

Statement of Estevan López
Commissioner
U.S. Bureau of Reclamation
Before the
House Appropriations Committee
Subcommittee on Energy and Water Development
On the President's Fiscal Year 2016 Budget
February 12, 2015

Thank you Chairman Simpson, Ranking Member Kaptur and members of this Subcommittee for the opportunity to discuss with you the President's Fiscal Year 2016 budget for the Bureau of Reclamation and the Central Utah Project Completion Act, also known as CUPCA. This is my first appearance before this Subcommittee, and I look forward to working with you.

I appreciate the time and consideration this Subcommittee gives to reviewing and understanding Reclamation's budget, projects, and programs and I look forward to working with the Committee in the future as Reclamation continues to address water issues in the West. Reclamation is committed to prioritizing and implementing its overall program in a manner that serves the best interest of the American public.

Reclamation's fiscal year (FY) 2016 budget sustains our efforts to deliver water and generate hydropower, consistent with applicable Federal and State law, in an environmentally responsible and cost-efficient manner. It also supports the Administration's and Department of the Interior's (Department) priorities to ensure healthy watersheds and sustainable, secure water supplies; build a landscape-level understanding of our resources; celebrate and enhance America's great outdoors; power our future; strengthen tribal nations; and engage the next generation.

The extreme and prolonged drought facing the Western States affects many major river basins in the Western States. The effects of the current drought on California's Sacramento and San Joaquin River Basins, water, its agricultural economy, and its communities are particularly acute. Another basin crucial for seven States and a number of Native American Tribes -- in addition to two countries—is the Colorado River Basin. Nearly 35 million people rely on the Colorado River for some, if not all, of their municipal and industrial needs. The Basin is currently experiencing a historic drought that has not been witnessed in over 100 years of recorded history. Lake Mead, behind Hoover Dam on the Colorado River, has reached its lowest level since filled more than 75 years ago. Snowpack, which acts like reservoir storage for many western basins, is below normal in many areas.

This budget addresses priorities by allocating funds based on objective and performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for its water and power infrastructure in the West. Climate variability adaptation, water supply, water conservation, improving infrastructure, sound science to support critical decision making, and ecosystem restoration were balanced in the formulation of the FY 2016 budget. Reclamation continues to look at ways to more efficiently plan for the future challenges faced in water resources management and to improve the way it does business.

This budget focuses on meeting National priorities for: Indian water rights settlements, ecosystem restoration, and healthy watersheds and sustainable, secure water supplies. In order to meet Reclamation's mission goals, we are building a landscape-level understanding of our resources and the protection and restoration of the aquatic and riparian environments influenced by our operations. Ecosystem restoration involves a large number of activities, including Reclamation's Endangered Species Act recovery programs, which directly address the environmental aspects of the Reclamation mission. This includes increased efforts to support Platte River Recovery to meet key timelines in the partnership with the States of Colorado, Nebraska, and Wyoming. Reclamation is engaged in several river restoration projects.

Water and Related Resources

The 2016 budget for Water and Related Resources, Reclamation's principal operating account, is \$805.2 million. The FY 2016 budget shifts \$112.5 million from this account to establish a separate Indian Water Rights Settlement Account and \$35.0 million for a separate discretionary account within the San Joaquin River Restoration Fund.

The 2016 budget includes a total of \$367.4 million at the project and program level for water, energy, land, and fish and wildlife resource management and development activities. Funding in these activities provides for planning, construction, water sustainability activities, management of Reclamation lands, including recreation areas, and actions to address the impacts of Reclamation projects on fish and wildlife.

The budget also provides a total of \$437.7 million at the project level for water and power facility operations, maintenance, and rehabilitation activities. Reclamation emphasizes safe, efficient, economic, and reliable operation of facilities, ensuring systems and safety measures are in place to protect the facilities and the public. Providing adequate funding for these activities continues to be one of Reclamation's highest priorities.

Highlights of the 2016 Budget for Water and Related Resources

I would like to share with the Committee several highlights of the Reclamation budget. Reclamation's budget continues to promote and support efficient water management, increased renewable energy production, the construction of new infrastructure and sound maintenance of existing facilities, restoration of aquatic environments, and the continued use of applied science and new technologies to help ensure sustainable water deliveries and energy production. As a result, Reclamation continues to play an important role in providing a strong foundation for economic activity across the American West.

WaterSMART Program – One method Reclamation employs to stretch water supplies in the West and prepare for these ongoing challenges is the WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program. The programs included in WaterSMART are collaborative in nature and work to effectively achieve sustainable water management. WaterSMART Grants, Title XVI Water Reclamation and Reuse, and the Water Conservation Field Services Program, along with other Reclamation activities, support the Department's Priority Goal for Water Conservation. The Basin Studies component of WaterSMART supports

the Department's priority for Ensuring Healthy Watersheds and Sustainable, Secure Supplies.

In the 2016 budget, Reclamation proposes to fund WaterSMART at \$58.1 million. The WaterSMART components include: WaterSMART Grants funded at \$23.4 million; the Basin Study Program funded at \$5.2 million; the Title XVI Water Reclamation and Reuse Program funded at \$20.0 million; Water Conservation Field Services Program, funded at \$4.2 million; the Cooperative Watershed Management Program, funded at \$250,000; the Drought Response program, funded at \$2.5 million, and the Resilient Infrastructure program, funded at \$2.5 million.

Rural Water Projects – Congress specifically authorized Reclamation to undertake the design and construction of six projects intended to deliver potable water supplies to specific rural communities and Tribes located primarily in Montana, New Mexico, North Dakota, and South Dakota. The 2016 Reclamation budget includes \$36.5 million for rural water projects, \$18.0 million of that total is for operation and maintenance of completed tribal systems and the remaining \$18.5 million is for continued construction for authorized projects.

Dam Safety Program - A total of \$88.1 million is provided for Reclamation's Safety of Dams Program, which includes \$66.5 million to correct identified safety issues. Funding also includes \$20.3 million for safety evaluations of existing dams and \$1.3 million to oversee the Interior Department's Safety of Dams Program.

Site Security - A total of \$26.2 million is provided for Site Security to ensure the safety and security of the public, Reclamation's employees, and key facilities. This funding includes \$4.1 million for physical security upgrades at high risk critical assets and \$22.1 million to continue all aspects of Bureau-wide security efforts including law enforcement, risk and threat analysis, personnel security, information security, risk assessments and security-related studies, and guards and patrols.

Powering Our Future – To support the Powering Our Future initiative, the 2016 Reclamation budget includes \$1.3 million to implement an automated data collection and archival system to aid in hydropower benchmarking, performance testing and strategic decision making; investigate Reclamation's capability to help integrate large amounts of renewable resources such as wind and solar into the electric grid; and work with Tribes to assist them in developing renewable energy sources. These important projects will assist in the production of cleaner, more efficient renewable energy.

Strengthening Tribal Nations – The 2016 Reclamation budget supports the Strengthening Tribal Nations initiative through a number of activities and projects. For example, the budget includes \$10.9 million for Reclamation's Native American Affairs Program in support of Reclamation activities with Tribes, including technical assistance, Indian Water Rights Settlement negotiations, implementation of enacted settlements, and outreach to Tribes; and \$15.3 million to continue the operation and maintenance associated with the delivery up to 85,000 acre-feet of water to the Ak-Chin Indian Community. Ongoing authorized rural water projects also benefit both tribal and non-tribal communities. Projects in the FY 2016 budget benefiting Tribes include the rural water component of the Pick-Sloan Missouri Basin Program, Garrison Diversion Unit; Fort Peck Reservation/Dry Prairie; and Rocky Boy's/North Central Montana; and operation and

maintenance funding only for tribal features of the Mni Wiconi Project following completion of construction. Numerous other projects and programs, such as the Columbia/Snake River Salmon Recovery Program, Klamath Project, and the Yakima River Basin Water Enhancement Project also benefit Tribes. In 2016, \$112.5 million for planning and construction of five recent Indian Water Rights Settlements is being proposed in a new separate account as described below.

Ecosystem Restoration – To meet Reclamation’s mission goals of securing America’s energy resources and managing water in a sustainable manner for the 21st century, our programs also focus on the protection and restoration of the aquatic and riparian environments influenced by our operations. Ecosystem restoration involves many activities, including Reclamation’s Endangered Species Act recovery programs, which directly address the environmental aspects of the Reclamation mission. In 2016, a total of \$122.1 million in Reclamation’s budget directly supports the goals of the America’s Great Outdoors Program, through local and basin-wide collaboration in watershed partnerships.

The budget has \$24.4 million for Endangered Species Act Recovery Implementation programs including \$17.5 million in the Great Plains Region to implement the Platte River Endangered Species Recovery Implementation program. Within California’s Central Valley Project, \$11.9 million is for the Trinity River Restoration Program, with an additional \$1.5 million from the Central Valley Project Restoration Fund.

Many other projects and programs also contribute to ecosystem restoration including the Lower Colorado River Multi-species Conservation Program, Middle Rio Grande Endangered Species Act Collaborative Program, the Columbia/Snake River Salmon Recovery Program, and the Yakima River Basin Water Enhancement Project.

Engaging the Next Generation By September 30, 2017, the Department of the Interior will provide 100,000 work and training opportunities over four fiscal years, 2014 through 2017, for individuals ages 15 to 35 to support the mission of the Department. In FY 2016, Reclamation will continue to provide work and training opportunities by leveraging funding through agreements with 21st Century Conservation Service Corps partners and through other conservation partnerships.

Climate Change Adaptation – Consistent with the direction in the President’s 2013 Climate Action Plan, Reclamation is developing and implementing approaches to understand, and effectively adapt to, the risks and impacts of a changing environment on western water management. Some examples include:

- The Basin Study Program takes a coordinated approach to assess risks and impacts; develop landscape-level science; communicate information and science to other entities and agencies; and work closely with stakeholders to develop adaptation strategies to cope with water supply and demand imbalances in a collaborative manner.
- The Drought Response Program will implement, under existing authorities, a comprehensive new approach to drought planning and will implement actions to help communities manage drought and develop long-term resilience strategies.

- Through the Resilient Infrastructure Program, Reclamation will proactively maintain and improve existing infrastructure for system reliability, safety, and efficiency for water conservation to prepare for extremes and to support healthy and resilient watersheds. Reclamation will continue to develop, implement, and test an enhanced decision making criteria framework for selecting resilient infrastructure investments and will identify opportunities to integrate operational efficiencies more compatible with climate variability adaptation goals, as part of the Bureau's ongoing infrastructure investments.
- Reclamation's Science and Technology Program conducts water resources research to improve capability for managing water resources under multiple stressors, including a changing climate. This research agenda will collaborate with and leverage the capabilities of the Interior Climate Science Centers.
- Reclamation's WaterSMART Grants, Water Conservation Field Services, and Title XVI Programs are enabling the West to better adapt to the impacts of a changing environment by helping to conserve tens of thousands of acre-feet of water each year in urban and rural settings, and on both large and small scales.

The 2016 Water and Related Resources budget provides \$123.0 million to operate, manage, and improve California's Central Valley Project. The next three accounts are also related to California water and restoration.

San Joaquin River Restoration Fund

Reclamation proposes \$35.0 million of current funds for the San Joaquin River Restoration Fund account in 2016. The 2016 budget funds activities consistent with the settlement of *Natural Resources Defense Council v. Rodgers* as authorized by the San Joaquin River Restoration Settlement Act. The Act includes a provision to establish the San Joaquin River Restoration Fund to implement the provisions of the Settlement. The Settlement's two primary goals are to restore and maintain fish populations, and restore and avoid adverse impacts to water supplies. Under the Settlement, the legislation provides for nearly \$2.0 million in annual appropriations from the Central Valley Project Restoration Fund for this purpose.

Central Valley Project Restoration Fund

The 2016 budget includes a total of \$49.5 million for the Central Valley Project Restoration Fund (CVPRF). This amount is determined on the basis of a three-year rolling average not to exceed \$50.0 million per year and indexed to 1992 price levels. These expenditures are offset by collections estimated at \$49.5 million from mitigation and restoration charges authorized by the Central Valley Project Improvement Act.

California Bay-Delta Restoration

The 2016 budget provides \$37.0 million for California Bay-Delta Restoration, equal to the 2015 budget. The account focuses on the health of the Bay-Delta ecosystem and improving water management and supplies. The budget will support the coequal goals of environmental restoration and improved water supply reliability, under the following program activities including: \$1.7 million for a Renewed Federal State Partnership, \$7.2 million for Smarter Water Supply and Use, and \$28.1 million for Habitat Restoration. These program activities are based on the Interim Federal Action Plan for the California Bay-Delta issued December 22, 2009.

Indian Water Rights Settlements

In 2016, Reclamation will enhance support of tribal nations. The 2016 budget proposes \$112.5 million for Indian Water Rights Settlements (IWRS), in a new account of the same name. Reclamation is proposing establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects, and to highlight and enhance transparency in handling these funds. This account is proposed to cover expenses associated with the four Indian water rights settlements contained in the Claims Resolution Act of 2010 (Public Law 111-291) and the Navajo-Gallup Water Supply Project within Title X of the Omnibus Public Land Management Act of 2009 (Public Law 111-11).

Of this amount, \$6.0 million is for the Aamodt Settlement (Pueblos of Nambe, Pojoaque, Tesuque and San Ildefonso in New Mexico); \$12.8 million for the Crow Settlement (Crow Tribe in Montana); \$89.7 million for the Navajo-Gallup Settlement (Navajo Nation in New Mexico); and \$4.0 million for the Taos Settlement (Taos Pueblo in New Mexico). These settlements will provide permanent water supplies and offer economic security for the Tribes and pueblos described above. The agreements will build and improve reservation water systems, rehabilitate irrigation projects, construct a regional multi-pueblo water system, and codify water-sharing arrangements between Indian and neighboring communities.

Construction will take place over time, and annual funding requirements will vary from year to year. Per the Claims Resolution Act of 2010, in addition to the discretionary funding included in this budget, additional mandatory funds have already been made available to Reclamation, in order to realize the deadlines mandated in the settlement acts. The White Mountain Apache Tribe activities will continue in 2016 using mandatory funds.

Policy and Administration

The 2016 budget for Policy and Administration, the account that finances Reclamation's central and regional management functions is \$59.5 million. The account supports activities necessary to the management and administration of the bureau which are not chargeable directly to a specific project or program, such as corporate oversight, policy and overall program management, budget preparation, finance and procurement, and management of safety and health, human resources, and information technology.

Central Utah Project Completion Act

The Department of the Interior's CUPCA program is being maintained as a separate program under the Office of the Assistant Secretary for Water and Science and is not proposed to be merged into Reclamation in 2016. The 2016 budget for CUPCA is \$7.3 million. Of this amount, \$6.3 million will be expended from this account and \$1.0 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Utah Reclamation Mitigation and Conservation Commission. The 2016 President's budget provides funding to continue the partnership with the Central Utah Water Conservancy District in the ongoing construction of the Utah Lake System facilities. The 2016 budget will also continue Interior's required program oversight activities and endangered species recovery program implementation through the Department's CUPCA Office.

Permanent Appropriations

The total permanent appropriation of \$117.4 million in 2016 primarily includes \$114.2 million for the Colorado River Dam Fund. Revenues from the sale of Boulder Canyon power are placed in this fund and are available without further appropriation to pay for operation and maintenance of the project and other costs.

2016 through 2018 Priority Goal for Water Conservation

Priority goals are a key element of the President's agenda for building a high-performing government. The priority goals demonstrate that our programs are a high value to the public and they reflect achievement of key Departmental milestones. These goals focus attention on initiatives for change that have significant performance outcomes, which can be clearly evaluated, and are quantifiable and measurable in a timely manner. Reclamation's participation in the Water Conservation priority goal helps to achieve these objectives.

The 2016 budget will enable Reclamation to achieve water conservation capability for agricultural, municipal, industrial, and environmental uses in the western United States by 975,000 acre-feet (since 2009) through September 30, 2016. This will be accomplished through the use of the WaterSMART Program to assist communities in stretching water supplies while improving water management and increasing the efficient use of water. Reclamation has already exceeded the prior goal of 840,000 acre-feet by the end of FY 2015 by partnering with States, Indian Tribes, irrigation and water districts and other organizations with water or power delivery authority to implement programs resulting in water conservation.

Reclamation is participating in the following priority goals to help achieve the objectives set out by the President: Water Conservation, Renewable Energy, Climate Adaption, and Youth Employment and Training. The Department is currently employing a set of internal measures and milestones to monitor and track achievement of the Priority Goals.

Reclamation is requesting two significant changes in authorizations for which language is included in our FY 2016 request. The first is to extend the California Federal Bay-Delta

Authorization Act, as amended, from 2016 to 2018, so the CALFED program can continue its critical mission—even more important given the current drought. Language is also included as part of the 2016 Budget to increase the authorized appropriations ceiling of Section 9504(e) of the Secure Water Act of 2009 from \$300 million to \$400 million. The latter provides much of the funding for Reclamation’s WaterSMART program, which is one of our most effective programs.

Importantly, the 2016 budget demonstrates Reclamation’s commitment to addressing the water and power demands of the West in a fiscally responsible manner. This budget continues Reclamation’s emphasis on cost-effectively managing, operating, and maintaining its public infrastructure, and in delivering water and power in an environmentally and economically sound manner, in the interest of the American public. Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and support the mix of water resource demands in 2016 and beyond.

Conclusion

This completes my statement. I would be happy to answer any questions.