

John Katz: Thank you Chairman Shaheen, Sen. Johnson, Sen. Murkowski. It is a pleasure to be before you today, and I'll go off topic for a minute just to thank Sen. Shaheen for her state's hospitality. My family had a wonderful reunion at Lake Winnepesaukee this summer.

Sen. Shaheen: We very much appreciate that, come back often.

Thank you. I will be fairly brief. My name is John Katz and I am Deputy Associate General Counsel for Energy Projects at the Federal Energy Regulatory Commission. I appear today as a Commission staff witness. So my statement are my own and don't necessarily reflect the opinions of the Commission, the Chairman or any individual Commissioner.

Section 10(e)(1) of the Federal Power Act provides that persons, states, and municipalities to whom the Commission has issued licenses are required to pay annual charges for a number of things relevant here for the use and enjoyment of lands of the United States. Section 24 of the Act provides that when an entity files an application either for a preliminary permit or for a license, the lands that are covered by that application – this is only as applies only to federal lands – become sort of exempt from disposal under the public land laws because the United States is deemed to have interest in the power development potential of those lands.

In some instances, entities reach agreements with departments of the United States, such as the Department of Reclamation and, particularly, the Forest Service, where they will perhaps trade lands so they can have lands available for a hydro project. Or they may sell, or the land will otherwise be transferred to those entities. However, Section 24 provides, in a mandatory fashion such that Reclamation and Agriculture don't have any choice, that if such lands are transferred they are required to continue to be subject to the United States' power site reservation.

In some instances, therefore, there are lands that have been transferred to entities who are operating hydro projects yet they still pay annual charges for the use and enjoyment of those lands.

Sen. Shaheen: Mr. Katz, pardon me for interrupting you, I just want to clarify for members of the audience that you are testifying on S. 3265.

John Katz: Yes, I apologize, indeed.

The proposed legislation would provide that if lands are transferred or otherwise given to private entities by the United States, annual charges for uses of those lands would no longer be charged by the Commission. It would amend section 10(3) to provide that.

Commission staff takes no position on the bill. It would not in any way undercut the Commission's ability to protect the public interest considerations that the Federal Power Act requires it to protect, and it would not affect the Commission's budget in any way because the annual land use charges are paid directly into the Treasury of the United States. With that, I'm happy to answer any questions you may have.