGET REQUEST

Office of Response and Restoration (OR&R)

The FY 2007 President's Budget Request supports NOAA's priority to restore our response and restoration capacity. In the FY 2006 appropriation, OR&R activities were funded at $3.0 million below the President's request, which reduced NOAA's ability to respond to emergencies and carry out its restoration mission. This funding is restored in the FY 2007 request, with the President requesting $16.3 million for response and restoration activities. The President's request will allow NOAA to rebuild capacity for natural resource damage assessment, coastal protection and restoration, and emergency response activities, which have been eroded by two consecutive years of budget reductions. Further, the FY 2007 request will ensure that NOAA continues to meet its responsibilities under Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Oil Pollution Act (OPA).

In FY 2007, NOAA will focus on restoring the Nation's capability to respond to oil and hazardous substance releases through the most cost effective methods. NOAA will increase pre-spill and post-spill planning and coordination and training for national preparedness and response, develop tools and techniques to improve response efficiency, increase scientific accuracy, and decrease harm to life, property, and the environment. Funding in FY 2007 will continue to support damage assessment and restoration efforts for sites around the Nation.

NOAA will continue to provide technical assistance, training, and support to states and communities to strengthen local and regional capabilities to restore or redevelop contaminated sites. Funding in FY 2007 will also allow NOAA to increase capacity to conduct emergency response and restoration activities in the Great Lakes region, providing a focused effort on habitat protection and restoration through an ecosystem-based approach.

Harmful Algal Blooms and Hypoxia

In FY 2007, NOAA requests an increase of $5.96 million to restore funding for extramural research to maintain NOAA's longstanding investments to develop harmful algal bloom (HAB) and hypoxia ecological forecasting and response capabilities. These efforts are conducted through NOAA's competitive extramural research programs which have a proven track record of developing the understanding and tools necessary for managers to respond to and predict HAB and hypoxia events, such as those affecting the New England and Florida coasts last year. The NOAA FY 2007 request includes funding essential to meeting the objectives of the recently reauthorized HABHRCA legislation and will greatly accelerate progress toward the prediction and mitigation of these devastating events. The funds specified by this request, when leveraged with ongoing intramural and extramural efforts on HABs and hypoxia, will: (1) help to maintain and strengthen the suite of NOAA competitive, peer-reviewed programs focused on HAB and

hypoxia research; (2) accelerate the development and transition to operations of tools and forecasts for the prediction, control, and mitigation of HABs and hypoxia; (3) facilitate the assessment of and response to HAB and hypoxia events; and (4) help to deliver the biological components key to making developing regional ocean observing systems relevant to coastal resource and public health managers.

Ballast Water and Invasive Species

The FY 2007 President's budget requests a total of $5.7 million to continue NOAA's work to prevent the spread of invasive species through efforts of the Aquatic Invasive Species Program, Sea Grant, the Great Lakes Environmental Research Lab, and the National Centers for Coastal Ocean Science. Of this funding, $3.2 million would support on-going Sea Grant and Great Lakes Environmental Research Laboratory invasive species efforts.

The balance of this funding request, $2.5 million, would support the Aquatic Invasive Species Program, which focuses on prevention, detection, monitoring and control of aquatic invasive species. The program's overarching goal is to develop an effective, proactive strategy for addressing aquatic invasive species by minimizing their establishment through early detection. The request includes funding to improve early detection and monitoring capabilities and will contribute to an interagency crosscut initiative led by NOAA, the United States Geological Survey, and Smithsonian Environmental Research Center. As part of this initiative, NOAA is leading the development of an early warning system for coastal and marine invasive species through its National Centers for Coastal Ocean Science. The system aims to provide coastal resource managers and scientists with information on control measures and alerts when new species are introduced. Work on the Pilot Project was just completed in Hawaii. As part of the continuing development of the Pilot Project, efforts in FY 2006 will begin to incorporate the state of Texas.

Coastal Nonpoint Pollution

The President has not requested funding for the Coastal Nonpoint Source Pollution Control Program since FY 2004. While there is not a Nonpoint Source Pollution line in the NOAA budget, states can receive assistance from NOAA through funding from section 306 of the Coastal Zone Management Act or through NOAA's ongoing development and dissemination of management tools and scientific research on nonpoint source pollution problems and responses. The FY 2007 President's Budget includes nonpoint source pollution control funding in the requests for the U.S. Environmental Protection Agency and the U.S. Department of Agriculture. NOAA continues to support state Coastal Nonpoint Source (NPS) Management Programs by fostering program integration, and by helping coastal states focus on managing the cumulative and secondary impacts of development to prevent NPS pollution.

Navigation

NOAA's products and services help maintain the efficient flow of transportation and commerce. A fundamental lifeline for the nation's economy, the U.S. Marine Transportation System (MTS) is growing rapidly. From 1990 to 2003, the value of U.S. international merchandise trade increased an average 6% annually, from $889 billion to about $2 trillion (in current dollars). The MTS carried as much as 95% of this trade by volume and 41% by value in 2003, more than any other transportation mode. MTS stakeholders repeatedly state that their highest priority is obtaining accurate, timely and reliable navigation information required for a complete picture of the dynamic environment in which they operate. NOAA's FY 2007 budget request includes $2.0 million to continue implementation of the National Vertical Datum Transformation Tool database, or VDATUM. VDATUM allows federal, state, and local government agencies to accurately share geospatial data more effectively and benefits NOAA's modernization efforts. The FY 2007 budget request also includes $1.9 million to continue NOAA's efforts to provide Electronic Navigational Charts (ENCs). Sustained funding at this level will enable NOAA to cover all U.S. waters by 2010. In addition, $2.7 million is requested for tide and current data; $2.0 million of these funds will be used to rebuild and strengthen the National Water Level Observation Network's (NWLON) ability to provide navigation and storm tide information throughout extreme weather and water events such as hurricanes. Several stations were damaged or destroyed during the 2005 hurricane season, though stations that had been "hardened," or strengthened, showed significantly greater resiliency.

The FY 2007 President's Budget Request continues to focus on increasing the Nation's accurate positioning capacity, which includes the National Spatial Reference System (NSRS). These activities enable surveyors, emergency planners and responders, transportation planners, GIS professionals, to map the shoreline and promote safe navigation. The President's budget also continues to support Height Modernization efforts nationally.

The FY 2007 President's Budget Request includes increases of $10.5 million for contract surveys to collect hydrographic data and $1.8 million to support the expansion from 6 to 8 Navigation Response Teams (NRTs) staged regionally around the nation. This will provide adequate coverage and the capacity to respond within 24 hours to multiple incidents in all ports in the contiguous United States. Surveys conducted by the NRTs of key waterways for navigation hazards immediately after last year's hurricanes helped the U.S. Coast Guard and Army Corps of Engineers reopen ports to commercial shipping and recovery operations within days rather than weeks or months.

Conclusion

NOAA has made great progress to address our mandates and fulfill our missions in FY 2005. Our efforts will continue in FY 2006, and we ask the committee to support the President's FY 2007 Budget Request for NOAA's programs. NOAA's programs provide

products and services that benefit the economy, environment, and public safety of the Nation

Mr. Chairman and Members of the Subcommittee, I thank you for the opportunity to testify before you.

TESTIMONY OF
BENJAMIN H. GRUMBLES
ASSISTANT ADMINISTRATOR FOR WATER
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

March 8, 2006

Mr. Chairman and Members of the Subcommittee, I am Ben Grumbles, Assistant Administrator for Water at the United States Environmental Protection Agency (EPA). Thank you for the opportunity to discuss the President's fiscal year (FY) 2007 budget request for EPA's National Water Program. The budget request is over $2.7 billion, or 37 percent of the Agency's overall budget request, and will advance our efforts, and those of our State, Tribal, and local partners, to help ensure that America's water is clean, safe and secure.

Over the past year, the EPA has made considerable progress in: improving water monitoring; reporting and collecting information; achieving gains in wetlands quality and quantity; restoring impaired watersheds and coastal waters; and, advancing sustainability in water infrastructure. We are measuring progress, but still have much important -- and challenging -- work ahead of us to address with our partners. EPA is committed to accelerating environmental protection while maintaining our economic competitiveness, and this budget provides the tool and resources to do so.

Our programs can work even more effectively than they do today. We expect to be held accountable for spending the taxpayers' money more efficiently and effectively every year. To assist you, the Administration launched ExpectMore.gov, a website that provides candid information about programs that are successful and programs that fall short, and in both situations, what we are doing to improve performance next year. I encourage the members of this Committee and those interested in our programs to visit ExpectMore.gov, see how we are doing, and hold us accountable for improving.

Sustainable Infrastructure

Over the past 20 years, communities have spent more than $1 trillion (in 2001 dollars)[1] on drinking water treatment and supply and wastewater treatment and disposal. However, America's infrastructure systems are aging. Much of it was constructed in the period following World War II and will be reaching the end of its useful life in the next 20-40 years. The Agency has approached this challenge of keeping pace with infrastructure needs of the future by focusing on "Four Pillars of Sustainable Infrastructure" – better management, water efficiency, full cost pricing, and the watershed approach. In FY 2007, EPA will build upon those pillars using the tools of technology, innovation, and collaboration. We are also aggressively investigating innovative, market-based financing to help communities ensure adequate funding for sustainable infrastructure.

---

[1] The Clean Water and Drinking Water Infrastructure Gap Analysis. (http://www.epa.gov/safewater/gapreport/pdf.)

In an effort to promote "better management," EPA, in collaboration with leading constituent associations, is encouraging more utilities to adopt sustainable management practices. We are also finalizing a new voluntary program to enhance the market for water-efficient products that is modeled after the highly successful Energy Star program. This program is expected to provide a foundation upon which local utilities can build their own water efficiency activities, in the same way that Energy Star has served as a foundation for many successful local energy efficiency programs.

The 2007 President's Budget also supports the use of science and data by requesting $7 million for a Water Infrastructure initiative. These funds will provide EPA with resources to conduct a major research effort to reduce the cost of operating, maintaining, and replacing old drinking and wastewater systems.

This budget request also continues the Administration's commitments to the Clean Water and Drinking Water State Revolving Funds (SRFs). The Budget provides $688 million for the Clean Water SRF, keeping the program on track to meet the cumulative capitalization commitment of $6.8 billion for 2004-2011. This funding level will allow the Clean Water SRF to provide $3.4 billion in loans annually, even after Federal capitalization ends, and will ensure communities have access to capital for their wastewater infrastructure needs.

The Budget proposes $841.5 million for the Drinking Water State Revolving Fund, a $4 million increase over the 2006 enacted level. This request keeps the Administration's commitment to provide sufficient capitalization grants

to allow the Drinking Water SRF to provide $1.2 billion annually, even after Federal capitalization ends.

Clean Water

The Agency is requesting $192 million in the FY 2007 budget for the Surface Water Protection Program, which will allow us to continue to set water quality standards and improve water quality on a watershed basis through the implementation of TMDLs for impaired waters, the National Pollutant Discharge Elimination System (NPDES) programs for point source control, and nonregulatory incentives for nonpoint source (NPS) control. The Agency will collaborate with State and Tribal partners to continue supporting the monitoring initiative begun in 2005. We will build on the 2004 National Coastal Condition Report and the not-yet-released 2006 Wadeable Streams study, with a report on baseline conditions of lakes due at the end of 2008. Through the Section 106 grant program, $18.5 million will be designated for States and Tribes that participate in collecting this statistically-valid water monitoring data. With a $194 million request, the Section 319 Nonpoint Source program will retain its focus on implementing watershed plans to restore water quality in NPS-impaired waters with the longer-term goal of remediating 250 primarily NPS-impaired waters by 2008 so that they meet water quality standards. Mr. Chairman, we are also fully committed to market-based mechanisms such as trading for water quality improvement. Over the last three years, we have placed a priority on trading as a way to engage nonpoint sources and point sources to accelerate restoration of

impaired waters. That emphasis on results-oriented, market- based trading and watershed-permitting will continue to grow.

Water Security

To assist the nation's water sector in adopting active and effective security programs that reduce the risk from terrorist acts or other catastrophic events, the FY 2007 budget requests $53 million for water security. This request continues support for the WaterSentinel initiative, which addresses key vulnerabilities in our nation's critical drinking water infrastructure. The purpose of WaterSentinel is to design and demonstrate an effective system for timely detection and appropriate response to drinking water contamination threats and incidents through pilot programs. To complement this detection program, the FY 2007 budget also requests continued support for the Water Alliance for Threat Reduction, which provides classroom training, tabletop exercises, and technical assistance to our nation's drinking water systems operators to enhance their ability to prevent, respond, and recover from a terrorist act or natural catastrophe.

Great Lakes

The Great Lakes basin, one of the largest watersheds on the continent, holding 20 percent of the world's surface freshwater, is home to more than one-tenth of the population of the United States and one-quarter of the population in Canada. On December 12, 2005, a "Strategy to Restore and Protect the Great Lakes" was released as an outcome of the collaboration of a cabinet-level

Interagency Task Force and a "Regional Collaboration of National Significance" established by the President's Executive Order on the Great Lakes. Key priorities of this Strategy include the prevention and control of invasive species, improving infrastructure, and cleaning up Areas of Concern, of which contaminated sediments contribute to many impairments. The Great Lakes Interagency Task Force has committed to 48 specific actions to accelerate the protection and restoration of the Great Lakes basin, using the Regional Collaboration Strategy as a guide.

In FY 2007, the President's Budget requests $70 million, including approximately $50 million for sediment remediation and related work under the Great Lakes Legacy Act, allowing for four to six projects and the remediation a half-million cubic yards of contaminated sediment.

Wetlands

Our FY 2007 request reflects our continuing commitment to the goal of increasing the quantity and quality of the Nation's wetlands and includes a $17 million request for wetlands program development grants, a $1 million (7%) increase over the 2006 enacted budget. The need to restore and protect wetlands was underscored by Hurricane Katrina, whose damage to the Gulf Coast was exacerbated by the historical loss of protective coastal wetlands.

On Earth Day 2004, the President announced his commitment to restore, improve, and protect three million acres of wetlands by 2009. EPA is committed to this effort and has requested an increase of $1.6 million in additional support

for wetlands protection activities. In FY 2007, EPA will work with its State and Tribal partners to field-test broad-based and integrated monitoring and assessment programs that: improve data for decision-making on wetlands within watersheds, address significant stressors, report on the condition of wetlands, and geo-locate wetlands on the landscape. EPA will work to achieve national gains in wetland acreage by implementing an innovative partner-based wetland and stream corridor restoration program.

Chesapeake Bay

The Agency's FY 2007 Budget requests $26 million for Chesapeake Bay, an increase of $4 million, for improving water quality, overall protection, and restoration of the Chesapeake Bay and its tributaries. The Agency's FY 2007 Budget requests $26 million for Chesapeake Bay, an increase of $4 million, for improving water quality, overall protection, and restoration of the Chesapeake Bay and its tributaries. As a result of recent improvements in the Chesapeake Bay, the Corsica River pilot program, designed by Maryland, anticipates a joint desired result of 200 acres of forested buffers, 50 acres of restored wetlands, 2 miles of restored stream channel, 10 acres of submerged aquatic vegetation (SAV) restored, and 20 acres of oyster beds restored. In continuing current significant program activities, it is anticipated that the 2007 President's Budget request will help the Agency make progress towards the Chesapeake Bay-wide long-term goals.

Good Samaritan

Also, I am excited about the Good Samaritan initiative that the Administrator announced in August 2005. EPA's Good Samaritan Initiative is designed to remove legal barriers that have discouraged the cleanup of watersheds threatened by abandoned mine runoff. In the United States, it is estimated that more than a half-million abandoned mine sites may be polluting our waterways. These problematic abandoned mines are on private and public land and those responsible for the pollution are long since gone. While there have been groups and local communities willing to take on the restoration of these watersheds, the potential liability of touching the sites has long discouraged voluntary cleanup efforts. This EPA program will provide volunteer, nonprofit organizations with protection and certainty to help restore watersheds, and inspire others to do the same elsewhere. EPA pledges to work with Congressional and State partners on legislation to remove potential legal obstacles for Good Samaritan cleanups.

Conclusion

Mr. Chairman, the FY 2007 budget request emphasizes sustainability and stewardship. We believe that -- in partnership with Congress and others -- we can make significant progress in sustaining infrastructure and protecting watersheds.

This concludes my prepared remarks; I would be happy to respond to any questions you may have at this time.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 07 2006

OFFICE OF CONGRESSIONAL AND
INTERGOVERNMENTAL RELATIONS

The Honorable John J. Duncan
Chairman
Subcommittee on Water Resources and Environment
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, D.C. 20510

Dear Chairman Duncan:

Please find enclosed responses to questions posed by the Subcommittee pursuant to the March 8, 2006, hearing on the President's FY 2007 Budget Request. I hope this information will be useful to you and the Members of the Subcommittee.

If you have any further questions or concerns, please contact me, or your staff may contact Carolyn Levine, in EPA's Office of Congressional and Intergovernmental Relations at (202) 564-1859.

Sincerely,

Catherine Sulzer
Deputy Associate Administrator

(Enclosure)

Responses to Questions Submitted by Rep. Eddie Bernice Johnson

Question: Last year, Resources for the Future released a report on the 25th Anniversary of the Superfund program. In this report, the author described how "for many of those 960+ sites where engineering components of the remedy are fully implemented, it will be years before cleanup standards are fully implemented." At exactly how many sites characterized as "construction complete" are there still threats to human exposure to toxic materials? In your opinion, why are these ongoing threats taking so long considering all engineering components of the remedy are in place? In EPA budget justification for this budget, the Agency describes how it is developing a different standard for determining progress in the superfund program - the long-term human health environmental indicator. Does the administration expect that this new indicator will uncover sites where the Agency believed all necessary work was completed, but in fact, additional work will be required to address ongoing threats of human exposure?

At exactly how many sites characterized as "construction complete" are there still threats to human exposure to toxic materials?

Answer: As of Spring 2006, our Environmental Indicator of "human exposure not under control" in the Agency's database identifies 15 sites that are both construction complete and human exposure not yet under control.

Question: In your opinion, why are these ongoing threats taking so long considering all engineering components of the remedy are in place?

Answer: In each of these sites, the remedy as defined in the Record of Decision (ROD) has been successfully implemented; therefore, the physical construction of the remedy at each site has been completed, and each site is construction complete (CC) and in the post-construction remediation phase. In some cases, however, institutional controls (ICs) are not yet in place. In other cases, additional contamination has been found on the site. In still other cases, monitoring of the contamination up to the time of the CC determination had not yet shown that the remedy was working completely as intended. EPA is currently reviewing each of the 15 sites to determine if they are correctly classified and to determine what additional remedial measures may be needed.

3) Does the administration expect that this new indicator will uncover sites where the Agency believed all necessary work was completed, but in fact, additional work will be required to address ongoing threats of human exposure?

Answer: The Human Exposure indicator is not designed to assess Superfund remedies. Rather, it is intended to provide the public an accurate and plainly stated description of the cleanup progress related to human health at any given site. EPA reviews the protectiveness of remedies through its 5-year review process. During remedy construction and following construction completion, the Superfund program conducts reviews every 5 years to ensure that the remedy is functioning as intended and remains

protective. EPA has added a target to its Strategic Plan to ensure that remedies requiring review every 5 years remain protective at Superfund NPL sites.

Question: I have already discussed the issue of this Administration's slowdown in annual construction completions – from an average of 73 completions per year during the previous administration, to just over 40 for the current administration. At the same time, the Superfund program has been adding roughly 22 additional sites to the National Priorities List each year. In your testimony, you warn that "the size, complexity, and cost of sites currently under construction, or ready to begin construction, continue to grow". Does the administration believe that the Superfund program will ever reach the goal of addressing the Nation's most contaminated sites and protecting against human exposure? Is this something that is achievable within the next 25 years of the program?

Answer: States have the option to address sites with funding from EPA's Brownfields program, or through RCRA corrective action program, or through a State's own voluntary cleanup program and no longer need to rely solely on the Superfund program as was the case when the program was created in 1980. Sites are added to a variety of program inventories as new sites are found, so it is very difficult to predict when EPA will identify and remediate all of the hazardous waste sites that may ultimately be addressed by the Superfund program. The Superfund Program prioritizes cleanup based on level of risk. As a result, EPA continues to address the Nation's most contaminated sites and protect against human exposure.

Question: In 2004, the EPA Inspector General released a report that documented a site-specific shortfall of $174.9 million for superfund cleanups. This shortfall resulted in on-going cleanups to be delayed, segmented into pieces, or scaled back in terms of protective remedies. As of today, are there contaminated sites that are either ready to proceed to the construction phase of cleanup, or where cleanup is ongoing, that need to be delayed or scaled back due to a lack of funding. If the Superfund program were to receive additional Federal resources, could EPA use these funds?

Answer: The Report released by the EPA Inspector General compared regional preliminary planning funding estimates with end-of-year funding allocations. Preliminary planning funding estimates are often not an accurate representation of final site funding needs in a given fiscal year. However, the Superfund Remedial program continues to face challenges to fully fund multiple, large and complex ongoing construction projects at their optimal pace since the program has matured to the point where a number of these sites have concurrently reached their most expensive stage of cleanup. EPA continues to implement cleanup approaches that do not sacrifice protection of human health and the environment, and allow the Agency to allocate resources on a national level to maintain adequate progress at sites. No cleanup remedies are being changed or scaled back as a result of EPA's resource management. In FY 2005, EPA funded all sites with ongoing construction work. In addition, in FY 2005, EPA funded 17 new construction projects and was unable to fund 9 new construction projects.

Question: In your testimony, you speak of the superfund program as though it were reaching an end in the cleanup of toxic waste sites - with construction projects underway or completed at 90 percent of sites on the National Priorities List. However, only last year, your predecessor, Mr. Dunne testified that cleanup construction projects were either underway or completed at 94 percent of NPL sites. In the two previous years, Assistant Administrator Horinko testified that cleanup construction projects were underway or completed at 93 percent of sites, both in fiscal year 2005 and in fiscal year 2004. From your testimony, it appears we are starting to slow the rate of cleanup of toxic waste sites. Why the sudden change in course for ongoing or completed construction projects - from 93 and 94 percent in the last few years to 90 percent in fiscal year 2007?

Answer: There is no sudden change in course for ongoing or completed construction projects. As stated in my testimony dated March 8, 2006, as of the end of fiscal year 2005, "**more** than 90 percent of the 1,547 NPL sites have begun construction activity, have been completed, or have been deleted from the NPL". This is consistent with Superfund's cleanup progress stated by prior Assistant Administrators and does not represent a decline in the number of sites with ongoing or completed cleanups. As of Spring 2006, 95 percent of the 1,547 NPL sites have begun construction activity, have been completed, or have been deleted from the NPL.

Question: Superfund cleanups suffer from a lack of adequate funding. This has been documented by the EPA Inspector General and outside reviews such as Resources for the Future.

The Administration has demonstrated a willingness to contribute $1.2 billion in general revenues to the program, yet acknowledges that sites are more expensive and additional resources are necessary.

Why does the Administration remain opposed to generating additional resources for Superfund through reinstatement of the Superfund taxes? These taxes could be taken off budget and added to the current general revenue contribution to allow adequate funding of these large, expensive sites.

After all, it was the avowed tax cutter himself, President Reagan, that signed the 1986 amendments to Superfund that increased the taxes five-fold.

Answer:

Historically, neither the revenue generated by Superfund taxes nor the balance in the Superfund Trust Fund have had an impact on the annual level of congressionally appropriated funding for the Superfund program. Superfund program appropriations have remained relatively steady for the past five fiscal years regardless of the lapsed Superfund taxes, the balance in the Superfund Trust Fund, or the source of appropriated funding. The source of appropriated funding has no impact on Superfund program operations.

Question: In your testimony, you describe how in fiscal year 2005, EPA "secured more than $1.1 billion in cleanup commitments and cost recoveries from private parties".

According to the budget, in fiscal year 2005, EPA collected $63 million in cost recoveries from potentially responsible parties, presumably leaving $1.037 billion in private commitments for cleanup.

Please provide the Committee with information on the last ten years of private party cost recoveries, and private party funding commitments for the Superfund program.

Further, if in fiscal year 2005, EPA was able to reach $1.1 billion in cleanup commitments from private parties, and receive a congressional appropriation of $1.247 billion from the Superfund program, how much was spent (from both private parties and EPA) towards cleanup of Superfund sites in fiscal year 2005?

Please provide the Committee with similar analysis for the past ten years (FY 1995 – FY 2005).

Answer: The figures cited in the testimony refer to funding commitments secured by EPA, both commitments for future cleanup work and commitments to pay EPA's past costs. They do not refer to monies secured through judicial cost recovery actions. As to PRP expenditures, EPA does not have data on actual expenditures by PRPs. EPA can provide the annual level of PRP funding commitments and cost recovery commitments secured by EPA from FY 1995 to FY 2005. We are also providing EPA Superfund program expenditures for FY 1995 to FY 2005.

	Superfund Cost Recovery Commitments	Cleanup Commitments
	(In Millions)	
FY 1995	$161	$851
FY 1996	$452	$889
FY 1997	$158	$452
FY 1998	$230	$806
FY 1999	$233	$553
FY 2000	$146	$1,336
FY 2001	$414	$1,329
FY 2002	$126	$501
FY 2003	$226	$904
FY 2004	$157	$523
FY 2005	$248	$857

Superfund Expenditures Fiscal Year 1995 – Fiscal Year 2005

	Expenditures of Appropriated Funds ($billions)
1995	$1.463
1996	$1.314
1997	$1.347
1998	$1.321
1999	$1.488
2000	$1.490
2001	$1.384
2002	$1.327
2003	$1.387
2004	$1.371
2005	$1.287

Superfund Expenditures Fiscal Year 1995-Fiscal Year 2005
Including Special Account Funds and State Cost Share Funds

1995	$1.490
1996	$1.414
1997	$1.451
1998	$1.405
1999	$1.558
2000	$1.599
2001	$1.483
2002	$1.468
2003	$1.540
2004	$1.547
2005	$1.448

Question: You describe the Brownfield program as one of the Administration's top environmental priorities, yet the FY 2007 budget requests $31 million less than was requested for FY 2006, a cut of over 25%.

You tout the Brownfields legislation of 2002 as having boosted funding levels, but I don't see it. Brownfield funding was $92 million in 1999, $92 million in 2000, $92 million in 2001, and $97 million in 2002. All of these levels were before the legislation.

Last year the Administration requested $120 million. Now the Administration seeks $89 million - out of an authorized level of $200 million. Why is it that the Administration continues to laud this program as a jobs creator while requesting even less funding than was provided 7 years ago?

Answer: The Administration has consistently supported EPA's Brownfields Program. The FY 2007 President's Budget maintains steady program funding relative to the enacted level and reflects the many competing funding priorities that the Federal government must balance. For the last four fiscal years, the President's budget requested between $200 to $210 million to fund the Brownfields program, however, Congress provided approximately $160 million each year. The FY 2007 budget request reflects the amount of funding Congress has been providing for the program. The FY 2007 funding request of $163.3 million is nearly double the annual funding provided to the Brownfields program before passage of the 2002 Brownfields Law.

○