

**PONEMAN, SANDALOW, SUH, AND  
CONNOR NOMINATIONS**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON**  
**ENERGY AND NATURAL RESOURCES**  
**UNITED STATES SENATE**  
**ONE HUNDRED ELEVENTH CONGRESS**  
FIRST SESSION

TO

CONSIDER THE NOMINATION OF DANIEL B. PONEMAN, TO BE DEPUTY SECRETARY OF ENERGY, THE NOMINATION OF DAVID B. SANDALOW, TO BE ASSISTANT SECRETARY OF ENERGY (INTERNATIONAL AFFAIRS AND DOMESTIC POLICY), THE NOMINATION OF RHEA S. SUH, TO BE AN ASSISTANT SECRETARY OF THE INTERIOR, AND THE NOMINATION OF MICHAEL L. CONNOR, TO BE COMMISSIONER OF RECLAMATION

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MAY 5, 2009



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## **PONEMAN, SANDALOW, SUH, AND CONNOR NOMINATIONS**

**TUESDAY, MAY 5, 2009**

U.S. SENATE,  
COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
*Washington, DC.*

The committee met, pursuant to notice, at 9:45 a.m., in room SD-366, Dirksen Senate Office Building, Hon. Jeff Bingaman, chairman, presiding.

### **OPENING STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO**

The CHAIRMAN. Why do we not go ahead and get started?

The committee meets this morning to consider four nominations for offices in the Department of Energy and the Department of the Interior. The four nominees are: Daniel B. Poneman, who is to be Deputy Secretary of Energy; David B. Sandalow, to be the Assistant Secretary of Energy for International Affairs and Domestic Policy; Rhea S. Suh, to be the Assistant Secretary of the Interior for Policy, Management and Budget; and Michael L. Connor, to be the Commissioner of Reclamation at the Department of the Interior.

The President has nominated four highly qualified people for these important offices.

For the past 8 years, Mr. Poneman has been a principal in The Scowcroft Group. Before that, he served as Director of Defense Policy and Arms Control at the National Security Council under the first President Bush and as a Special Assistant to the President and Senior Director of Nonproliferation and Export Control at the NSC under President Clinton.

Mr. Sandalow is a Senior Fellow in Foreign Policy Studies at the Brookings Institution. During the Clinton administration, he served in senior offices in both the National Security Council and the Council on Environmental Quality before being appointed Assistant Secretary for Oceans, Environment and Science in the State Department.

Both Mr. Poneman and Mr. Sandalow will bring to the Department of Energy valuable knowledge and experience in national security and international affairs.

Ms. Suh was a Senior Legislative Assistant for Senator Ben Nighthorse Campbell and later a consultant for the National Park Service. For the past 10 years, she has been a program officer for, first, the Hewlett Foundation and then the Packard Foundation.

Mike Connor is well known to this committee. For the past 8 years, he has been counsel to our committee. He has advised me

on water issues, as well as on Indian land and energy issues. He was instrumental in drafting and negotiating the Navajo Nation water settlement that was enacted as part of our Omnibus Public Lands Act earlier this year. He has been a major asset to me and to all members of this committee and will be greatly missed.

So all four of the nominees are extremely well qualified for the positions they have been nominated. We are glad to have them before the committee this morning.

Let me call on Senator Murkowski for any statement she has and then I will recognize our colleague, Senator Lugar, who wishes to make an introduction to us.

Senator Murkowski.

Senator MURKOWSKI. Mr. Chairman, no comments this morning other than a welcome and a good morning to the nominees, and I look forward to hearing their statements. Again, we recognize that the responsibilities, the duties both between the Department of the Interior and Department of Energy are very key. Sometimes this confirmation process seems a little slow and tedious, but it seems like things are stepping up. Again, I look forward to the comments from those who will be before us this morning.

The CHAIRMAN. Thank you very much.

Senator Lugar, we are glad to see you this morning and welcome you to the Energy Committee and look forward to any comments you have.

**STATEMENT OF HON. RICHARD LUGAR, U.S. SENATOR  
FROM INDIANA**

Senator LUGAR. Thank you, Mr. Chairman, Senator Murkowski, for welcoming me to introduce David Sandalow, to be Assistant Secretary of Energy for Policy and International Affairs. I congratulate you and Senator Murkowski on thoughtful leadership of this committee while our Nation seeks to forge a secure and sustainable energy future.

I believe that energy policy reform, in particular, eliminating our over-dependence on oil, is critical to bolstering our Nation's security, economy, and foreign policy. That is why I am especially pleased to recommend David to this distinguished committee and to our Senate colleagues and to urge that he be confirmed quickly.

David's many years of public service include high-level positions in the State Department, the National Security Council, and most recently he has been a Senior Fellow at the Brookings Institution. Over this time, David has demonstrated a keen understanding of the strategic importance of United States energy policy. Long-standing instability in the Middle East, OPEC supply manipulations since the 1970s, the empowerment of anti-Americanism from Caracas to Tehran, entrenchment of corrupt and authoritarian regimes, and outright conflict in places like the Niger Delta are all fueled by hundreds of billions of dollars that Americans spend to import oil.

David brings innovative thinking to this complex problem. He has a proven ability to look over the horizon to formulate policy solutions that both meet current challenges and avert future crises. He understands that enhancing our energy security can go hand in hand with combatting the threats of climate change, but that bal-

ancing these priorities requires very difficult choices. Many of his ideas on the topic are laid out in his excellent book, "Freedom from Oil", for which David spent time researching, I must point out, in Reynolds, Indiana, otherwise known as "biotown." I recommend the book—I think it is a remarkable document—to colleagues, even if I had not contributed to it with a foreword.

I note the position for which David is being considered as Assistant Secretary for Policy and International Affairs. For this, David has sound record of diplomatic experience, having served as an Assistant Secretary of State and on the National Security Council. He understands that domestic efforts to reduce oil dependence and improve our energy portfolio will have maximum effect if they are complemented by vigorous energy diplomacy abroad. As Assistant Secretary of Energy, David would play a critical role in meeting international energy challenges. We must find new ways of deepening cooperation on renewables, efficiency, and emergency response with other major consuming nations such as India and China. We must encourage countries holding major oil and gas reserves to make investment and supply decisions based on economics, not politics. We must find new ways to help poor nations provide the low energy cost that they need for sustained economic growth and to minimize the poor governance of oil revenues that have left too many oil-producing countries mired in poverty.

Under my chairmanship of the Foreign Relations Committee and then under Chairmen Biden and Kerry, we have been working to ensure that our foreign policy fully reflects the challenge of global energy security. As Assistant Secretary of Energy, David would be tasked to oversee the other side of that equation to ensure our international energy activities support our foreign policy. With his range of executive branch experience, David would be well positioned to leverage the talent of energy, foreign policy, economic and climate professionals across the Government.

The energy security problem David would face as Assistant Secretary of Policy and International Affairs—these questions are hardly new. We as a Nation have put off dealing with them for many years. Today, for the sake of our national security, our economy, our environment, we must find and implement solutions.

I am confident that David Sandalow would be an exemplary addition to the Department of Energy and to the Obama administration. I am honored to introduce him to this committee. I thank you, Chairman Bingaman and Senator Murkowski, for having me here today.

The CHAIRMAN. Thank you very much for your strong endorsement of David Sandalow. We appreciate it, particularly coming from you with your vast experience on international issues, which will be a major focus of Mr. Sandalow's activities in the Department. Thank you very much.

We can excuse you at this point unless any member has a question, which I do not see anybody anxious to ask a question. Thank you for coming.

Let me also recognize Senator Warner who is here to introduce to the committee, David Poneman, to be the Deputy Secretary of Energy. We are very glad to have you here and are anxious to hear your views.

**STATEMENT OF HON. MARK WARNER, U.S. SENATOR  
FROM VIRGINIA**

Senator WARNER. Thank you, Mr. Chairman and Ranking Member Murkowski and members of the committee. I am delighted to be here to introduce my good friend, Dan Poneman.

I have to indicate in the effort of full disclosure that I am not only here to recommend Dan professionally, but I can also recommend him personally. His kids and my kids went to elementary school together, and we have spent some time on hikes in the woods. There was a little camp that our kids would go to together, and we sometimes had to go with them as a parent to accompany them. So we have seen each other in less than formal circumstances, and I can assure you that not only will Dan bring great professional credentials to this very important position, but also great personal characteristics as well.

Dan has served in the Clinton administration on the National Security Council. He has served as well under President Bush, George H.W. Bush, as well as, I mentioned, President Clinton. He spent a year at the Department of Energy as a White House fellow. He has practiced law. He has been a principal with Brent Scowcroft in The Scowcroft Group and has served on a number of Federal commissions and advisory panels and co-authored books on nuclear energy, including Going Critical, the first North Korean nuclear crisis, which received the 2005 Douglas Dillon Award for distinguished writing on American diplomacy.

As I mentioned at the outset, I think Dan will be a great addition to the administration. He will be a great addition as an Assistant Secretary. I am proud to support him and, as a fellow Virginian, recommend him wholeheartedly to the committee for its consideration.

The CHAIRMAN. Thank you very much and thanks for taking the time to be here and heartily endorsing his nomination.

Senator WARNER. Thank you, Mr. Chairman.

The CHAIRMAN. We will excuse you.

Let me at this point call all four nominees to the witness table. If they would please come up and just remain standing at the table there, we will administer the oath to everybody since that is an essential part of our rules here in the committee.

Why don't each of you please raise your right hand? Do you solemnly swear that the testimony you are about to give to the Senate Energy and Natural Resources Committee shall be the truth, the whole truth, and nothing but the truth?

Mr. PONEMAN. I do.

Mr. SANDALOW. I do.

Ms. SUH. I do.

Mr. CONNOR. I do.

The CHAIRMAN. Please be seated.

Before you begin your statements, I would ask three questions and address these to each of you. The first question is, will you be available to appear before this committee and other congressional committees to represent departmental positions and to respond to issues of concern to the Congress? Let me start with you, Mr. Poneman. If you would respond to that question.

Mr. PONEMAN. I will, Mr. Chairman.



The CHAIRMAN. Mr. Sandalow.

Mr. SANDALOW. I will.

The CHAIRMAN. Ms. Suh.

Ms. SUH. I will.

The CHAIRMAN. Mr. Connor.

Mr. CONNOR. I will.

The CHAIRMAN. The second question: Are you aware of any personal holdings, investments, or interests that could constitute a conflict of interest or create the appearance of such a conflict should you be confirmed and assume the office to which you have been nominated by the President?

Mr. Poneman.

Mr. PONEMAN. Mr. Chairman, all of my personal assets have been reviewed both by myself and by appropriate ethics counselors within the Federal Government, and I have taken appropriate action to avoid any conflicts of interest.

The CHAIRMAN. Mr. Sandalow.

Mr. SANDALOW. Mr. Chairman, all of my personal assets have been reviewed both by myself and by appropriate ethics counselors within the Federal Government, and I have taken appropriate action to avoid any conflicts of interest.

The CHAIRMAN. Ms. Suh.

Ms. SUH. My investments, personal holdings, and other interests have been reviewed both by myself and the appropriate ethics counselors within the Federal Government. I have taken appropriate action to avoid any conflicts of interest. There are no conflicts of interest or appearances thereof to my knowledge.

The CHAIRMAN. Mr. Connor.

Mr. CONNOR. Mr. Chairman, my investments, personal holdings, and other interests have been reviewed both by myself and the appropriate ethics counselors within the Federal Government. I have taken appropriate action to avoid any conflicts of interest. There are no conflicts of interest or appearances thereof to my knowledge.

The CHAIRMAN. Thank you.

Let me ask the third and final question. Are you involved or do you have any assets that are held in a blind trust?

Mr. PONEMAN. No, sir.

Mr. SANDALOW. No.

Ms. SUH. No, sir.

Mr. CONNOR. No, Mr. Chairman.

The CHAIRMAN. All right. At this point, our tradition in the committee and habit here is to invite nominees to introduce any family members that are present that they would like to introduce at this point. Mr. Poneman, did you have anyone you would like to introduce?

Mr. PONEMAN. Yes, Mr. Chairman. I am delighted to introduce to the committee my wife of nearly 25 years, Susan, and our youngest son William, who is 15. We have two older children at school.

The CHAIRMAN. We welcome the family members that are here. Mr. Sandalow.

Mr. SANDALOW. Thank you, Mr. Chairman. I am delighted to introduce my wonderful wife of 20 years, Holly; my children, Ben, Maya, and Holly; my brother Marc; and my sister Judith.

The CHAIRMAN. We welcome them as well.

Ms. Suh.

Ms. SUH. Mr. Chairman, I am delighted to be joined today by my loving husband, Michael Carroll; my sister, Dr. Betty Sue Bergman; and my parents, Yung Ja and Chung Ha Suh.

The CHAIRMAN. We welcome them to the committee.

Mr. Connor.

Mr. CONNOR. Yes, thank you. I am very fortunate to be joined by my wife Shari; my children, Matthew and Gabby; and my parents, Carl and Bea Connor.

The CHAIRMAN. We are glad to see them here, particularly your parents who I have not seen since I was last in Las Cruces. But it is great to have all of the family members here.

Let me now recognize each of you to make whatever opening statement or statements you would like to make before the committee asks questions.

Mr. Poneman.

**STATEMENT OF DANIEL B. PONEMAN, NOMINEE TO BE  
DEPUTY SECRETARY, DEPARTMENT OF ENERGY**

Mr. PONEMAN. Thank you, Mr. Chairman. Chairman Bingaman, Senator Murkowski, distinguished members of the committee, it is an honor and a privilege to appear before you as President Obama's nominee to be Deputy Secretary of Energy.

I am also honored that Senator Warner took time from his busy schedule to introduce me to the committee.

If I may summarize, I would like to respectfully request to submit my entire statement to the record.

The CHAIRMAN. Yes. We will include all the written statements in the record, and if you could all summarize, that would be appreciated. Go right ahead.

Mr. PONEMAN. Thank you, Mr. Chairman. I am grateful and humbled by the confidence that President Obama and Secretary Chu have expressed in me through this nomination. The President has articulated a clear and compelling vision for America's energy future, one in which we can transform our economy, protect our security, and spare the world from the ravages of climate change. Secretary Chu, a brilliant scientist, who has transcended the world of pure theory and applied his knowledge in the world of industry as well, is a uniquely well-suited choice to implement this vision. If confirmed, I can assure this committee that I will work as hard as I can in support of these critical efforts and to justify their confidence and yours.

In a sense, appearing before you today brings me full circle. My first Government experience came as a summer intern in the U.S. Senate in 1975 when I had the privilege to work for Senator John Glenn.

20 years ago, the White House Fellows program brought me into the Department of Energy, and from there, as you heard from Senator Warner, I moved to the National Security Council. The prospect of applying that experience to the challenges that lay before us is truly daunting but, at the same time, an exciting opportunity.

Americans do not shrink from challenges. We embrace them. When the Soviets launched the Sputnik satellite in 1957, Americans redoubled their efforts in science, and within a dozen years,

they had put a man on the moon. As President Kennedy said in 1962, we chose to go to the moon “because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win.”

We did win. Just as American technology was able to bridge the continent through the building of the intercontinental railroad and solid state transistors have connected us to the world, so too we can apply this technology in the service of our energy challenges.

But technology alone cannot explain how we overcame these great challenges. Just as important are American leadership, determination, and an ability to keep our eye on the ball of our long-term strategic interests. That is how we won the cold war. In retrospect, our success may seem to have been assured, but the wise men surrounding President Harry Truman did not see it that way. While they could not see all the twists and turns that would lead them from Berlin to Cuba and beyond, they certainly knew that only a determined, concerted effort would succeed.

One other element contributed to our success in the cold war. No U.S. policy, whose results must be measured over several decades, can succeed unless it enjoys broad, bipartisan support and close cooperation between our executive and legislative branches. The partnership between President Truman and Senator Arthur Vandenberg at the outset of the cold war exemplified that kind of partnership. History has judged that well.

The challenges we face over the coming decades demand no less. If confirmed, I pledge that I will do my best to support the President and Secretary Chu and to work with the distinguished members of this committee to forge the kind of partnership that will best advance our shared interests in achieving America’s energy objectives in a manner that promotes our prosperity and protects our security.

Thank you.

[The prepared statement of Mr. Poneman follows:]

PREPARED STATEMENT OF DANIEL B. PONEMAN, NOMINEE TO BE DEPUTY SECRETARY,  
DEPARTMENT OF ENERGY

Chairman Bingaman, Ranking Member Murkowski, and distinguished Members of the Committee, it is an honor and a privilege to appear before you today as President Obama’s nominee to be Deputy Secretary of Energy.

I would like to introduce my wife of nearly 25 years, Susan, and our sons, Michael and William. Our daughter, Claire, is away at college.

I am grateful and humbled by the confidence that President Obama and Secretary Chu have expressed in me through this nomination. President Obama has articulated a clear and compelling vision of America’s energy future—one that will transform our economy, protect our security, and save our planet from the worst impacts of climate change. Achieving this vision will require the United States to play a leading international role in combating global warming, to invest in a secure energy future achieved through new technologies and improved efficiency, and to reduce nuclear dangers. Secretary Chu—as a brilliant scientist whose work has taken him beyond pure theory into the practical worlds of innovation and industrial applications—is uniquely qualified to spearhead the implementation of a new energy strategy. If confirmed, I can assure this Committee that I will work as hard as I can in support of those critical efforts to justify their confidence and yours.

In a sense, appearing before you today brings me full circle. My first experience working in government occurred here, in the U.S. Senate, in 1975, through the opportunity of a summer internship with my home state Senator, John Glenn. That summer launched a lifelong interest in energy, national security, and the relationship between the two disciplines. For over 30 years I have pursued that interest as

I have passed through the worlds of academia, law, government, and business. Each phase has brought new perspectives and insights.

Twenty years ago the White House Fellows program first brought me to the Department of Energy which, in turn, led to the opportunity to join the National Security Council staff under George H.W. Bush, where I participated in efforts to assure that the break-up of the Soviet Union did not result in the spread of nuclear materials and technologies to more nations and adversaries. This included the negotiations that led to the landmark deal under which the United States agreed to purchase 500 metric tons of highly-enriched uranium from the Soviet nuclear arsenal, to be blended down to low-enriched uranium fuel for commercial nuclear reactors. Under this “Megatons to Megawatts” program, over 14,000 nuclear warheads’ worth of HEU has been converted to LEU, and one in every ten American light bulbs is now powered by material that once sat atop missiles targeting our cities.

When President Clinton assumed office, I remained to stand up the newly-formed Directorate for Nonproliferation and Export Controls at the National Security Council. As Special Assistant to the President, I worked hard on a wide array of nuclear and nonnuclear proliferation challenges in many parts of the globe, as well as on the 1995 conference which, through US leadership, secured the indefinite extension of the Nuclear Non-Proliferation Treaty. Since leaving government service in 1996, I have worked on a wide variety of legal and commercial issues along the seams where law, policy, commerce, and national security intersect, first as an attorney at Hogan & Hartson and, since 2001, as a principal at The Scowcroft Group.

The prospect of applying this experience to advance the interests of the Nation represents both an exciting challenge and an awesome opportunity.

Americans do not shrink from challenges. They embrace them. That has been the hallmark of the American experience. When the Soviets launched the Sputnik satellite in 1957, Americans responded through a redoubled commitment to science, and within a dozen years won the race to place the first man on the moon. In 1962, President Kennedy said that we chose to go to the moon within the decade not because it was easy, but because it was hard, “because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win. . . .”

And we did win. Just as Americans have conquered so many challenges over the years—from building railroads to connect our continent to inventing the solid-state transistors that connected our world.

Within that spirit and that wellspring of American ingenuity lie the answers to this Nation’s energy challenges.

Better technology has played an indispensable role in moving our country forward—and science can give us better choices on energy. But technology alone cannot explain how we overcame these great challenges. Innovation is a necessary but not sufficient condition for success. Just as important are American leadership, determination, and an ability to keep our eye on the ball of our long-term strategic interests.

That is how we won the Cold War. In retrospect, our success may seem to have been assured. But that is not how it appeared to the “wise men” surrounding President Truman, when they devised the containment strategy to counter the threat of Soviet aggression. They could not possibly have foreseen all the twists and turns that lay ahead, from Berlin to Cuba and beyond, but they understood that only a determined, collective effort would succeed. They supported the investments in technology to assure our military outmatched the Warsaw Pact, and organized the Atlantic Alliance to enlist the collective resources and energies of the West to resist Communist aggression.

And one other element contributed to our success in the Cold War. No US policy whose results must be measured over several decades can succeed unless it enjoys bipartisan support, and close cooperation between our Executive and Legislative Branches. The partnership between President Harry Truman and Senator Arthur Vandenberg personified that cooperation at the outset of the Cold War, and history has judged that kind of partnership to have served our Nation well. The challenges we face over the coming decades—in transforming our energy systems, mitigating the effects of climate change, and sustaining our deterrent while reducing nuclear dangers—demand no less. If confirmed, I pledge that I will do my best to work with the distinguished members of this Committee to forge the kind of partnership that will best advance our shared interests in achieving America’s energy objectives in a manner that promotes our prosperity and protects our security.

The CHAIRMAN. Thank you very much.  
Mr. Sandalow, go right ahead.

**STATEMENT OF DAVID B. SANDALOW, NOMINEE TO BE ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND DOMESTIC POLICY, DEPARTMENT OF ENERGY**

Mr. SANDALOW. Thank you, Mr. Chairman, Ranking Member Murkowski, and members of the committee. Thank you for holding this hearing in this busy time. I am honored to appear before you as President Obama's nominee to serve as Assistant Secretary of Energy for Policy and International Affairs. I am deeply grateful to President Obama and Secretary Chu for entrusting me with this challenging assignment, and I am deeply grateful to Senator Lugar for his friendship, support, and generous introduction, as well as his long record of distinguished leadership on international energy issues.

Thank you for allowing me to introduce members of my family who were here today earlier. I am also thinking today of my warm and loving grandmother, Mary Davis Cohn, who was taken from us recently after a long and full life. Today's hearing would have made her very happy.

When he appeared before this committee in January, Secretary Chu spoke of an "ambitious and urgent mission—to move to a sustainable, economically prosperous and secure energy future." If confirmed as Assistant Secretary, I would be a principal advisor to the Secretary on energy policy as he pursues this mission and would help coordinate the Department's engagement on international affairs.

My own professional background provides long training for this post. I am currently a Senior Fellow in foreign policy studies at the Brookings Institution where my research focuses on energy policy. During the 1990s, I served as an Assistant Secretary of State, as a senior director on the National Security Council staff, and as an associate director on the White House Council for Environmental Quality. Other parts of my background are set forth in the statement submitted for the record.

Mr. Chairman, in the early 1980s, I was privileged to spend part of the summer in Shanghai in one of the first groups of exchange students to live in China following normalization of U.S.-China relations. At the time, there was one international phone line in the entire city of Shanghai that we could use to call home. I remember taking cabs to the Heping Hotel on weekends to do just that. In contrast, last year, when I landed at Beijing airport after a 14-hour nonstop flight from Washington, my BlackBerry automatically connected with a wireless network moments after the plane landed. By the time we reached the gate, I had already sent several emails to family and colleagues back home.

Now, if you had told me more than 25 years ago that I would 1 day send written messages around the world from a device I could fit in my pocket, as I sat waiting to unload from an airplane, I would have been skeptical. In much the same way, many people today doubt that we will ever be able to provide clean, cheap, and secure energy for billions of people around the world. However, I believe that clean energy technologies have the potential to transform the world in the next 25 years as much as information and communications technologies have in the past 25. I believe clean energy technologies can help speed recovery from our current eco-

conomic troubles and provide good jobs for Americans for decades to come.

The U.S. Department of Energy can play a central role in this transition. I am honored to be nominated to a leadership post in the Department at this very special moment. If confirmed, I look forward to working closely with members of this committee and with many others to help President Obama and Secretary Chu build a clean energy future.

Thank you.

[The prepared statement of Mr. Sandalow follows:]

PREPARED STATEMENT OF DAVID B. SANDALOW, NOMINEE TO BE ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND DOMESTIC POLICY, DEPARTMENT OF ENERGY

Mr. Chairman, Ranking Member Murkowski and Members of the Committee: Thank you for holding this hearing in this busy time. I am honored to come before you as President Obama's nominee to serve as Assistant Secretary of Energy for Policy and International Affairs. I am deeply grateful to President Obama and Secretary Chu for entrusting me with this challenging assignment. I am also deeply grateful to Senator Lugar for his friendship, support and generous introduction, as well as his long record of distinguished leadership on international energy issues.

I would like to introduce my wonderful wife of 19 years, Holly Hammonds, and our children, Ben, Maya and Holly. I am also delighted to introduce my brother Marc and sister Judith. The love and support of my family sustains me in everything I do. I am also thinking today of my warm and loving grandmother Mary Davis Cohn, who was taken from us recently after a long and full life. Today's hearing would have made her very happy.

When he appeared before this Committee in January, Secretary Chu spoke of an "ambitious and urgent mission—to move to a sustainable, economically prosperous, and secure energy future." If confirmed as Assistant Secretary for Policy and International Affairs, I would be a principal advisor to the Secretary on energy policy as he pursues this mission and would help coordinate the Department's engagement on international affairs.

My own professional background provides long training for this post. I am currently a senior fellow in Foreign Policy Studies at the Brookings Institution, where my research and writing focuses on energy policy. In recent years, my work has included books and articles on oil dependence, plug-in electric vehicles and climate change. I have helped organize large conferences, expert seminars and bipartisan dialogue on the same topics. During the 1990s, I served as Assistant Secretary of State for Oceans, Environment & Science, as a senior director on the National Security Council and as an associate director on the staff of the White House Council on Environmental Quality. I have served as executive vice president of World Wildlife Fund-US, as an attorney at the U.S. Environmental Protection Agency and as an attorney in private practice. At the beginning of my career, I worked to create jobs for the people of Michigan in a position with the Michigan Department of Commerce.

In the early 1980s, I was privileged to spend part of a summer in Shanghai, China, as part of one of the first groups of exchange students to live in China following normalization of U.S.-China relations. At the time, there was one international phone line in the entire city of Shanghai we could use to call home. I remember taking cabs to the Heping Hotel on weekends to do just that. In contrast, last year, when I landed at Beijing Airport after the 14-hour nonstop flight from Washington, my Blackberry automatically connected with a wireless network moments after my plane landed. By the time we reached the gate, I had already sent several emails to family and colleagues back home.

If you had told me more than 25 years ago that I would one day send written messages around the world from a device I could fit in my pocket as I sat waiting to unload from an airplane, I would have been skeptical. In much the same way, many people today doubt we will ever be able to provide clean, cheap and secure energy for billions of people around the world. However I believe that clean energy technologies have the potential to transform the world in the next 25 years as much as information and communications technologies have in the past 25. I believe clean energy technologies can help speed recovery from our current economic troubles and provide good jobs for Americans for decades to come.

The U.S. Department of Energy can play a central role in this transition. I am honored to be nominated to a leadership post in the Department at this special moment. If confirmed, I look forward to working closely with Members of this Committee—and with many others—to help President Obama and Secretary Chu build a clean energy future.

The CHAIRMAN. Thank you very much.  
Ms. Suh, go right ahead.

**STATEMENT OF RHEA S. SUH, NOMINEE TO BE ASSISTANT  
SECRETARY FOR POLICY, MANAGEMENT AND BUDGET, DE-  
PARTMENT OF THE INTERIOR**

Ms. SUH. Thank you, Mr. Chairman, Senator Murkowski, and distinguished members of the committee. It is an honor and privilege to be here today as President Obama's nominee for Assistant Secretary of Policy, Management and Budget at the Department of the Interior. Thank you for the opportunity and thanks to the members of the committee staff and the personal staff who took time to meet with me last week.

I also want to thank Secretary Salazar. It would be a great privilege to work for him, as well as the thousands of dedicated men and women within the Department itself.

I was born on the edge of the Rocky Mountains in Boulder, Colorado, and raised by Korean immigrant parents who found their way to that great State like so many other pioneers with the dreams of freedom and of a better life for their family. Like so many other westerners, I grew up reaping the benefits of the lands and waters managed by our Federal Government. My dad first taught me how to fish in waters managed by the Bureau of Reclamation. As a Girl Scout, I camped out under the starry skies in Rocky Mountain National Park, and in high school, I helped build a section of the Continental Divide Trail, which is in part managed by the Bureau of Land Management. This tapestry of lands, the backdrop of my childhood, has influenced me and my values throughout my life.

Early on in my career, I worked to inspire young people about our natural world as a high school teacher of earth sciences and then later as a consultant to the National Park Service.

During my tenure as a legislative assistant to Senator Ben Nighthorse Campbell, I worked in and with both political parties, negotiating collaborative opportunities in legislation that included the Presidio Trust, the Black Canyon of the Gunnison National Park, and the Boston Harbor Islands National Recreation Area.

Most recently, I have served as a grant-maker for two of the largest charitable foundations in the country, first at the Hewlett Foundation and now at the Packard Foundation.

Over the last 11 years, I have managed hundreds of grants and millions of dollars focused on consideration in the North American West. In particular, I have sought opportunities to support a broad array of conservation voices, including the voices of Native Americans, hunters and anglers, faith-based coalitions, and environmental justice organizations. Over time, I have come to believe that the most durable and successful conservation policies are those that are created with broad input, including local input, to create place-based solutions that ultimately provide both biological sus-

tainability of our natural systems as well as the economic viability of local communities.

I believe that the Department of the Interior is presently facing many critical challenges. These challenges include issues of accountability and fiscal management, educating the public about the importance of public lands and resources, and understanding and reacting proactively to the impacts of climate change. With these challenges comes an enormous amount of opportunity and responsibility. The Department must bring a new level of transparency, efficiency, and effectiveness to its work. In addition, it must ensure broad public input into the decisionmaking process. Finally, the Department has a huge opportunity to involve a new generation of leaders helping them find a place in building the Department's future legacy.

So I would like to end by coming back to my beginnings. From the first time I hooked a rainbow trout with my dad, I was the beneficiary of the bounty of our Nation's rich natural heritage. If confirmed, I hope to continue the legacy of this bounty by providing for the sustainable use and management of the Department's lands and waters for the benefit of all of the people of this great country.

Thank you so much for the honor.

[The prepared statement of Ms. Suh follows:]

PREPARED STATEMENT OF RHEA S. SUH, NOMINEE TO BE ASSISTANT SECRETARY FOR POLICY, MANAGEMENT AND BUDGET, DEPARTMENT OF THE INTERIOR

Mr. Chairman, distinguished members of the Committee, it is an honor and privilege to be here today as President Obama's nominee for Assistant Secretary of Policy, Management and Budget at the Department of the Interior. Thank you for the opportunity and thanks to the members of the committee staff and personal staff who took the time to meet with me last week.

I also want to thank Secretary Salazar; it would be a great privilege to work for a man whom I deeply respect and admire. It would also be a true honor to work on behalf of and with the thousands of dedicated men and women within the Department of Interior.

Being in this room today brings back many fond memories of the time when I worked for Senator Ben Nighthorse Campbell. It would be a pleasure to have the opportunity to work with so many familiar and respected colleagues again.

I was born on the edge of the Rocky Mountains in Boulder, Colorado, and raised by Korean immigrant parents who found their way to that great state like so many other pioneers, with dreams of the freedom that this nation promises and of a better life for their family. Like so many other Westerners, I grew up reaping the benefits of the lands and waters managed by our federal government. My dad first taught me how to bait-fish for trout in Lake Granby, managed by the Bureau of Reclamation; as a Girl Scout, I camped out and told ghost stories under the starry skies in Rocky Mountain National Park; and in high school, I helped build a section of the Continental Divide Trail, which is in part managed by the Bureau of Land Management. This tapestry of lands—the backdrop of my childhood—has influenced me and my values throughout my life.

My background taught me the importance of sustainable use of our resources, the protection of the most special places within our nation, and the need to balance protection of those special places with the needs of local communities. With these values, I have worked in a variety of positions thorough my career. Early on, I worked to inspire young people about our natural world as a high school teacher of Earth Sciences in the public school system in New York City and later as a consultant to the National Park Service in New England. During my tenure as a Legislative Assistant to Senator Campbell, I worked in and with both political parties, negotiating collaborative approaches in legislation that included the Presidio Trust, the Black Canyon of the Gunnison National Park, and the Boston Harbor Islands National Recreation Area. And most recently, I have served as a grantmaker for two of the largest charitable foundations in the country—first at the Hewlett Foundation and now currently with the Packard Foundation.



Over the past eleven years, I have managed hundreds of grants and millions of dollars focused on conservation issues in the North American West. In particular, I have sought opportunities to support a broad array of conservation voices, including the voices of Native Americans, hunters and anglers, faith-based coalitions and environmental justice organizations. Over time, I have come to believe that the most durable and successful conservation policies are those that are created with broad input, including local knowledge to create place-based solutions that ultimately promote both the biological sustainability of natural systems as well as the economic viability of local communities. I have also worked diligently to create accountability within my grantmaking—developing clear strategic plans with performance metrics that can be monitored and evaluated over time for their effectiveness.

I believe that the Department of the Interior is presently facing many critical challenges. These challenges include issues of accountability and fiscal management, educating the public about the importance of public lands and resources, and understanding and reacting proactively to the impacts of climate change. With these challenges comes an enormous amount of opportunity and responsibility. The Department must bring a new level of transparency, efficiency and effectiveness to its work. In addition, it must ensure broad public input into the decision-making process. It must also involve a new generation of leaders looking both to discover their country's natural, cultural and historical heritage and to help them find a place in building the Department's future legacy. Finally, the Department must provide economic opportunities for local communities through the sustainable use of our public lands, including alternative energy generation and transmission.

So I would like to end by coming back to my beginnings. From the first time I hooked a rainbow trout with my Dad, I was a beneficiary of the bounty of our nation's rich natural heritage. If confirmed, I hope to continue the legacy of this bounty by providing for the sustainable use and management of the Department's lands and waters for the benefit of all the people of this great country.

Thank you again for the honor of being here today.

The CHAIRMAN. Thank you very much for your statement.

Mr. Connor, we are glad to hear your statement.

**STATEMENT OF MICHAEL CONNOR, NOMINEE TO BE COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR**

Mr. CONNOR. Thank you, Mr. Chairman, Senator Murkowski, and members of the committee. I am honored to appear before you today as President Obama's nominee to be the Commissioner of the Bureau of Reclamation.

As I mentioned earlier, I am fortunate to be joined by my wonderful wife and my kids and my parents, and needless to say, without their love and support over the years, I would not be in this position, and for that I am very grateful.

As most of you know, I am in a unique position relative to most nominees, having spent the last 8 years serving on the staff of this committee. Given that background, I hope you will indulge me a brief comment on my tenure here. In short, these years have been the highlight of my professional career. During that time, I have been privileged to work with and for individuals who represent the most positive aspects of public service. Notwithstanding competing interests, my colleagues have demonstrated time and again a remarkable ability to stay focused on an overriding goal, and that is to address this country's energy and natural resources challenges in a manner reflecting good public policy. Simply put, Mr. Chairman, they follow your example.

Similarly, I have had the good fortune to work with high-quality professionals on the other side of the aisle. In the area of water policy, we have worked closely together and we have agreed much more than we have disagreed. But even in those instances in which

we did not share similar views, we typically found sufficient common ground to make progress on those issues. If confirmed, I look forward to continuing that approach in new position.

Finally, I cannot do justice in conveying the value of the support and the friendships that exist on the committee and in your personal office, Mr. Chairman. Through both good and difficult times, I have benefited by witnessing the strength, intellect, modesty, and good humor by which you and my colleagues have dealt with personal and professional challenges during the past 8 years. I have learned a lot in the process, and I will miss working here, Mr. Chairman. Thanks to both you and my colleagues for the opportunities provided on this committee.

I am now afforded an incredible opportunity to be part of President Obama's administration and to work with Secretary Salazar and the talented team he is putting together at the Department of the Interior. I am excited at the prospect but recognize the enormous challenges ahead in addressing water issues facing the 17 western States.

Taking the helm of the Bureau of Reclamation, is a monumental task. As a New Mexican, one who understands the importance of water in the West, it is a job that I will relish, if I am confirmed. Water is a recurring part of my family's history. My maternal grandfather was an original member of Taos Pueblo's water rights task force. My paternal grandfather was part of the construction crews that built the aqueduct tunnels delivering water to New York City out of the Catskill Mountains. One of my great grandfathers was seasonally employed cleaning ditches for an irrigation district in southern Colorado.

In my written statement, I have outlined my qualifications, as well as some thoughts and the key issues facing the Bureau of Reclamation and the need to work with all the different constituencies that are involved

If I have learned nothing else on this committee, though, it is the value of brevity, so I will end my statement there, and I will be available to answer questions at the appropriate time. Thank you.

[The prepared statement of Mr. Connor follows:]

PREPARED STATEMENT OF MICHAEL CONNOR, NOMINEE TO BE COMMISSIONER,  
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Chairman Bingaman, Senator Murkowski, and members of the Committee, I am honored to appear before you today as President Obama's nominee to be the Commissioner of the Bureau of Reclamation. I am fortunate to be joined today by my wife Shari, our two children Matthew and Gabriela, and my parents, Carl and Bea Connor. Needless to say, without their love and support through the years, I would not be in the position I am today. For that, I am grateful.

As most of you know, I am in a unique position relative to most nominees, having spent the last 8 years serving on the staff of this Committee. Given that background, I hope you'll indulge me a brief comment on my tenure here. In short, these years have been the highlight of my professional career. During this time, I have been privileged to work with and for, individuals who represent the most positive aspects of public service. Notwithstanding competing interests, my colleagues have demonstrated time and again, a remarkable ability to stay focused on an overriding goal—addressing the country's energy and natural resource challenges in a manner reflecting good public policy. Simply put Mr. Chairman, they follow your example.

Similarly, I have had the good fortune to work with high-quality professionals on the other side of the aisle. In the area of water policy, we have worked closely together and have agreed much more than we have disagreed. But even in those instances in which we did not share similar views, we typically found sufficient com-

mon ground to make progress. If confirmed, I look forward to continuing that approach in my new position.

Finally, I cannot do justice in conveying the value of the support and the friendships that exist on the Committee and in your personal office, Mr. Chairman. Through both good and difficult times, I have benefited by witnessing the strength, intellect, modesty, and good humor, by which you and my colleagues have dealt with the personal and professional challenges arising during the past 8 years. I will miss working here, Mr. Chairman. Thank you, to both you and my colleagues, for the opportunities provided me here.

I am now afforded an incredible opportunity to be a part of President Obama's administration, and to work with Secretary Salazar and the talented team he is putting together at the Interior Department. I am excited at the prospect but recognize the enormous challenges ahead in addressing water issues facing the seventeen western states. Similar to energy, water is fundamental to the economic well-being of the West. Its use, of course, has enormous implications for the environment. We have not always struck the right balance between these important and sometimes competing interests. If confirmed, I will continue efforts to find that balance, and to do so as efficiently as possible.

Taking the helm of the Bureau of Reclamation is a monumental task. As a New Mexican, one who understands the importance of water in the West, it is a job that I will relish. Water is a recurring part of my family history. My maternal grandfather was an original member of Taos Pueblo's water rights task force. My paternal grandfather was part of the construction crews that built the aqueduct tunnels delivering water to New York City out of the Catskill Mountains. And one of my great-grandfathers was seasonally employed cleaning ditches for an irrigation district in Southern Colorado. I have been lucky in my career to carry on a family tradition associated with water.

As for my qualifications, I am confident that my background as an engineer and lawyer and my experience in the private sector and in government have prepared me well for this position. First, I understand the issues facing the Bureau of Reclamation. Drought, climate change, aging infrastructure, increasing population, environmental needs, and site security are all issues that drive a great deal of Reclamation's actions these days. We have made tremendous progress in this Committee in establishing the programs necessary to confront these issues. It is my hope that the Senate will now allow me to work on the implementation side.

Second, I am familiar with the talented staff at the Bureau of Reclamation and I have a general understanding of how the organization functions. At the same time, I have a perspective that is external to the organization which should enable me to assess its operations objectively and offer a different view on how to improve the agency's mission.

Finally, I am fully aware that the key to making progress on critical water and hydropower issues is to work cooperatively and openly with the different constituencies involved in these issues. The states, water users, power users, environmental community, Indian tribes, scientists, and several Federal agencies, all have an important role to play. Progress on seemingly intractable issues will only come through a cooperative effort based on a fundamental recognition of the legitimate interests of each of these stakeholders and a serious commitment to achieving long-term certainty in water use and allocation. Without that commitment, water policy will continue to be formulated in the courtrooms rather than the negotiating table.

Of course, the Congress will be at the center of any problem-solving actions which involve the Bureau of Reclamation. As I've already acknowledged, I have a deep respect for this institution and look forward to working closely with Members and staff to address the water and energy challenges facing their constituents.

Thank you for the opportunity to address my nomination. I will be happy to respond to your questions at the appropriate time.

The CHAIRMAN. Thank you very much. Thank you all for your great statements. As I said in my opening statement, I compliment the President on all of your nominations. I think he has chosen very well, and obviously in the case of Mike Connor, the Obama administration's gain is our committee's loss. I have made that point to many people as well.

But at this point, let me call on other members, Senator Murkowski first, to see if she has questions.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Let us start with you, Mr. Connor. I will do the easy ones first. We have had some very interesting conversations here at the committee as we talk about renewable energy concepts and implementation on a broader scale and the recognition that water is a very, very, very key component. Regardless of the energy source that we are talking about, whether it is solar or nuclear or wind, you have got to have the water.

From your perspective, if confirmed there at the Bureau of Reclamation, how do you see the issues of climate change playing out within the Bureau and your ability to analyze the available data, the impact on the water resources? How do you see that kind of integration, if you will?

Mr. CONNOR. I think there are two parts of the way the Bureau of Reclamation can play a role with respect to climate change and the challenges facing this country. I think, first and foremost, the Bureau of Reclamation has a role to play with respect to water conservation which, as we know, equals energy conservation. So the Bureau of Reclamation, in improving its operations, helping its customers improve their operations, has a role to play to enhancing energy efficiency in this country through water conservation applications.

I think also the Bureau of Reclamation, given its facilities, its land, its access to the infrastructure, has a role to play in deployment of renewable energy technologies, and I would like to see opportunities to integrate renewable energy opportunities into Reclamation's operations. That may help us use some of the hydro-power resources that the Bureau generates, put more of that on the grid if we can integrate renewable energy into Reclamation's operations itself. So I think both of those are part of the equation.

Senator MURKOWSKI. Thank you.

Ms. Suh, let me ask you. There is a great deal of conversation around here about our reliance on foreign sources of oil and the vulnerability that brings us as a Nation when we talk about our energy security. When we are talking about alternative energy technologies, though, we recognize that we are very, very heavily reliant on minerals that are found overseas. We are 100 percent import-reliant for the rare earths used in hybrid vehicles. We are 56 percent import-reliant for the silicone that is found in the solar panels. We are 91 percent import-reliant for the platinum that we need for the fuel cell catalysts.

Are you concerned that we are potentially risking exchanging our reliance on foreign oil for a similar reliance on foreign minerals? What policies do you see at the Department of the Interior that can address what I perceive to be an ever-increasing risk of security?

Ms. SUH. Thank you, Senator Murkowski, for that great question.

Certainly I believe that both President Obama and Secretary Salazar have made it clear that they are very serious about energy independence for this country, and what energy independence, obviously, requires is both the continued and responsible development of domestic resources as well as the additional development of alternative resources again from domestic production itself.

Having not been a part of the Department of the Interior yet, I am not entirely aware of all of the issues related to both the do-

mestic energy production as well as mineral production on our public lands, but certainly, if confirmed, I look forward to getting up to speed quickly and working with you and the members of this committee on this important issue moving forward.

Senator MURKOWSKI. I do think it is an important issue, and I think it is one that is often overlooked. As Mr. Sandalow knows, you focused on that with your book, *Freedom from Oil*, recognizing that this dependency puts us in a very difficult, a very awkward spot at times. I have suggested that it is very easy for us as a Nation to move down that same path with natural gas, although we are seeing some very impressive opportunities and developments here domestically with natural gas.

But when it comes to the minerals, I think that we have kind of closed our eyes on that as an issue. Maybe we do not have a policy. Maybe it is a policy by default. But I would look forward to an opportunity to discuss that with you at some length later.

Mr. Sandalow, I want to ask you. You have made some statements in not only your book but in other places about our reliance on foreign sources of oil. I guess I want to ask you if your concern is, as we consider policies to reduce oil consumption, do you believe that we should do everything possible to reduce oil consumption or reduce foreign oil consumption? Because that is a concern for me.

Mr. SANDALOW. Thank you very much, Senator. It is a very important question. A reliance on foreign oil is an enormous national security threat to our Nation and that is something that President Obama and Secretary Chu have made clear. It is certainly a threat that I take very seriously and that I have written about.

I think our reliance on oil broadly in our transportation fleet is a threat as well. 96 percent of the energy in our cars and trucks today comes from this one source, which is oil. Now, oil is a very important fuel. It is a high-quality fuel. But I think our dependence to that extent exposes our country to a variety of problems, including national security problems, economic problems, and environmental problems. So my own view would be that we need to diversify the fuel mix in our auto fleet.

Senator MURKOWSKI. In transportation.

Mr. SANDALOW. That is correct. Biofuels and electricity would be two other places that I think we should look in particular, along with natural gas which, as you point out, we have got abundant supplies of natural gas in this country which could help to fuel our vehicles. I visited Buenos Aires recently, and there the taxi cabs drive on natural gas. That is the type of thing that we should be looking at in this country as well.

Senator MURKOWSKI. Mr. Chairman, my time has run out. I have got a couple more questions, but I will defer to my colleagues and then come back for a second.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman.

I thank you all and congratulate you all on your willingness to provide public service. You will find there are days when you may wonder about the wisdom of your decision, but I think looking back on it as an overall situation, you will be grateful for the opportunity.

Mr. Connor, we have a number of projects in Utah. That, I think, means we will be having a lot of conversations with you, and we are grateful to you for your willingness to take on this challenge.

Mr. Poneman, as I look around the committee, I am probably the only one here who has served in the executive branch in previous administrations. My observation is the Deputy Secretary is the one who has to run the building. I simply share that with you. The Secretary deals with the policy levels at the top, but the person who is responsible to make sure that everybody gets along, that everybody meets his or her deadlines, that things happen and they work—it is an enormously significant administrative challenge. I know you will have an Assistant Secretary for Administration, but basically the guy who has to run the building is the Deputy Secretary. I hope you will exercise your management muscles as well as your analytic muscles to give Secretary Chu all of the help you possibly can in that area. Just a bit of gratuitous advice, which you are more than free to ignore, but I could not pass up the opportunity to offer it.

Mr. PONEMAN. Thank you, Senator.

Senator BENNETT. Ms. Suh, I guess you anticipated that I would talk to you. Secretary Salazar went to Utah on the 1st of May to talk about various items. The 1st of May is an important date because that is the date that David Hayes established, in responses to my questions with respect to his confirmation, that there would be a preliminary analysis for the review of the 77 leases that the Secretary canceled. Unfortunately, the press reported the Secretary said, well, we could not meet the May 1st deadline because we did not have David Hayes. There have been statements, well, it is all Senator Bennett's fault because he is keeping us from getting the people that we need.

So I would like to talk about that for a minute. I have repeatedly told the Secretary that I would be happy to lift my hold on David Hayes after we have seen some progress on the review, but there has been no progress, simply the public statements that somehow I am responsible for the fact that the Department is not doing anything.

Now, David Hayes came to visit me in my office after we had this conversation and he made a personal commitment to me that the review would proceed with or without him. Now, he said if it was with him, if he could be confirmed, it would proceed more rapidly, but that it would proceed. He understood the current dynamic, recognized that he could not lead the team if he were not confirmed, but that it would go forward.

It was not just in conversation. I have the documents that he sent me, and he says—and I will quote—“The review will proceed in a disciplined and timely way. The administrative record will be provided to all members of the review team as soon as it can be made available and before it is required by the court. Assuming the record can be made available within the next couple of weeks, every attempt will be made to review the record, conduct a site visit, and complete relevant interviews by May 1st. The review team will seek to complete its work and provide a report to the Secretary by May 29th.”

Now, here is the point where you come in. Composition of the review team. If confirmed, David J. Hayes will have overall responsibility for undertaking the review of the 77 parcels that were withdrawn from the Utah lease sale. Pending Mr. Hayes' confirmation, the review team will consist of the acting Assistant Secretary for Policy, Management and Budget and acting Directors of the BLM and the National Park Service and their designees. The acting Solicitor, Art Gary, will provide legal support to the extent needed.

Now, that does not indicate to me that the thing cannot go forward without David Hayes. It is a pretty clear statement that there was every intention that it would go forward. None of that has happened.

So I come to your statement that you say that we need to have more transparency, efficiency, and effectiveness, and there is nothing I would like more, with respect to these 77 leases, than more transparency, efficiency, and effectiveness. Assuming that your confirmation will go through—and I see no reason why it should not—you will take over the responsibility of this, and I would hope we could get from you a pledge here today that you will complete the commitment that was made to me by Mr. Hayes on Interior Department stationery. Since it is on the official stationery of the Interior Department, I assume the commitment was made by the Department, not Mr. Hayes.

Now, is that something you are comfortable in undertaking?

Ms. SUH. Yes, sir, it is. Obviously, I understand how important this issue is to you, Senator, and certainly, if confirmed, I would be more than happy to work with you and your staff personally in providing you the details that you are looking for. Obviously, I have not been at the Department of the Interior and so am not aware of the relevant facts with respect to this issue, but certainly, if confirmed, again I would be more than happy to work with you personally.

Senator BENNETT. I understand that, and my plea is not necessarily that you work with me personally, although I will maintain my continued interest in the matter. My plea is that you will work within the Department to get the Department to keep the commitment that they have made to me in writing toward which they have made zero progress ever since the commitment was made. Since you will replace the acting Secretary for Policy, Management and Budget and take the lead on this, I appreciate your commitment here. In my view—I agree with you absolutely—we need more transparency, efficiency, and effectiveness, and this issue is a very good place to start.

Ms. SUH. Understood, sir. Thank you.

Senator BENNETT. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Risch.

Senator RISCH. I pass, Mr. Chairman.

The CHAIRMAN. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Mr. Sandalow, let us go back to you here. A project that we are following with great interest and hoping to encourage along is one that would ultimately deliver the vast quantities of natural gas from Alaska's Northern Slope down through the State, across

through Canada, and then ultimately to the customers here in the Lower 48. Very important not only to my State but really to deliver this clean energy source that the country needs.

I agree with your previous comment that when we look at our energy dependency, we can be smarter with how we are using our domestic energy sources, and if we can reconfigure our transportation sector, I think that that is a good thing. If we have got good stocks of natural gas, that is even better.

When it comes to the Alaska project, we are working through things on our side. It is going slower, unfortunately, than we would like. But we have a tendency to kind of focus on the Alaska side and may often forget that we have got to go through another country in order for this project to come to fruition.

What steps would you support, if any, to speed up construction of an Alaska natural gas pipeline? What steps should the Government be taking to ensure that Canada settles its first nation's issues, clears the right-of-way, permits construction of an Alaska natural gas pipeline, working with the Canadian government? What do you see as kind of that critical path forward?

Mr. SANDALOW. Thank you, Senator. I strongly support the points made in the premise of your question, that we need to develop our domestic natural gas resources, need to work closely to get those resources to market, and to work closely with our neighbors in Canada on that. I am not familiar with the details of the pipeline and the permitting issues and other siting issues, but to the extent that the Department of Energy has a role in this, I would look forward to working with you and with others to make that possible, if confirmed.

Senator MURKOWSKI. It clearly has a role. Again, we have got to remember that it is a project that is massive in scope, and it is not just working with our Federal agencies and State agencies, but we are dealing with Canada as well. So if confirmed, I think you would find that that is going to rise to a heightened level of interest. We are certainly hopeful that it does.

Let me ask you a question about a comment or perhaps several comments that I understand you have made as it relates to offshore oil production. I am told that you made a comment that was quoted as saying, "Offshore drilling is weak. It's like walking an extra 20 feet per day to lose weight." I also understand that you have been quoted as saying that offshore drilling should not be among the top solutions to America's energy issues.

I would like to know if the statements that I have read are an accurate representation of your current thinking, and if so or if not, what is your thinking on offshore and should it be part of our country's energy policy? Should it be part of that mix?

Mr. SANDALOW. I think it should be, Senator. I believe we need a comprehensive plan to address our energy challenges, and that would include domestic energy production in an environmentally appropriate way, and that can include and should include offshore drilling where it is appropriate to do so.

The comments I made were in the context of an overall global energy challenge, and in that context, I think we need to adopt measures such as alternative fuels and fuel efficiency in our vehicle fleet and simply focusing on one aspect of the problem is never going to



be sufficient. But I very much support environmentally responsible domestic drilling.

Senator MURKOWSKI. So it is part of that mix.

Mr. SANDALOW. Very much so.

Senator MURKOWSKI. I appreciate that.

Then last for you, Mr. Poneman, an issue about nuclear and Yucca Mountain. It has been made very clear by the Obama administration that they have no intention of pursuing the used nuclear fuel repository at Yucca which, of course, DOE has been focusing on for over 20 years. I think that this has caused more than just a little bit of confusion within this committee and with other Members of Congress since it comes before the Nuclear Regulatory Commission has even had a chance to review the Yucca Mountain license application.

The administration's position has implications not only for licensing of current and future nuclear powerplants, but also for the disposition of defense program waste.

So I am curious as to your views relating to the Yucca Mountain project. The license review is currently underfunded both at the Nuclear Regulatory Commission and at DOE. So I guess the question is, regardless of what decisions are made with regard to the Yucca Mountain project, the license review efforts that could provide, I think, invaluable regulatory, scientific insights that will inform future nuclear waste policy—do you think that these should be fully funded at both agencies whether it is NRC or DOE while we continue to debate up here about the future of nuclear fuel?

Mr. PONEMAN. Thank you, Senator.

Obviously, the Yucca decision was made previously, and I was not privy to that decision. But I think it speaks to the larger point of the role of nuclear moving forward and the extent to which it is critical that we resolve the issues surrounding the back end of the fuel cycle in order to enable that to occur. In that respect, I have not reviewed the 8,600-page filing that went to the NRC, but I agree with the premise of your question, that there may be extremely valuable information contained therein which we could all go to school on in terms of figuring out a smart path forward for the back end of the fuel cycle.

In this respect, what I have discussed with Secretary Chu is his commitment, as soon as possible, to stand up a blue ribbon commission that is going to look at the question of the disposition of spent fuel in the context of the whole international nuclear fuel cycle and to make sure that whatever learning we can derive from Yucca is applied to a solid basis going forward to have a politically sustainable and technically sound approach to spent fuel management.

Senator MURKOWSKI. Let me ask you just very quickly on that because this whole concept of the blue ribbon commission coming forward—you have mentioned, I think it was, political sustainability. How do you think with a blue ribbon commission we will be able to keep the political emotion out of this debate that we have seen swirling around Yucca? Why would the blue ribbon commission be any different and somehow insulated from the politics of what we are dealing with here? Any ideas on that?

Mr. PONEMAN. Senator, I am not naive to think that something that has engendered this much emotion will suddenly become merely antiseptic. But as someone once famously said, everyone is entitled to their own opinions, but they are not entitled to their own facts. I would hope that with distinguished Americans representing a variety of perspectives, scientific, political, industrial, and others pull together a kind of approach that you often see with the National Academy of Sciences and so on, that it is possible perhaps to lance the boil, bring science to the table, and have people of known credibility and stature help us reason through this to a position where we could come to some kind of closure. Not every blue ribbon commission has had that outcome. Some have. I would work as hard as I could to support the Secretary and, of course, work with you and this committee to make sure that is the kind of panel we are able to put together.

Senator MURKOWSKI. I think it would be critical to its success if it is advanced. I certainly hope that you would agree with Secretary Chu's comments that nuclear must be part of our energy solution in this country and work toward that end.

Mr. PONEMAN. Senator, in my private capacity, I have spent a lot of time reading about this and reviewing demand curves looking out many decades. For me, I think perhaps one of the most persuasive was the MIT study in 2003. I have personally not seen any of these studies that are able to close the gap in terms of where we want to be with greenhouse gas emissions without a significant deployment of nuclear energy. I know for a fact, because I have discussed it with him, that Secretary Chu supports the role of nuclear in an energy mix. Obviously, we get a fifth of our electricity from it, 70 percent of our non-carbon-emitting energy. It must be in my view, my personal view, part of the equation for a low carbon energy future.

The CHAIRMAN. Senator Barrasso.

Senator BARRASSO. Thank you, Mr. Chairman. First, I would like to congratulate each of the four nominees and welcome you here, welcome your families.

Mr. Sandalow, thank you very much for taking the time to visit with me last evening.

Mr. Connor, I will tell you that Gabby, sitting behind you, has been the most welcome member of the committee. She has been very attentive, paid attention to everything, and has done a great job in representing your family very well. I have a good look at her right there and she is smiling and doing a terrific job.

[Laughter.]

Senator BARRASSO. I did have a question, Mr. Connor, because you have handled a number of complex water settlements during your time in public service, both as an employee of the Department of the Interior and as counsel for this committee. I wanted to visit a little about that because probably you know better than most, if not all, the implications of both interstate agreements and intrastate agreements and how that plays out. It can affect the supply, the allocation, the use of water, and in the Rocky Mountains water is a big issue for us. So I wanted to talk to you also about how these effects can be amplified when there is an agreement that is blessed by an act of the U.S. Congress.

So with that in mind, I would like to ask you a few related questions about your views and philosophy on negotiating some of these settlements from an intrastate as well as an interstate agreement.

Do you agree that the best approach to dealing with complex interstate or regional issues involving the use or allocation of water in the West is through negotiation and settlement among the stakeholders as opposed to, say, litigation?

Mr. CONNOR. Oh, absolutely, Senator.

Senator BARRASSO. If the parties with potentially adverse or conflicting interests decide to take that approach, negotiation and settlement, what importance then do you place on the inclusion of all of the possibly affected parties?

Mr. CONNOR. I think all affected parties ultimately need to be part of the process. Sometimes, though, quite frankly, progress is made by the parties most affected whose rights are at stake, get together, figure out a regime of water allocation that fits their needs, and then it is taken to a broader audience. I have seen progress come about both ways through small groups working outwards. Ultimately, the larger implications are seen by other parties—they are brought to the table and those issues can be resolved.

So I think we can work this in a lot of different ways, but I think ultimately all parties with a legitimate interest are going to have their say and they have got to be dealt with in some way, shape, or form.

Senator BARRASSO. Thank you.

Mr. Sandalow, I had a series of questions on oil and gas. I think Senator Murkowski asked those. Nuclear. I think you asked a number of those as well.

We also had a chance yesterday to talk a little bit about coal and the importance of clean coal technology. As we discussed, coal is a very abundant, affordable and reliable secure source of energy. Wyoming has more than 1.4 trillion tons of coal. It is enough coal for the United States for centuries to come. I believe coal can be a very clean energy source.

Do you believe the U.S. has a responsibility to take the lead in developing clean coal technology, as we know that coal is going to continue to be used across not just our Nation but across the world?

Mr. SANDALOW. I do, Senator, very strongly, and I know that President Obama and Secretary Chu share that view.

Senator BARRASSO. Then how would you recommend we move forward with respect to clean coal technology? We talked a little bit about carbon capture and sequestration.

Mr. SANDALOW. Senator, thank you for the chance to visit in your office yesterday. I appreciate that greatly. I was told by one of your staff there, by the way, that if Wyoming were a country, it would be the world's third largest coal producer. So I am delighted to talk about this.

I strongly believe that we need to move forward on clean coal technology. The \$3.4 billion in the Recovery Act, I think, is an important step forward on that. The Department of Energy, I understand, is moving forward to implement spending on that. There is further money in Department of Energy budget proposals on this.

But more broadly, I think this is an area in which we need our best scientists, our best engineers, and our best minds working on it. In this country, as well as around the world, this is an area that is ripe for international cooperation. The best engineers in the world can profit greatly from visiting other countries and seeing what is happening in projects. There are many different geologies around the world, many different technologies, and I think it is an area that should be and I hope will be a top priority for our Government and others in the years ahead.

Senator BARRASSO. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Murkowski, did you have additional questions?

Senator MURKOWSKI. I do not. Thank you.

The CHAIRMAN. Let me thank all members for coming to the hearing and also the witnesses. I think it has been a useful hearing.

We will allow until 5 o'clock tomorrow for members to submit any additional questions that they would have for the record. If the nominees would respond quickly to those questions, if there are some submitted, we would appreciate that, and we hope to act quickly on your nominations and recommend action by the full Senate.

Thank you again, and that will conclude our hearing.

[Whereupon, at 10:43 a.m., the hearing was adjourned.]

## APPENDIXES

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### APPENDIX I

#### Responses to Additional Questions

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##### RESPONSE OF DANIEL B. PONEMAN TO QUESTION FROM SENATOR MURKOWSKI

###### LOAN GUARANTEE PROGRAM

*Question 1.* Many questions remain as to DOE's interpretation of Title 17 provisions from the 2005 Energy Policy Act, specifically on the superiority of rights and cross-default issues for projects with multiple owners or creditors.

Given Secretary Chu's desire to issue loan guarantees in the next month or two, do you believe the loan guarantee office is doing a satisfactory job of interacting with applicants to make sure that their questions and concerns are addressed?

Answer. Secretary Chu has made the loan guarantee program a top priority, and has pushed hard to streamline the program and to make it more responsive to applicants. If confirmed, I will work closely with the Secretary and our Loan Guarantee Program staff to make sure that the Department is addressing questions and concerns of applicants in a timely manner.

##### RESPONSE OF DANIEL B. PONEMAN TO QUESTION FROM SENATOR STABENOW

*Question 1.* As you may know, Congress passed a provision in the Energy Independence and Security Act of 2007 to provide the auto industry low cost loans to retool plants for the production of advance technology vehicles. What are your views of this program, and when do you expect the agency to issue its first loan?

Answer. I support the Section 136 program and believe that it can be an important tool to create jobs and invest in technologies that will help reduce carbon emissions and lower our dependence on foreign oil. As I understand it, the Department's goal continues to be to issue loans in the summer and, if confirmed, I look forward to working with the Secretary to meet that goal.

##### RESPONSES OF DANIEL B. PONEMAN TO QUESTIONS FROM SENATOR CORKER

*Question 1.* The Global Threat Reduction Initiative program has 3 competitively awarded small business contracts in place to perform activities for the program. Yet, the program has not fully utilized those contracts. Each GTRI small business contract has a ceiling of \$100 million, for a total of \$300 million, but only \$5.7 million has been applied to those contracts to date. What is your opinion of GTRI using small business contracts? Do you think they should be used more? Please explain.

Answer. I am not familiar with the details of the GTRI program contracts, but I do believe that small businesses have an important role to play in providing services to the Department. If confirmed, I look forward to examining this issue and working with you to ensure that small businesses are used appropriately.

*Question 2.* It has been brought to my attention that in recent decades, the Department of Energy has greatly increased its oversight of the contractors responsible for managing and operating (M&O) the national laboratories under M&O contracts. Concerns have been raised to me that as a result, decision making within the Department may have slowed, and support organizations seemingly have more authority and less accountability than the mission organizations, and the amount of oversight conducted by the federal staff of the Department's contractors is not commensurate with other government/contractor relationships.

In your opinion, has increased DOE oversight of the contractors responsible for managing and operating the national laboratories had an impact on the timeliness

of decision making within the Department, and is the relationship consistent with other government/contractor relationships?

Would you be willing to assess the way in which the Department's various support organizations, such as the Office of Health, Safety and Security (HSS), Office of Engineering and Construction Management (OECM), CFO, General Counsel, etc., support the Department's mission organizations and determine if changes are necessary to ensure that this model is consistent with the original government-owned contractor-operated (GOCO) model of laboratory governance, which was originally designed to bring the best possible scientific and management talent and private-sector business practices to the laboratories. And, if changes are deemed necessary, would you be willing to make the appropriate adjustments?

Answer. I believe that accountability and oversight of the Department's operating facilities and national laboratories are vital to ensuring that the Department meets its mission goals. As a matter of principle, I believe that any effective contractual arrangement must include clear mission statement, scope of work, and milestones, that the contractor must be empowered to perform without undue micromanagement, but with full accountability and regular oversight of performance deliverables and quality. The Secretary has made improved management of the Department one of his priorities. In that spirit, if confirmed I would certainly be willing to examine the issues you raise and make appropriate adjustments.

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RESPONSES OF DAVID B. SANDALOW TO QUESTIONS FROM SENATOR MURKOWSKI

CLEAN ENERGY

*Question 1.* In attempting to address global climate change, a great deal of faith has been put into the ability of the United States to advance cleaner technologies, and assure their deployment to the developing world.

What role do you see DOE playing in clean technology transfer, particularly to the developing world?

Answer. I believe that DOE can play an important role in promoting cooperation on clean energy technologies with the developing world. I understand that the Department has ongoing energy partnerships with its counterparts in many countries, including in developing countries. If confirmed I would work to build on this base of existing relationships to help improve processes and procedures with respect to transfer and deployment of clean energy technologies.

GREEN JOBS

*Question 2.* In recent months, many have asserted that the "green jobs" sought through a number of DOE programs, as well as the Stimulus and other measures, are incapable of being exported.

Given the current level of importation associated with batteries, wind farm components, and turbines for geothermal steam, do you believe that so-called "green jobs" are any less susceptible to off-shoring than traditional, non-green jobs?

Answer. In many cases, yes. For example, improving efficiency in our buildings—the lowest hanging fruit in terms of reducing greenhouse gas emissions and lowering energy bills for consumers—offers great potential to create jobs that cannot be outsourced. I believe that investments in research, development and deployment of clean energy technologies can help to create good new jobs in the United States. Restoring U.S. technological leadership in these areas is an important component of ensuring that clean energy jobs of the future are U.S. jobs.

NATURAL GAS

*Question 3.* Mr. Sandalow, from your writings and published articles it is very clear how you feel about oil production, but it is a bit less clear how you feel about production of domestic natural gas. In your article Ending Oil Dependence for the Brookings Institute, you argued against gasoline as a transportation fuel, and instead favor electric vehicles and biofuels. How do you feel about compressed natural gas as a transportation fuel?

Answer. I believe compressed natural gas can make an important contribution to reducing our dependence on oil as a transportation fuel.

BIOFUELS

*Question 4a.* I appreciate the candid comments you have made on corn-based biofuels and am glad that you recognize the need to develop advanced feedstocks.

While biofuels are not part of the energy bill that we are currently working on, I do have several questions for you on this topic.

First, do you support the inclusion of promising new feedstocks, such as algae, in the Renewable Fuel Standard? Do you believe it is important for the RFS to be technology-neutral?

Answer. In general I believe that government should set goals and allow the private sector to find the best technological solutions. I am not familiar with specific issues surrounding algae feedstocks and the RFS, but would be eager to work with you on this if confirmed.

*Question 4b.* In the past, you have supported the elimination of the tariff on imported ethanol. Will you continue to support the removal of that tariff if you are confirmed as Assistant Secretary?

Answer. If confirmed as Assistant Secretary, I would support the President's position on this issue. As I've written, this is a complex issue.

*Question 4c.* In "Freedom From Oil," you also supported a variable subsidy for corn-based ethanol production that would range from 70 cents per gallon when oil prices are at \$40 per barrel, to no subsidy when oil prices rise above \$75 per barrel. Do you still support this policy? Would you urge the administration to adopt it, should you be confirmed?

Answer. I believe the idea of a variable subsidy is worth consideration. Those specific numbers were offered as an example—I don't have a view on what schedule, if any, would be best. Since I first wrote on this, several experts have approached me to point out that rising oil prices are often associated with higher production costs for ethanol, arguing that this undercuts the case for a variable subsidy. This is an important point that should be analyzed in any future consideration of this issue.

*Question 4d.* In order to properly evaluate whether biofuels will help reduce greenhouse gas emissions, do you agree that it is important to measure the lifecycle emissions associated with their production and use, including land-use changes and other indirect factors?

Answer. I do.

#### BLEND WALL

*Question 5a.* As you know, the EPA restricts the amount of ethanol that can be blended into regular gasoline to 10 percent or less. Annual biofuel production is already on the verge of saturating that limitation, however, and within the next few years, the RFS will mandate more biofuel production than can legally be blended into the gasoline supply.

How do you believe this so-called "blend wall" should be addressed? Do you believe that the ethanol content in gasoline can be increased without harming hundreds of billions of dollars worth of vehicles, equipment, and infrastructure?

Answer. This is an important question that needs to be carefully evaluated. I do not have a view at this time about the impact of increased ethanol blends on vehicles and other equipment.

*Question 5b.* Will you commit to advising against an increase in the 10 percent limit until scientific data proves that no damages will result from such a decision?

Answer. If confirmed, I will look into this matter and will provide advice to Secretary Chu after consideration of the relevant scientific information.

*Question 5c.* Some have likened the "blend wall" to a steeplechase, because this issue will arise repeatedly as RFS volumes continue to increase. What strategy will you follow to balance the desire to increase biofuel production with the need to protect individual property from harm associated with its use?

Answer. Again, I think this is an important question that needs to be carefully evaluated. If confirmed I will work with you, as well as my colleagues in the Administration to be sure that we consider the issues you raise.

#### DOMESTIC OIL

*Question 6.* Let me ask one clarifying question. You obviously want us to reduce oil usage in the transportation sector to make us less dependent on foreign oil sources, but market penetration of electric cars will not happen overnight. Shouldn't we be attempting to increase production of domestic oil supplies in the short-run to provide a bridge to the era of renewable energy, especially as a transportation fuel? Given the estimates of over 100 billion barrels of oil still remaining in America from onshore areas like under the Arctic coastal plain, to the OCS off our coasts, why shouldn't we be developing that oil now while we push ahead with renewables and alternatives?

Answer. President Obama has indicated that he is open to increased domestic production as part of a comprehensive energy plan. If confirmed I will work with you and with others in the Administration on this important topic.

#### TRANSPORTATION

*Question 7.* You advocate plug-in hybrid vehicles as one of the most effective ways for the United States to reduce oil consumption. This seems to leave out the aviation and marine industries, which are also large consumers of petroleum-based fuels. Which policies would you propose or support to reduce fuel consumption in those industries?

Answer. While cars and trucks account for the lion's share of our petroleum consumption, you identify an important issue with respect to aviation and marine industries. I strongly support research to develop potential alternatives to oil in these sectors, such as biofuels, and ongoing work to improve fuel efficiency. I look forward to working with you on these issues if I am confirmed.

#### ASIA-PACIFIC PARTNERSHIP

*Question 8.* The Asia Pacific Partnership on Clean Development and Climate (Australia, Canada, China, India, Japan, Korea, and the United States) works with private sector partners to meet goals for energy security, national air pollution reduction, and climate change. The APP has eight private sector task forces working on: Aluminum; Buildings and Appliances; Cement; Cleaner Fossil Energy; Coal Mining; Power Generation and Transmission; Renewable Energy and Distributed Generation; and Steel.

Do you support the previous Administration's work on the Asia Pacific Partnership on Clean Development and Climate?

- a. If yes: If you are confirmed, how will you work to advance the Partnership?
- b. If no: What do you view as an alternative?

Answer. I believe the Asia-Pacific Partnership can make an important contribution to promoting clean energy and fighting climate change. If confirmed, I look forward to learning more about the work of the Asia-Pacific Partnership and how best to advance it.

#### CLEAN ENERGY TRADE

*Question 9.* Last year USTR and the European Union submitted a proposal to the World Trade Organization to remove barriers to international trade in environmental technologies and services. Global trade of the goods covered by the proposal totaled approximately \$613 billion in 2006, with some WTO members charging duties as high as 70% on certain goods.

Do you support moving this proposal forward at the WTO? If you are confirmed, what role will you play in gathering global support for it?

Answer. Yes. If confirmed, I look forward to learning more about the proposal and how best to advance it.

#### STATE-OWNED OIL COMPANIES

*Question 10.* State-owned oil companies control close to 80% of the world's estimated 1.2 trillion barrels of proven oil reserves and make up 18 of the world's 20 largest oil companies. Beijing is probably one of the most active players in locking in resources from around the world.

Should the United States be concerned by the increasing amount of leverage that state-owned oil companies, particularly those from China, have in the international oil market?

Answer. Yes, I share this concern.

#### INTERNATIONAL CIVIL NUCLEAR COOPERATION

*Question 11.* Two weeks ago Ambassador Greg Schulte, the U.S. Permanent Representative to the UN offices in Vienna and the IAEA, gave a speech on behalf of Secretary Chu at the IAEA International Ministerial Conference in Beijing. In this speech Ambassador Schulte referenced President Obama's call for a new framework for international civil nuclear cooperation and described the role of the Global Nuclear Energy Partnership's Steering Group in establishing such a framework. I realize that much of the GNEP effort has been refocused on research and development, but I would agree with Ambassador Schulte that diplomatic efforts such as the GNEP Steering Group play a central role in ensuring the responsible development of a safe and secure world-wide nuclear energy enterprise. This is particularly true



today with so many countries considering new or expanded civilian nuclear power programs whether or not the U.S. chooses to remain engaged.

Can you briefly describe for this Committee the current status of the Global Nuclear Energy Partnership Steering Group? If you are confirmed as Assistant Secretary of Energy for International Affairs and Domestic Policy, what steps will you take to ensure that the Department of Energy continues to support the Steering Group and provides U.S. leadership in this area?

Answer. I understand that progress was made at the recent Global Nuclear Energy Partnership Steering Group meeting in several areas, including key areas of focus for the expert working groups on Reliable Nuclear Fuel Services and Infrastructure Development. If confirmed, I will work with Secretary Chu and other Administration officials to determine the best approach for advancing the Administration's nonproliferation and energy priorities through participation in the international activities of GNEP.

#### OFFSHORE PRODUCTION

*Question 12a.* Last summer, with oil prices well above \$100 per barrel, you criticized the push to increase offshore production. You stated that any gains in offshore production would be outweighed by an increase in environmental risk. That argument minimizes the importance of decades of safety improvements and technological advancement, and it also relies on outdated resource estimates. Is it fair to make such an assessment without even knowing the full extent of our nation's offshore resources?

Answer. I strongly agree that safety improvements and technological advances have reduced the environmental risk in offshore drilling during the past few decades. I believe in assessing our nation's offshore resources as part of a comprehensive domestic energy plan.

*Question 12b.* Do you think that restricting domestic development will force lower domestic oil consumption?

Answer. No.

*Question 12c.* If domestic oil consumption remains about the same as it is today, does the fact that most of our oil will come from foreign production, outside of American environmental regulation, make it more environmentally-responsible?

Answer. No.

*Question 12d.* As we consider policies to reduce oil consumption—which you might call “freedom from oil”—do you believe that we should do everything possible to first ensure our freedom from foreign oil?

Answer. I believe our dependence on foreign oil is a very serious problem. In part because oil is a fungible product traded on a global market, I believe the most fundamental problem is our near-total dependence on oil in our cars and trucks. If most cars and trucks also ran on other fuels—such as electricity, biofuels and natural gas—our dependence on foreign oil would decline dramatically.

*Question 12e.* Would you prefer the price of oil to be \$50 per barrel, or \$100 per barrel?

Answer. \$50.

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#### RESPONSES OF RHEA S. SUH TO QUESTIONS FROM SENATOR MURKOWSKI

##### ABANDONED WELL CLEAN-UP IN ALASKA

*Question 1.* As you set about producing an FY11 budget I would just like to encourage you to consider building additional funding into the BLM base for the clean-up of federally produced abandoned oil wells in Arctic Alaska. Back in the late 1970s and early 80s there was an exploratory program in NPR-A conducted under contract for the government and there is an estimated \$150 million worth of work needed to better cap those abandoned wells. I appreciate the \$9 million in the FY09 budget for such cleanup efforts, but I hope that you will generously fund such efforts in the future since the responsibility clearly is with the government.

Do you have any general comments on abandoned well cleanup and how you feel it fits in your priorities for future funding?

Answer. I understand that the Department of the Interior and the Bureau of Land Management (BLM) share your concerns about the importance of cleaning up “legacy” wells on Alaska's North Slope, and the urgency of this effort because of the risks posed by increasing coastal erosion. I am advised that the BLM has recently completed remediation of the Atigaru well, and that the next priority is remediation of the Drew Point well during the winter of 2009-2010. I also understand that the BLM is funding the Drew Point well remediation through the American Recovery

and Reinvestment Act (ARRA), and that for this reason, the President's Budget Request for FY 2010 does not include funding for the Drew Point project. Although I cannot make budget commitments on behalf of the Administration, if I am confirmed as Assistant Secretary for Policy, Management, and Budget, I will work closely with the Secretary to assure that this program is examined carefully as the Department formulates future budget requests.

#### NORTH SLOPE SCIENCE INITIATIVE

*Question 2.* Back about 5 years ago a number of federal agencies—including BLM and the F&WS—joined with Alaska state agencies and local governments to create a North Slope Science Initiative to find funding for scientific studies of importance for resource development in Arctic Alaska. But the effort has never been built into the budget base. As you work on your FY11 budget, I hope you will find a permanent place for the NSSI. My general question is, what are your priorities for scientific funding in your Department's budget process?

Answer. Like President Obama, I believe that understanding of science, technology, and innovation will be key to strengthening our economy and forming policy that will work for the American people. The President has called for a national strategy to nurture and sustain a culture of scientific innovation. If confirmed as Assistant Secretary at the Department of the Interior, I will commit to a fair and balanced approach to consideration of funding needs, including science.

#### PREVIOUS EMPLOYMENT

*Question 3.* One of the often-repeated frustrations by many Democratic members on this Committee over the previous eight years were the close ties some nominees for the Department of the Interior had with the oil, gas, or other commodity industries.

Ms. Suh, you have very close ties to a number of environmental and preservation groups. In fact, according to your background papers, you were a program officer and manager for two foundations that provided significant financial resources to a number of advocacy groups who have and likely will continue to attempt to drive changes in federal land policy and federal land management. As a manager, you helped to make decisions on which groups and what projects received funding from the William and Flora Hewlett Foundation and the David and Lucile Packard Foundation. More specifically, you worked on the environmental programs at these foundations.

While you were not a lobbyist, you funded organizations to lobby and are thus, in my mind, an accessory to lobbying the very agency you have been nominated to work within.

I think that all Members of this Committee understand that foundation funding is critical to the survival of many of the advocacy groups like the Southern Utah Wilderness Alliance, or the Southeast Alaska Conservation Council, or the Idaho Conservation League.

At the same time, I think that all Members also understand that many of these foundations provide important funding to many other groups, universities, and even local governments to help them respond to new laws, regulations, and demands.

Ms. Suh—I have a series of questions that I would like you to answer with a simple yes or no answer and then I will get into a couple of questions that will require a little more in terms of responding.

Given the direct financial support you had some responsibility of steering to groups that come before the Department of the Interior, do you intend, if confirmed, to recuse yourself from meeting with any of the groups that received funding from either the William and Flora Hewlett Foundation and the David and Lucile Packard Foundation? More specifically, from the environmental programs at those two foundations?

Answer. Let me first clarify a point about the funding granted by the two foundations in which I have worked. Both the Hewlett and Packard foundations do not provide funds to organizations for lobbying purposes and are prohibited from doing so by the Internal Revenue Service regulations that govern charitable giving. I have consulted with the ethics officials at the Department of the Interior, and they have informed me that they do not think there would be an appearance of a conflict of interest in meeting with groups that have received funding from these foundations.

As I have stated in my ethics agreement addressed to the designated agency ethics official at the Department of Interior, I will comply fully with the ethics policies set forth in 5 C.F.R. § 2635.502 and upon confirmation, I will resign from my position as a program manager with the David and Lucile Packard Foundation. In addition, for a period of one year after my resignation, I will not participate personally

and substantially in any particular matter involving specific parties in which the Foundation is a party or represents a party, unless I am first authorized to participate pursuant to 5 C.F.R. § 2635.502(d).

*Question 4a.* In March 2005, you participated in an online debate on environmentalism with Michael Shellenberger and Ted Nordhaus. In that online forum you said some very interesting things that I would like you to help us understand. First you said: “Ultimately, I think we all strive for (re)establishing strong environmental/conservation values to the point where they are seen as the ‘political third rail. . . .’”

In making the grants that you made, to what extent were you attempting to fund groups that would make environmental values a ‘political third rail’ for those of us in congress that are charged with overseeing the Department of the Interior?

Answer. Let me first underscore the fact that I have the utmost respect for and understanding of the importance of the oversight Congress provides for the Department of the Interior. From my time as a Senate staffer for Senator Ben Nighthorse Campbell in the 104th Congress, I gained a deep appreciation of this oversight role. During my tenure with the Senator, I supported his work on the Energy and Natural Resources Committee and did so both from within the Minority party and then, after 1995, in the Majority party. From this experience, I gained not only an appreciation of the critical role of Congress in supporting and overseeing the mission of the Department of the Interior, but also a unique perspective on the issues that are critically important to both parties and to various stakeholders on natural resource issues. This experience is the foundation for my beliefs and optimism about conservation and natural resource policy.

Within the context of this online debate, I was articulating my opinion that environmental politics for the last several decades have become overly partisan and environmental debates seem to devolve too quickly into polarizing positions. These positions often result in stalemate situations where “winners” or “losers” are too often chosen by courts. In my remarks, I was not referring to the appropriate and legal role Congressional oversight plays in ensuring accountability by federal land management agencies, but was focusing on the sad fact that environmental groups or commodity user groups are pigeonholed and categorized in a way (and often by each other) that I believe diminishes the real values and needs of our communities.

Conservation values are broadly held by Americans: we love to hunt and fish, we want clean water to drink and air to breathe and we want our children to grow up in communities that are vital and sustainable. Conservation debates should explore the opportunities growing from these shared values and should help us collectively define a better vision for our future. I hope that if confirmed, I can work with the Department and Congress to develop new opportunities for proactive and positive decisionmaking.

*Question 4b.* Can you explain why you wanted Congress to be so skittish about addressing environmental values?

Answer. My discussion points were focused on stakeholder groups, not Congress. Specifically, I was encouraging the broader community to be more focused on the values that could bring us together rather than on politics that would perpetuate divisiveness.

*Question 4c.* You also said: “The whole inside-the-Beltway game has its obvious drawbacks right now. However, to be fair, I think that even though things are bleak, we have to continue to put up a fight in D.C. There will be huge battles over the Clean Air Act, Endangered Species Act . . . and as we saw from the Arctic debate, we need to make a strong showing, even if we ultimately fail.”

Understanding you said this in 2005 when Republicans controlled the House, Senate, and White House, do you think that the commodity user groups could use some foundation support to help them withstand the onslaught of environmental changes that have been announced by the Department of the Interior up to this point, as well as those that are likely to be announced over the next four years?

Answer. There are thousands of foundations throughout the country and the trustees or benefactors of each foundation determine how to best allocate their charitable dollars. So while I am not in the position to advocate for new categories of funding, I do think that it is important for foundation staff to recognize and have an appreciation of the broader public debate and of the interests of all stakeholders in any given area of focus.

*Question 4d.* You also wrote: “How can you turn something like the politics of environmental protection in Alaska around? Ultimately, I don’t think it is going to be by getting more people to walk the halls of Congress—perhaps more people to walk the roads of Fairbanks?”

I am curious, what specifically did you find wrong with the politics of environmental protection in Alaska in 2005?

Answer. As you know well, Alaska has been the focus of some of the most contentious environmental debates. I believe that these environmental debates have been overly polarized and have too often resulted in lengthy and costly legal battles without addressing long-term needs or solutions. My point on this question was to draw specific attention to the need for the national environmental community to begin to build a greater capacity for work in and understanding of local communities in Alaska. As I noted in my personal statement during my confirmation hearing, I believe strongly that the most successful and durable conservation solutions are those that have included broad public input, including local knowledge to create place-based solutions for conservation issues.

*Question 4e.* And more importantly, if confirmed as the Under Secretary for Policy and Budget, what changes to environmental protection for Alaska do you plan to advocate for?

Answer. I understand the importance of this question to you and I recognize that the Department has a special relationship with Alaska given the immense presence the Department has in your state. I know that the Department implements many and diverse Alaska-specific laws and programs, and I look forward to becoming familiar with them if I am confirmed.

I think it is important to ensure that we have a balanced policy that recognizes the importance of Alaska's vast storehouse of natural resources to the nation's economic future, while also honoring the treasures protected by Congress and previous administrations. Implementing one of these tasks should never preclude implementing the other.

As I previously noted, it is my belief that the stewardship role entrusted to the Department is often best accomplished by including broad public input and creating solutions informed by local knowledge. We also must recognize, however, that the Department's decisions must be implemented in accordance with applicable laws. Good decision-making, including careful regard for decision-making processes, can keep important decisions from ending up in and being made by the courts. In the case of development, waiting for the judicial process to run its course can delay development for years and make long-range planning difficult for both the Department and industry.

*Question 4f.* You also said: "Indicators of progress might not be the passage of a new bill to protect the Tongass (to use the Alaska analogy again), but rather indicators of social and/or political change that are meaningful.".... "For example, on many federal policies we have relied on the public comment process to have our voices heard. Organizing people to sign letters or send faxes (through an increasingly automated system) worked pretty effectively for a while. Now, however, we are seeing that public comments don't really seem to hold the weight they once did. Thus, the question really is whether the strategy is actually going to move you toward the solution you seek."

In your capacity as Under Secretary for Policy and Budget, if confirmed, you will not directly oversee the Tongass National Forest, but you will certainly have the ability to shape what does and does not occur in that national forest through your relationship with the U.S. Fish and Wildlife Service.

What are the specific changes that you believe are needed with regard to the management of the Tongass National Forest?

Answer. As a program officer for both the Hewlett Foundation and now the Packard Foundation, I was able to successfully recommend seed grants to support the Tongass Roundtable process (primarily through the Nature Conservancy). I believe this process currently represents one of the most promising models for developing comprehensive, collaborative and long-term solutions for conservation issues in the nation. While it has not been an easy road, and certainly there are still many challenges ahead, it is an example of what can happen when you bring people together to collectively define a vision for their future. And this future is dependent on the Forest Service implementing a management plan that supports the unique values of the Tongass National Forest—which could include the values of timber harvesting, unique species and ecosystems, carbon sequestration, tourism, recreation, Alaska Native heritage and subsistence uses.

*Question 4g.* In 2005 you opined that the public comment process and letter writing did not hold the weight it once did. What will your policy be regarding letter writing campaigns? Will you make policy decisions based on the number of letters or faxes you receive, or on sound science and economic considerations?

Answer. As I have stated earlier, I am a strong believer in robust public participation in policy processes. Letters (or faxes, emails, or telephone calls) will always serve as an important element to understanding the views and opinions of the American public on any given subject. These inputs, alongside public hearings, public comment periods, and on-going discussions with local communities, are a few of

the many tools that should be a part of ensuring the ability of the public to engage in the decision-making process. In addition, these processes must be built upon the best available scientific and economic data available.

*Question 5.* If confirmed you will oversee the department's budget preparation including recommendations to the Administration concerning funding for each of the agencies within the department. Over the last four or five decades it has become apparent that the Park Service budget is significantly higher on a per-employee or per-acre basis than any of the other land management agencies within the department. To some extent this is the result of the budget requests that the department has submitted over the years, as well as Congressional appropriations.

As the department's budget officer will you commit to developing an analysis to be shared with the Congress that examines this issue and recommends ways to better balance the department's budget requests to that all the agencies get a similar amount of funding on a per-acre and per-employee basis?

Answer. I appreciate the importance of funding all of the land management agencies within the Department of the Interior and their important programs for stewardship of lands and resources. I am not yet familiar with the details of the Department's budget nor with the approach related to determining the appropriate funding level for land management agencies. I will commit to examining this issue and reporting back on the results if I am confirmed.

#### RESPONSES OF RHEA S. SUH TO QUESTIONS FROM SENATOR BARRASSO

*Question 6a.* One of the greatest duties of federal employees is to uphold the public's trust. You have been nominated for a position of responsibility for over 70,000 employees. If confirmed, I hope that you will be keenly focused on upholding the public's trust in the Department of Interior. This is a significant challenge, particularly in a Department as vast and important as DOI. One challenge that you must face head-on is the tendency for federal employees to "fail upward". In other words, the tendency for subpar employees to be moved from the duty station to duty station, rather than be appropriately reprimanded or removed from government service. These subpar employees seem to move around the country year-after-year, through transfers or promotions. This only hurts taxpayers, public land users and the thousands of invaluable public servants employed by the Department.

What concrete steps will you take to address this trend in personnel management?

Answer. I consider the public's trust in the Department of the Interior and its employees to be of the utmost importance. It is critical that we have productive and effective employees within the Department. Your question raises two separate issues, conduct and performance. In terms of issues of conduct, I will review the current conduct and discipline policies to ensure that appropriate policies are in place. Managers and supervisors throughout the Department need to be fully aware of the rules, principles and guidelines to be followed in disciplining Federal employees and have the skills and support they need when action is warranted.

How well an employee performs their job is addressed through performance management. I will review the performance management system to determine where improvements can be made, make the improvements, and train and hold Interior managers accountable for dealing with poor performance.

*Question 6b.* What timeframe will you set for taking these steps?

Answer. I will make this a priority once I am confirmed.

*Question 7.* We see a growing trend of field offices in Wyoming being bogged down in limitless FOIA requests from activist groups. These groups are using the FOIA process not simply to obtain information. They are manipulating the system in order to paralyze the agencies. By overloading local offices with paperwork, they are preventing timely decision making and on-the-ground management. If confirmed, how will you direct the bureaus to address the problem of paralyzing FOIA requests?

Answer. As you are aware, the Freedom of Information Act (FOIA) establishes a number of specific requirements on federal agencies when responding to requests for information from the public, including a requirement to conduct a reasonable search for documents reasonably described in the request. Compliance with these requirements occasionally creates a burden on agency personnel who must search for responsive documents and otherwise process the request. If confirmed, I commit to instruct the bureaus to follow the mandates of the FOIA when applicable. That said, I expect to also comply with the provisions of the OPEN Government Act of 2007, which provide that the Chief FOIA Officer shall be responsible for efficient and appropriate compliance with the FOIA and for recommending adjustments to agency practices, policies, personnel, and funding necessary to improve implementation of this section. When the Chief FOIA Officer identifies improvements and adjustments

to the FOIA process at the Department, including any adjustments that would minimize the burdens on bureau personnel, I will fully support these efforts to improve FOIA processing.

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RESPONSES OF MICHAEL CONNOR TO QUESTIONS FROM SENATOR MURKOWSKI

*Question 1.* Please describe your views regarding the current mission of the Bureau of Reclamation. As Commissioner, do you envision a new mission for the Bureau of Reclamation on how it develops and manages water?

Answer. Reclamation was established more than one hundred years ago with a mission centered on the construction of irrigation and hydropower projects, many of which are still functioning today. In the 107 years since its creation, Reclamation's mission has evolved to include municipal and industrial water supply projects, water recycling, ecosystem restoration, site security, and the protection and management of water supplies. As part of this evolution, Reclamation is looking for ways to better address environmental impacts, changing demographics, and periodic drought in the West. The effects of climate change on water resources pose new challenges that Reclamation must also address in fulfilling its mission. I believe Reclamation needs to work closely with its contractors, the states, environmental interests, Indian tribes, and Congress as it carries out its core responsibilities. If confirmed as Commissioner, I will support these efforts and help ensure that Reclamation's programs continue to serve the needs of an evolving West.

*Question 2.* Please describe how you intend to prioritize stimulus funding for the backlog of water recycling projects at the Bureau of Reclamation.

Answer. The Recovery Act directed that Reclamation devote a minimum of \$126 million for authorized water recycling projects. The Department announced April 15 that a total of \$135 million of Reclamation's \$1 billion Recovery Act appropriation would be dedicated to these projects, which will make significant progress on the backlog. These projects are being rated and ranked based on criteria which have been publicly announced. I am advised that specific project awards will be announced this month.

*Question 3.* Over the next few years, as climate issues are addressed, the Bureau of Reclamation will play a key role in analyzing the available data, and its likely impact on water resources. Please describe how you intend to address the impact of climate change on these resources.

Answer. I believe strongly that wherever possible, climate change science should be incorporated into water resources decisions and planning. I understand Reclamation has a number of research activities underway in partnership with other federal agencies aimed at expanding the body of climate change information. I agree that the collection and analysis of this information is critically important for modern water managers. Congress has directed Reclamation to assess the impact of climate change on its operations and plan accordingly. If confirmed, I will support these and other initiatives to address climate change.

*Question 4.* Will additional water resources need to be developed? If so, what options are currently available to augment these resources?

Answer. Additional water resources may need to be developed, and that may occur through many different means. As noted earlier, water conservation can play a key role in providing new supplies. Congress has authorized long-term investments in water conservation and efficiency projects. This same law authorizes Reclamation to study new ground or surface water storage proposals as a means to address the impacts of climate change. Finally, continued efforts to develop cost-effective desalination technologies may ultimately yield additional useable water resources.

*Question 5.* Please describe how you, as commissioner, intend to address the relationship between energy and water within Reclamation.

Answer. There is a clear nexus between water use and the energy needed to make that water available. Pumping and delivering water, and recycling brackish and wastewater are energy-intensive. Current desalination technologies are energy- and capital-intensive. Conserving water conserves energy. I believe that water conservation is one of the most promising avenues for overall energy conservation, and if confirmed, I will work aggressively in this arena. I will also work to assure that Reclamation's hydropower assets continue to provide essential energy supplies in a safe and environmentally sound manner in the interest of the American public. I think that Reclamation should look for opportunities to integrate renewable energy generation into its base operations. Finally, through an active desalination research and demonstration program Reclamation could help to reduce the large energy costs associated with desalination, leading potentially to increased public acceptance of desalination technologies.

*Question 6.* Currently there are several agencies and departments within the executive branch that focus on water. Please describe the role the Bureau of Reclamation will play in working with these other agencies to ensure that there is collaboration and cooperation in integrating policy on climate, energy, and water.

Answer. First, Reclamation needs to continue to be an active participant in an aggressive science program to continue efforts at better understanding the effects of climate change on water resources. Second, based on the best available scientific data, Reclamation needs to continue working closely with affected interests to assess the need to modify its operations and infrastructure to adapt to changes in hydrology and climate. Finally, Reclamation needs to continue its efforts to help water users conserve water and operate more efficiently. This latter effort will help the West address many of its future water supply challenges, including those that result from climate change. I believe that transparency and proactive communication are essential to successful collaborative relationships with fellow federal agencies, and I will strive to foster these relationships if confirmed.

#### RESPONSES OF MICHAEL CONNOR TO QUESTIONS FROM SENATOR BARRASSO

*Question 7a.* You may be aware that Yellowtail Dam, managed by the Bureau of Reclamation on the Bighorn River, forms Bighorn Lake. The lake is the heart of Bighorn Canyon National Recreation Area, managed by the National Park Service, that spans the border between Montana and Wyoming. When the dam was built, the federal government condemned prosperous farms and ranches in Big Horn County Wyoming. The community was promised a tourism economy to replace the condemned agricultural land. Wyoming stakeholders observe the management of the dam and the recreation area carefully in hopes that the government will one day make good on this promise.

Yellowtail Dam presents unique management challenges for the Bureau. The upstream lake, wildlife habitat and fishery are dependent upon ample water levels behind the dam. The downstream trout fishery and recreation area are dependent upon well-timed releases from the dam. These are distinct and contradicting purposes. Management of the dam requires balancing the interests of users upstream and downstream in Wyoming and in Montana, respectively. The dam also serves power customers and tribal users.

If confirmed, how will you direct Bureau of Reclamation employees to handle this management challenge?

Answer. I am informed that Reclamation has established a Long Term Issues Group together with the National Park Service at Yellowtail Dam which includes participation from local interests and relevant state agencies. The group provides a forum to address the multi-purpose functions of the Dam, and I believe this to be a sound approach. If confirmed, I will work to foster this collaborative approach that considers the needs of all stakeholders in the management of Yellowtail Dam and the Bighorn Canyon National Recreation Area.

*Question 7b.* Additionally, there is a need for improved coordination between the Bureau of Reclamation and the National Park Service. In fact, there is an MOU in place between the agencies for management of the dam and National Recreation Area that is often overlooked.

What steps will you take address the need for coordination with the National Park Service? (Please be specific.)

Answer. I am advised that as the manager of the Bighorn Canyon National Recreation Area and fellow federal participant in the Long Term Issues Group, the National Park Service establishes reservoir elevation targets to meet their resource management objectives. Reclamation considers those needs along with the needs of the other stakeholders and customers in making operational decisions at Yellowtail. If confirmed, I will ensure that this coordination continues.

*Question 7c.* How will you direct local-level Bureau of Reclamation employees to handle this coordination? (Please be specific.)

Answer. Reclamation's Montana Area Office is responsible for the coordinated operations of Yellowtail Dam. If confirmed I will ensure that they fulfill these coordination responsibilities and continue to explore opportunities to maximize benefits for all users at Yellowtail Dam.

#### RESPONSES OF MICHAEL CONNOR TO QUESTIONS FROM SENATOR SESSIONS

##### FISCAL ISSUES

*Question 1.* Reclamation has received data that indicates the costs of its projects more than double when steel pipe has no competition. To my knowledge, Reclamation has never disputed this information. Before Reclamation changed the Technical

Memorandum, it routinely cited the importance of competition and cost concerns. What role does competition and an analysis of the cost-effectiveness of a project and the materials used in a project play in Reclamation's decision-making?

Answer. I am informed that Reclamation considers several factors in selecting materials, such as cost, performance, long-term reliability, availability, ease of replacement or repair, and other factors. Competitive solicitation processes are typically used to select materials for a particular specification, with the selection based on products that best meet the technical requirements of that specification.

*Question 2.* Has Reclamation evaluated the effect of the Technical Memorandum on the ability of Reclamation to provide water in a cost-effective manner?

Answer. I am advised that the Technical Memorandum (TM) was prepared in response to direction in House Appropriations Committee Report 108-212, to "establish good engineering practices which address the long-term value and cost effectiveness of facilities constructed over time." Congressional direction at the time stated that, "[A]dditional work is needed to develop a more definitive corrosion standard on which to decide the best product for a particular application." I am further advised that Reclamation considers the use of bonded dielectric coatings and cathodic protection for all metallic pipe in highly corrosive soils a worthy investment to enhance each pipe option's ability to provide reliable performance for the duration of its service life.

*Question 3.* Has Reclamation performed an analysis of whether the increased costs caused by the requirement to use bonded coatings versus polyethylene encasement on ductile iron pipe provides benefits that outweigh the costs?

Answer. I am not aware of any specific analysis that has been performed of the benefits versus the costs of bonded coatings versus polyethylene encasement on ductile iron pipe. However, I am informed that material costs factor into Reclamation materials selections as one of many considerations. Further, I am advised that Reclamation maintains an active dialogue with organizations interested in pipe materials, such as the Ductile Iron Pipe Research Association (DIPRA) and National Association of Corrosion Engineers (NACE) to share the latest information on this and other issues related to corrosion mitigation on buried metallic pipe.

*Question 4.* Did Reclamation provide the National Academies' Committee with any guidance about whether the National Academies' Committee should evaluate economics in its review of the Technical Memorandum?

Answer. I did not participate in the National Academies' review process, but I am advised that the National Academies review focused on two questions: 1. whether polyethylene encasement with cathodic protection works on ductile iron pipe installed in highly corrosive soils; and 2. whether polyethylene encasement and cathodic protection can reliably provide a minimum service life of 50 years. I further understand that the NAS review was structured to allow DIPRA and others to provide additional information they felt was appropriate for NAS to consider, which could include information about economic considerations.

*Question 5.* It is my understanding that the entities receiving Reclamation funding own the pipeline after the repayment period. Why does Reclamation not allow the owner of a project to determine the best material for its projects?

Answer. As a federal agency Reclamation constructs projects to carry out Congressional intent behind the authorization and appropriation of funds. Reclamation retains an active interest in the reliability of the projects at least through the project repayment period (typically 50 years) or beyond, depending on a project-specific authorizing legislation. I am advised that Reclamation's 50 year service life requirement for pipelines reflects this interest. I also understand that Reclamation works with the entities that receive funding for projects to be constructed under Reclamation's authority on design and construction issues.

*Question 6.* It is my understanding that it is reasonable to assume that water leaks will occur on a pipeline and that entities include maintenance funds in their budget. Why should an owner of a Reclamation-funded pipeline not be able to evaluate all of the costs of potential pipe materials (initial costs, maintenance costs, etc.) to determine the best material for its end-users taking into account their particular situation?

Answer. I am informed that Reclamation often considers this cost information in the selection of materials and works with the entities that receive funding for projects on design and construction issues. Reclamation makes decisions based on the best available scientific information and engineering experience. As noted above, Reclamation retains an active interest in the reliability of the projects at least through the project repayment period (typically 50 years) or beyond, depending on project-specific authorizing legislation.

*Question 7.* Many utilities and entities across the country use their buried pipe as assets for financing. Reclamation has taken the position that the corrosion meth-



od of choice in the water works industry—polyethylene encasement—is not acceptable in all soil environments. Has Reclamation considered the effect that this decision may have on the ability of entities to receive financing or the detrimental effect this decision may have on the valuation of underground assets throughout the United States?

Answer. I do not have information on the ability of entities to secure funding based on the financial community's reaction to Reclamation's decisions or documents, but I am advised that Reclamation has not been made aware of any financing issues caused by its policy on materials for pipelines.

#### PROCESS

*Question 8.* Reclamation invested more than \$100 million in polyethylene-encased ductile iron pipe before it changed the Technical Memorandum. When reviewing the previous Technical Memorandum, Reclamation contacted numerous utilities throughout the country but did not contact the Reclamation-funded projects that used polyethylene encasement to get their opinion of polyethylene encasement, which is positive. Why did Reclamation not contact the most relevant entities for its inquiry?

Answer. I do not have experience with the process leading up to Reclamation's 2004 Technical Memorandum (TM) and at this time I do not have information on which entities were most relevant for Reclamation's corrosion considerations. I would be willing to look into this matter if confirmed.

#### USE OF POLYETHYLENE ENCASEMENT

*Question 9.* Reclamation has indicated that the Technical Memorandum is not a standard but a set of guidelines. May a Reclamation-funded project use polyethylene-encased, cathodically-protected ductile iron pipe in all soil environments?

Answer. I am advised that in appropriate circumstances, it is possible for a project to obtain an exception from the guidelines contained in the TM.

*Question 10.* If so, are there any authorizations required?

Answer. I am advised that the Reclamation director with programmatic responsibility for the project must approve the proposed exception.

#### NATIONAL ACADEMIES' REVIEW

*Question 11.* Reclamation has taken the position that its "target performance level is zero external corrosion induced leaks/ruptures/failures which would require the pipeline to be taken out of service during the minimum service life (i.e. 50 years)." See *Reclamation Letter to the National Academies' Committee*, August 21, 2008, at 2.

Reclamation funds water projects in rural areas. It is a given that water pipes will leak at some point, and operations budgets account for this. Do you believe that a standard of zero leaks caused by external corrosion in 50 years is a reasonable standard for water pipes?

Answer. I believe that the target performance level is reasonable in light of the types of pipelines Reclamation typically constructs, but one which may not always be achieved due to a variety of factors including unseen imperfections and the number of variables involved with pipe installation in the field.

*Question 12.* Has Reclamation used the zero corrosion induced leaks/ruptures/failures standard, which would prevent a pipeline from being taken out of service in 50 years, to evaluate the pipe materials it will allow on its projects?

Answer. I am advised that this is a target performance level upon which Reclamation bases its recommended corrosion mitigation methods for all buried metallic pipelines.

*Question 13.* What would it cost for a pipeline to ensure that it could have no external corrosion leaks in 50 years?

Answer. It is not possible to answer this question without more specificity regarding the length of the pipe, site conditions, operations criteria, and other factors. However, according to the quotation that you cite, Reclamation is not aiming for zero leaks in 50 years. The stated target performance level is no leaks/ruptures/failures which would require the system to be taken out of service in this 50 year period. I am advised that the goal is to postpone corrosion induced major structural failures of the pipeline for at least 50 years.

*Question 14.* During the National Academies' review, "[t]he Committee then asked if Reclamation would accept a similar failure rate for ductile iron pipe installed in severely corrosive soils with polyethylene encasement and cathodic protection as we would get from steel pipe installed in severely corrosive soils with a bonded dielectric coating and cathodic protection." Id. Reclamation agreed this was a reasonable

benchmark but did not have any data on the performance of steel pipe with bonded coatings in highly corrosive soils. Id. at 3.

For the past five years, Reclamation has required the ductile iron pipe industry provide significant data regarding the effectiveness of polyethylene-encased, cathodically-protected ductile iron pipe in “highly corrosive” ( $\leq 2000$  ohm-cm) soils. Why does Reclamation not have similar information regarding the effectiveness of steel pipe with bonded dielectric coatings in “highly corrosive” soils?

Answer. I am advised that Reclamation’s requests for data from DIPRA have been designed to collect information which could address the concerns voiced by many throughout these industries regarding the effectiveness of polyethylene encased ductile iron pipe in general, and specifically, polyethylene encased ductile iron pipe installed with cathodic protection systems in highly corrosive soils. I understand that engineers and pipe experts have not raised similar concerns about the performance of cathodically protected steel pipe with bonded dielectric coating installed in highly corrosive soils.

*Question 15.* Why does Reclamation not require any data regarding the effectiveness of steel pipe in “highly corrosive” soils?

Answer. As stated in my response to question 14, I am advised that Reclamation’s requests for data from DIPRA have been designed to collect information that could address concerns raised by people in these industries. I am informed that Reclamation has been open to dialogue with all pipe manufacturers and the National Academies since the 2004 TM was issued.

*Question 16.* Instead of the requested data, Reclamation provided the National Academies’ Committee with the performance data of DOT-regulated steel pipelines carrying natural gas in unknown soil environments because “this database is the best source of quantitative data on this issue to date.” Id.

The Technical Memorandum regulates water systems. Why is data regarding regulated oil or gas pipelines relevant?

Answer. I am informed that Reclamation provided the most appropriate data available which could be used to meet the information needs of the Academies within the timeframe of the NAS review.

*Question 17.* Does Reclamation believe that its water pipelines have the same oversight and maintenance requirements as regulated oil and gas pipelines?

Answer. I am not at this time aware of how Reclamation’s policy on water pipelines compares to the oversight and maintenance requirements of oil and gas pipelines.

*Question 18.* Does Reclamation believe that its water pipelines should have the same oversight and maintenance requirements as regulated oil and gas pipelines?

Answer. As stated earlier, I am informed that Reclamation provided the DOT data because it was the most appropriate data available which could be used to meet the information needs of the Academies within the timeframe of the NAS review. It is my understanding that by providing this data, Reclamation was not suggesting that Reclamation water pipelines and regulated oil and gas pipelines should have the same oversight and maintenance requirements. I am further advised that Reclamation’s focus on the issue of corrosion mitigation for its buried metallic pipe has been and continues to be on the ability of its pipelines to provide a minimum 50 year service life. Facility maintenance reviews of Reclamation projects are conducted at standard intervals, but oversight and maintenance requirements on particular project features vary depending on the project.

*Question 19.* Reclamation has repeatedly emphasized that the Technical Memorandum only governs “highly corrosive soils.” Why is the DOT data regarding the performance of steel pipe in unknown soils relevant?

Answer. I am advised that the TM addresses all soil types, and that the NAS review was focused on the performance of polyethylene encased ductile iron pipe installed in highly corrosive soils because that has been the area of disagreement between Reclamation and DIPRA. As noted above, I have been informed that the DOT data set provided the best source of quantitative performance data of cathodically protected steel pipe installed with bonded dielectric coating available to Reclamation within the timeframe of the NAS review.

*Question 20.* Will Reclamation accept data regarding the effectiveness of ductile iron pipe with polyethylene encasement in unknown soils as evidence that polyethylene encasement can meet Reclamation’s corrosion standards?

Answer. I am advised that Reclamation is open to any and all relevant performance data.

*Question 21.* In the DOT data that Reclamation provided to the National Academies’ Committee, Reclamation focused exclusively on “significant incidents”, which include:

- Fatality or injury requiring in-patient hospitalization;
- \$50,000 or more in total costs, measured in 1984 dollars;
- Highly volatile liquid releases of 5 barrels or more or other liquid releases of 50 barrels or more; or
- Liquid releases resulting in an unintentional fire or explosion.

The “significant incidents” listed above demonstrate the potential dangers that pressurized oil and gas pipelines present. Does Reclamation believe that the risks of a leak on a Reclamation water pipeline are comparable to the risks of a pressurized oil or gas pipeline leak?

Answer. Depending on the location and nature of failures, water line ruptures can present significant hazards to the public.

*Question 22.* It appears that the DOT database included all incidents on steel pipelines, not just the “significant incidents”. Why did Reclamation only present the “significant incidents” to the National Academies’ Committee?

Answer. I am advised that the selection of this subset of DOT data was based on a desire to provide data on the types of corrosion induced problems within the DOT data which was as similar as possible to the types of serious failures described as: “...external corrosion induced leaks/ruptures/failures which would require the pipeline to be taken out of service...” noted in Reclamation’s “target performance level.”

*Question 23.* Reclamation presented a standard that it wanted “zero external corrosion induced leaks/ruptures/failures which would require the pipeline to be taken out of service” during the first 50 years. Since Reclamation wanted perfection, how is a measurement of “significant incidents” relevant?

Answer. I am advised that during the NAS review, Reclamation did not characterize this performance level as a standard but rather as a “target performance level.” As noted above, I am also advised that the selection of this subset of DOT data was based on a desire to provide data on the types of corrosion induced problems within the DOT data which was as similar as possible to the types of serious failures described as: “...external corrosion induced leaks/ruptures/failures which would require the pipeline to be taken out of service...” noted in Reclamation’s “target performance level.”

*Question 24.* Has Reclamation ever used the 0.000044 failures/mile/year standard to evaluate proposed project or pipe material?

Answer. I am advised that Reclamation has not used this numerical analysis of the DOT data to evaluate a proposed project or pipe material.

*Question 25.* Does Reclamation intend to use this or another calculation to evaluate pipe materials in the future?

Answer. I understand that there are further technical considerations involved in evaluating pipe materials, and I would be willing to look into this matter if confirmed.

*Question 26.* Do you believe that it is reasonable or cost-effective to require a 450-mile, Reclamation-funded water pipeline to have one external corrosion leak/rupture/failure in its first 50 years of service?

Answer. I do not have experience with Reclamation’s requirements in this area but would be willing to look into this matter if confirmed.



APPENDIX II

Additional Material Submitted for the Record

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DUCKS UNLIMITED,  
GOVERNMENTAL AFFAIRS OFFICE,  
Washington, DC, May 1, 2009.

Hon. JEFF BINGAMAN,  
*Chairman, Energy and Natural Resources Committee, SH-703 Hart Senate Office  
Building, Washington, DC.*

Hon. LISA MURKOWSKI,  
*Ranking Member, Energy and Natural Resources Committee, SH-709 Hart Senate  
Office Building, Washington, DC.*

DEAR CHAIRMAN BINGAMAN AND RANKING MEMBER MURKOWSKI: On behalf of Ducks Unlimited's (DU) one million members and supporters, we would like to share our support for Rhea Suh as you consider her nomination to be Assistant Secretary for Policy Management and Budget in the Department of the Interior. For over 70 years, DU has worked to conserve waterfowl and the habitat they depend on, and in doing so, we have advocated for better wildlife conservation that benefits waterfowl, landowners, and the general public. Based on our work with her, we believe that Ms. Suh has the background, experience, and leadership abilities necessary to perform in an exceptional manner in the position of Assistant Secretary.

Rhea Suh has worked throughout the Pacific Flyway with Ducks Unlimited to protect key coastal and wetland habitats. She has been a leader in waterfowl and wetland conservation in the Boreal forest of Canada. Working for the Hewlett Foundation, in partnership with The Pew Charitable Trusts and Ducks Unlimited, Suh has supported key long-term protection for a Boreal Landscape that is critical to scaup, scoter, wigeon, green-winged teal, black duck, and mallard ducks. Suh has worked closely with the International Boreal Conservation Campaign and our organization to seek true long-term conservation solutions with a myriad of stakeholders.

Thank you for your consideration of Rhea Suh to serve the Department of Interior as Assistant Secretary for Policy, Management, and Budget. Please let us know if we can assist in any way.

Sincerely,

SCOTT A. SUTHERLAND,  
*Director.*

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WATEREUSE ASSOCIATION,  
April 23, 2009.

Hon. JEFF BINGAMAN,  
*Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington,  
DC.*

DEAR CHAIRMAN BINGAMAN: On behalf of the WateReuse Association, I am writing in strong support of President Obama's nomination of Mr. Michael L. Connor to become the next Commissioner of the U.S. Bureau of Reclamation (Bureau). Over the past five years, we have worked with Mr. Connor in his capacity as counsel to the committee. During this time, he has displayed an uncommon capacity to address policy issues in an open manner that contributed to the development of public policy that effectively addresses the water supply needs of our membership. Mr. Connor will bring to the Bureau a wealth of experience and expertise to allow the Bureau to meet the challenges of climate change, growing populations, and water scarcity throughout the West. We hope that your committee will act swiftly on his confirmation hearing in the coming weeks.

Mr. Connor's credentials and experience illustrate an individual uniquely qualified to assume the duties of Commissioner. With a degree in chemical engineering and working within industry, he has the knowledge essential to manage complicated programs. As a former official of the Department of the Interior's Office of the Solicitor, he is well versed in the statutory obligations of the Department and the Bureau. And finally, his most recent duties as Counsel to the committee on Energy and Natural Resources provide a special understanding of the policymaking process. Each of these accomplishments alone makes him an outstanding selection. Together, they represent an opportunity for a talented individual to take the helm of the Bureau and swiftly address the many water-related needs of the West.

Again, we are hopeful that the committee will move without delay and convene Mr. Connor's confirmation hearing and move the nomination to the Senate floor for a positive vote.

Sincerely,

RICHARD ATWATER,  
*President.*

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SOUTHEASTERN COLORADO,  
WATER CONSERVANCY DISTRICT,  
*Pueblo, CO, April 19, 2009.*

Hon. JEFF BINGAMAN,  
*Chair, Committee on Energy and Natural Resources, 304 Dirksen Senate Building,  
U.S. Senate, Washington, DC.*

Hon. LISA MURKOWSKI,  
*Ranking Member, Committee on Energy and Natural Resources, 304 Dirksen Senate  
Building, U.S. Senate, Washington, DC.*

Re: Nomination and Confirmation of Michael L. Connor for Commissioner of the Bureau of Reclamation.

DEAR SENATORS BINGAMAN AND MURKOWSKI: It is my privilege to write today in support of the nomination of Michael L. Connor for the post of Commissioner of the Bureau of Reclamation and I ask the Committee to support his confirmation.

As you know, Mr. Connor has more than 15 years of experience in the public sector, including having served as Counsel to the U.S. Senate Energy and Natural Resources Committee, where he managed legislation for the Bureau of Reclamation and other issues that are within the Energy Committee's jurisdiction. In addition, from 1993 to 2001, Mr. Connor served in the Department of the Interior, including as deputy director and then director of the Secretary's Indian Water Rights Office from 1998 to 2001. In his capacity, Mr. Connor represented the Secretary of the Interior in negotiations with Indian tribes, state representatives, and private water users to secure water rights settlements consistent with the federal trust responsibility to tribes.

Mr. Connor's experience makes him highly qualified to serve as Commissioner. In addition, Mike has a proven track record of building consensus with a wide range of stakeholders, including the Southeastern Colorado Water Conservancy District. We at the District look forward to working with him to ensure that we are wisely managing our precious water resources at the Fryingpan-Arkansas Project for the benefit of the people of southeastern Colorado.

Again, please support confirmation of Mr. Connor for the post of Commissioner of the Bureau of Reclamation.

Sincerely,

BILL LONG,  
*President.*

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NATIONAL WATER RESOURCES ASSOCIATION,  
*Arlington, VA, March 23, 2009.*

Hon. JEFF BINGAMAN,  
*Chairman, U.S. Senate Committee on Energy and Natural Resources, Dirksen Senate  
Office Building, SD-304, Washington, DC.*

DEAR MR. CHAIRMAN: I am writing on behalf of the membership of the National Water Resources Association in unanimous support of President Obama's selection of Michael L. Connor to be the next Commissioner of the U.S. Bureau of Reclamation. It is our opinion that the President could not have chosen a more qualified individual.

For the past eight years, NWRA members have worked on a myriad of water and energy issues with Mr. Connor in his role as both majority and minority counsel to the Senate Committee on Energy and Natural Resources. Mr. Connor has a solid understanding of the issues facing Western water and energy customers and has always been a facilitator of compromise and fairness.

We believe Michael Conner will be a great asset to Secretary Salazar, the President and the members of both the Senate Energy and Natural Resources Committee and the House Natural Resources Committee as they address the challenges ahead.

In the strongest possible terms, the National Water Resources Association supports the nomination of Michael L. Connor as the Commissioner of Reclamation and urges the Committee to expeditiously report his nomination to the full Senate.

If we can assist the Committee in any manner, please do not hesitate to contact me personally.

Respectfully submitted,

THOMAS F. DONNELLY,  
*Executive Vice President.*

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