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Committee On Natural Resources, Subcommittee on Water and power

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Mr. Chairman, committee members, thank you for your time this morning. My name is Andrew Lemley, and it is an honor and a privilege to be here today representing my 550 co-workers and fellow employee owners of New Belgium Brewing Company in Fort Collins Colorado.

We depend on clean water for our success. Beer, after all, is 90% water. That's why we're pleased that the Environmental Protection Agency (EPA) issued new draft rules to clarify protections for water bodies under the Clean Water Act. This action by the EPA gives us the confidence that our growing brewery needs. We will continue to grow if we can count on clean water which is essential to brewing our beers and being a prosperous business.

It makes sense to protect tributary streams and nearby waters – the science shows, without doubt, that they are linked to downstream water quality. And other waters should be protected when they have similar impacts downstream. Not polluting those resources, and minimizing your impact when you do, is just being a good neighbor -- something that we at New Belgium Brewing strive to do in our operations.

Our journey in crafting world class beers and running a successful business show that. Over the past 23 years we've learned that when smart regulation exists for all - and when clean water is available for all business thrives. We've grown from the basement of our co-founders' house in Fort Collins to our 900,000 barrel per year brewery in Fort Collins Colorado. We're also building a new 500,000 barrel brewery in Asheville North Carolina. We have been able to grow from 2 to 550 co-workers because of the protection that the EPA and Army Corps of Engineers guarantee for our water supply.

Clarity in regulation and the protection of natural resources are keys to economic development.

The administration's Clean Water Rule would restore clear national protections against unregulated pollution and destruction for nearly two million miles of streams and tens of millions of acres of wetlands in the continental US. These water bodies prevent flooding, filter pollution, supply drinking water to millions of Americans, and provide critical fish and wildlife habitat. What's more, they provide these valuable services for free. In fact, the cost-benefit analysis done for the Clean Water Rule estimates that it would generate between \$388 million and \$514 million per year in economic benefits, far exceeding expected costs (\$162 to \$278 million annually). That's one of the reasons the American Sustainable Business Council so strongly supports it.

Clean water is a part of our own triple bottom line business model. We focus on making profit, caring for the planet and doing what is right for people. Our journey has led us to take innovative steps to reduce our own impact on the water supply. We've built an onsite process wastewater treatment plant. We've cut water use. We give philanthropic dollars to nonprofits engaged in water conservation. In 2013 we gave grants to 22 groups engaged in water conservation and restoration activities. We do what we can to honor the environment in our own process. We advocate for sound policies. We give dollars directly to nonprofit organizations doing the work to clean up our rivers, lakes and streams.

Making world class beer, being profitable and honoring the environment for us go hand in hand. Our beer lovers appreciate and respect our work with philanthropy and advocacy for clean water. They know that our efforts result in making great beer, protecting drinking water and having great recreational waters. They appreciate that we take steps to make sure our business, our country and our planet are on a course that can be sustained for future generations.

And it's not just us. The craft beer industry in the United States is thriving. In Colorado alone we have over 242 licensed breweries employing over 5,000 people. Nationwide there are 2,722 craft breweries employing 110,000 people. We rely on clean, plentiful water supplies to craft great beers and employ tens of thousands of Americans. These jobs cannot be outsourced and they range from production technicians to brewers to microbiologists and chemists to sales and marketing, human resources (or co-workers and culture as we call it) and everything in between. These are good jobs at growing companies. We rely on responsible regulations that limit pollution and protect water at its source for our growth.

In addition to water as a beer ingredient we also rely on clean water nationwide to be available for barley, hops and other agricultural products that we use.

I'm certain that some will see a downside to these protections and worry about higher costs. This is a short sighted view and misguided. I mentioned that we are building a new brewery in Asheville North Carolina. One of the reasons that we chose Asheville is its abundant and clean water supply. And just this spring a coal ash pond broke through its banks and is causing a massive cleanup effort that will cost millions. No one benefits from occurrences like these. The company responsible for cleanup pays, and my co-workers and I worry about the next human caused disaster that will threaten our livelihood.

Under the new safeguards proposed by the Obama administration, hundreds of communities will now enjoy the full protections of our nation's clean water laws. Bringing these streams and wetlands under the umbrella of the Clean Water Act will also help protect drinking water for 117 million people. It will safeguard natural flood protection, since wetlands and streams help catch and soak up rain. This is no small benefit; 9.6 million homes and \$360 billion dollars-worth of properties lie in flood-prone areas. We witnessed firsthand in the last two years how wildfires and floods can affect the water supply. We do not need the added anxiety of human introduced pollutants in wetlands, headwaters and streams.

According to the EPA's analysis, approximately 98% of Colorado's drinking water is supplied in whole or part by intermittent, ephemeral or headwater streams.

http://water.epa.gov/lawsregs/guidance/wetlands/upload/2009_12_28_wetlands_science_surface_drinking_water_surface_drinking_water_results_state.pdf

We have the opportunity and the responsibility for thriving businesses like New Belgium to do everything in our power to protect the water that we need to grow our company and expand the local economies in which we work. We are in the midst of a public comment process on this rule – comments are being accepted until October. While there have been numerous attempts to stop this process, we think this is a mistake – it would effectively cut off the open opportunity for people who care about their water to ask the agencies to protect these resources and determine the best way to do so.

Thank you again for this opportunity.