



Feinstein Urges Interior Secretary Norton to Explain  
High Proposed Fees for Hetch Hetchy Reservoir  
March 10, 2004

**Washington, DC** – In a letter to Interior Secretary Gale Norton released today, U.S. Senator Dianne Feinstein (D-CA) requested an explanation for the dramatic increase in the proposed rental fee that San Francisco pays the Interior Department for the City's management of the Hetch Hetchy Reservoir.

Under the Raker Act, San Francisco is required to pay \$30,000 rent for the Yosemite National Park reservoir. However, President Bush's proposed Fiscal Year 2005 budget calls for a payment of \$8 million. Last year, San Francisco paid far more than its required payment – a total of \$1.9 million in fees for security and watershed protection and almost \$1 million in additional in-kind support.

*The text of Senator Feinstein's letter on February 23 follows:*

"I write to express my concern over the Department of the Interior's proposal in the President's Fiscal Year 2005 budget to impose an \$8 million annual "rental" payment on the City of San Francisco for Hetch Hetchy Reservoir in Yosemite National Park, and to ask that you personally evaluate the situation.

Despite repeated requests by my staff, we have been unable to date to obtain information on the dramatic increase in the proposed fee charged to the City.

I understand that the San Francisco Public Utility Commission, which manages Hetch Hetchy, paid the Park Service \$1.9 million last year for costs associated with Hetch Hetchy. Please see the attached letter to the President from San Francisco Mayor Gavin Newsom.

Also, the Public Utility Commission has offered the Park Service as much as \$2.8 million this year to cover additional security costs. The Commission was waiting for a budget justification from the Park fully detailing these funding needs. In addition, the City provides almost \$1 million per year to the Park Service in in-kind support, including housing, utilities, and road and trail maintenance.

I do not understand the basis for the \$5.2 million portion of the proposed fee that is above and beyond the Park's \$2.8 million costs. This \$5.2 million "rent" translates to \$757 per acre over the 6871 acres the City uses.

To the best of my knowledge, a per-acre fee of \$757 is considerably greater than what other municipalities are charged for the use of the public lands. The Federal Power Act specifically exempts municipalities from fees for the rights to put hydropower facilities on navigable waters, as long as the hydropower is used for municipal purposes. 16 U.S.C. 803(e).

Even if you compared San Francisco to private entities, the Federal Energy Regulatory Commission's Fiscal Year 2004 fee schedule sets the rate in Tuolumne County, the home of Hetch Hetchy Reservoir, at \$33.30 per acre. The highest rental fee charged to private Federal Power Act license holders in California is \$39.98 per acre. This is a fraction of \$757 per acre.

Thus, the Department of the Interior appears to be breaking new ground with its proposal to charge fees of this magnitude for municipal use of the public lands. I would like to ask if the Department propose to assess fees approaching \$757 per acre to other similarly situated municipalities, and if so, who else might be charged such fees.

I understand that your proposal will require legislation to amend the Raker Act in order to authorize the increased fees charged to San Francisco.

I appreciate your prompt response to these questions about your agency's proposed Fiscal Year 2005 budget."

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