AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 110–517

WATER ISSUES IN THE GREAT PLAINS

HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

TO

RECEIVE TESTIMONY ON THE BUREAU OF RECLAMATION'S IMPLEMENTATION OF THE RURAL WATER SUPPLY ACT OF 2006, AND THE STATUS OF IMPLEMENTATION OF AUTHORIZED RURAL WATER PROJECTS IN THE GREAT PLAINS REGION

SIOUX FALLS, SD, MAY 27, 2008

Printed for the use of the
Committee on Energy and Natural Resources

U.S. GOVERNMENT PRINTING OFFICE

44–663 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON ENERGY AND NATURAL RESOURCES

JEFF BINGAMAN, New Mexico, *Chairman*

DANIEL K. AKAKA, Hawaii
BYRON L. DORGAN, North Dakota
RON WYDEN, Oregon
TIM JOHNSON, South Dakota
MARY L. LANDRIEU, Louisiana
MARIA CANTWELL, Washington
KEN SALAZAR, Colorado
ROBERT MENENDEZ, New Jersey
BLANCHE L. LINCOLN, Arkansas
BERNARD SANDERS, Vermont
JON TESTER, Montana

PETE V. DOMENICI, New Mexico
LARRY E. CRAIG, Idaho
LISA MURKOWSKI, Alaska
RICHARD BURR, North Carolina
JIM DEMINT, South Carolina
BOB CORKER, Tennessee
JOHN BARRASSO, Wyoming
JEFF SESSIONS, Alabama
GORDON H. SMITH, Oregon
JIM BUNNING, Kentucky
MEL MARTINEZ, Florida

ROBERT M. SIMON, *Staff Director*
SAM E. FOWLER, *Chief Counsel*
FRANK MACCHIAROLA, *Republican Staff Director*
JUDITH K. PENSABENE, *Republican Chief Counsel*

SUBCOMMITTEE ON WATER AND POWER

TIM JOHNSON, South Dakota, *Chairman*

BYRON L. DORGAN, North Dakota
RON WYDEN, Oregon
MARIA CANTWELL, Washington
KEN SALAZAR, Colorado
BLANCHE L. LINCOLN, Arkansas
JON TESTER, Montana

BOB CORKER, Tennessee
LARRY E. CRAIG, Idaho
JIM DEMINT, South Carolina
JOHN BARRASSO, Wyoming
GORDON H. SMITH, Oregon
JIM BUNNING, Kentucky

JEFF BINGAMAN and PETE V. DOMENICI are Ex Officio Members of the Subcommittee

CONTENTS

STATEMENTS

	Page
Bordeaux, Rodney, Rosebud Sioux Tribe, Rosebud, SD	28
Fitzgerald, Jake, Manager, West River/Lyman-Jones Rural Water Systems, Murdo, SD	33
Jandreau, Michael, Chairman, Lower Brule Sioux Tribe, Lower Brule, SD	32
Johnson, Hon. Tim, U.S. Senator From South Dakota	1
Larson, Troy, Executive Director, Lewis & Clark Regional Water System, Sioux Falls, SD	18
Munson, Dave, Mayor, Sioux Falls, SD	15
Ryan, Michael, J., Great Plains Regional Director, Bureau of Reclamation, Department of the Interior	4
Steele, John, President, Oglala Sioux Tribe, Pine Ridge, SD	22
Tester, Hon. Jon, U.S. Senator From Montana	2

WATER ISSUES IN THE GREAT PLAINS

TUESDAY, MAY 27, 2008

U.S. SENATE,
SUBCOMMITTEE ON WATER AND POWER,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Sioux Falls, SD.

The subcommittee met, pursuant to notice, at 2 p.m. at Best Western Ramkota Hotel and Conference Center, 3200 W. Maple Street, Hon. Tim Johnson, presiding.

OPENING STATEMENT OF HON. TIM JOHNSON, U.S. SENATOR FROM SOUTH DAKOTA

Senator JOHNSON. I call to order this field hearing before the Energy and Natural Resources Water and Power Subcommittee. It is my pleasure to welcome everyone here today.

I appreciate John Tester, who is from Montana, traveling to Sioux Falls to attend today's hearing. I know that Senator Tester is interested in the topics to be covered today, and I believe he will add a valuable perspective to water development in the Great Plains.

I also want to thank all the witnesses for traveling to Sioux Falls and being available to present testimony and answer questions.

The purpose of today's hearing is to receive testimony on the Bureau of Reclamation's implementation of the Rural Water Supply Act of 2006 and to examine the implementation and status of the water supply projects in the Great Plains.

The Great Plains face great water demands for adequate drinking water supplies. Population growth and economic development will further strain the gap between capital improvements needed for public water systems and the capability of governments to finance these new projects. Unfortunately under investment is not the only problem.

Millions of Americans left without safe and reliable drinking water. Many of these individuals are served by small community systems. But regionally, our regionalized approach that water delivery could be more effective to distribute drinking water.

To better address the outstanding drinking water needs of these communities the Congress passed the Rural Water Supply Act of 2006. Now for the first time, the BOR has a water supply plan to construct new water development projects. We need to get this program up and running. I look forward to Regional Director Ryan updating the committee on this implementation.

The second part of today's hearing is to receive testimony on construction of ongoing water projects in the Great Plains region. I am

proud that South Dakota was the first State to harness the resources of the BOR to construct these regional water projects. Since the year 2003, I have helped secure about $347 million of Federal funds for the construction and operation and maintenance of South Dakota's BOR drinking water projects. These projects are an example of how our partnership between the Federal and State governments and local sponsors can set the conditions for building our communities.

Currently South Dakota has three ongoing projects in various stages of completion that serve diverse and private communities: the Lewis and Clark Regional Water System, Mni Wiconi Rural Water System, and the Perkins County Rural Water System. Unfortunately the continued progress and construction of these projects is threatened by the lack of support for funding from the current Administration. The BOR's decision to recommend no funds in next year's budget for Lewis and Clark, a regional solution for water supplies in several Eastern South Dakota communities including Minnesota and Iowa, is simply unacceptable. I'm sure that today's witnesses will touch on the impacts of these cuts.

We're also making progress. Some systems are now completed and delivering water for municipal, agricultural and industrial purposes with other projects such as the Mni Wiconi near completion. We have several witnesses from these projects testifying today that can further explain their importance of seeing these projects completed.

We have a full panel of witnesses today. So with that, I would like to recognize my colleague from Montana for his opening statement. Senator Tester, please go right ahead with your remarks.

STATEMENT OF HON. JON TESTER, U.S. SENATOR FROM MONTANA

Senator TESTER. I want to thank you, Senator Johnson. I am truly happy to be here today in Sioux Falls. I appreciate your leadership in holding this hearing because water is arguably the most important issue that faces the Great Plains and the West, especially here in South Dakota and also in Montana.

I know that you have worked very hard on water issues in South Dakota for a long, long time. In a lot of ways in Montana we want to follow in your footsteps trying to get some of our rural water projects developed.

I also appreciate Michael Ryan coming in today. I appreciate your sacrifice being here today, Mike. I look forward to your testimony.

Unfortunately it seems like when it comes to these projects that folks with the biggest water problems are often those that are least able to finance them. We've got the greatest country in the world. Nobody should have to worry about safe, clean, affordable drinking water. Yet a lot of people do.

Like South Dakota, Montana also has three Bureau of Rec projects that are in various stages of completion. All of them involve tribal nations. All of them have been voted on and approved by Congress. And Each one of them is badly needed. But in the last several years, none of them have ended up in the President's budget.

Congress passed the Rural Water Supply of 2006 to clarify the role of the Bureau of Reclamation in developing rural water supply projects. The bill is supposed to lay out a plan to finish authorized projects and put down some guidelines for the projects into the future. I anxiously look forward to the report that is expected out later this year.

But in the short term one thing that I am sure about is that these projects will never get completed if they aren't funded at a level that is adequate. In Montana, the St. Mary's Canal Project was built for irrigation purposes nearly 100 years ago. Twenty thousand people depend upon it for drinking water.

The Canal is in such bad shape that failure is going to happen. It's just when. If that canal goes, 20,000 people are immediately cutoff from water, and the Blackfeet Reservation, where the project is, has an environmental catastrophe on their hands.

The Fort Peck-Dry Prairie System, another system, is in a race against time with a brine plume from old gas and oil production that is moving in the ground water toward the town of Poplar. Without this Fort Peck-Dry Prairie Water System getting up and running very, very soon that brine water is going to poison those folks as well, those folks' water wells.

The water around the north central water system, Rocky Boy's-North Central Water System is so bad that the EPA tells tribal members not to drink it. But the Federal Government hasn't been helping them finish their system that would bring much needed relief.

Mr. Ryan, I don't envy the position you are put in. I know there are incredible demands put upon you. I know you fully realize the importance of these projects to the region. But we're also relying on you to work with the Bureau of Reclamation to make clear the importance of rural water projects to Reclamation States and a plan for their completion.

I look forward to your testimony. Of course, we'll have some questions about South Dakota and Montana and other Reclamation States. How we finish up our ongoing projects and get some new ones started so our constituents can be guaranteed safe, clean, affordable drinking water.

Once again, I do want to thank Senator Johnson for his leadership and for holding this field hearing. I look forward to the testimony. I too will have some questions.

Senator JOHNSON. Thank you, Senator Tester. We will now turn to the first witness for today's hearing. Representing the Bureau of Reclamation is Michael Ryan, a Regional Director for the Great Plains Region of the BOR. Welcome to Sioux Falls, Mr. Ryan and I appreciate your making yourself available.

What I would like to do is from Mr. Ryan to deliver his statement after which Senator Tester and I will ask Mr. Ryan some questions. Once that is complete, we will go onto the next group of witnesses.

That testimony as well as the written submission of all today's witnesses will be made part of the official hearing record.

Mr. Ryan, please go ahead with your statement. Following that we'll have a question and answer period for you.

STATEMENT OF MICHAEL J. RYAN, GREAT PLAINS REGIONAL DIRECTOR, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Mr. RYAN. Thank you. Good afternoon, Mr. Chairman, Senator Tester and staff. My name is Mike Ryan. I am the Regional Director for the Great Plains region for the Bureau of Reclamation. I am pleased to provide the Department of the Interior's views today on the status of rural water projects in the Great Plains region and a report on Reclamation's implementation of the Rural Water Supply Act of 2006.

This region has a total of six authorized rural water projects with an estimated remaining Federal cost of approximately $1.3 billion to complete them. Reclamation allocates funding for its rural water projects based on objective criteria which give priority to projects nearest to completion and that serve tribal needs. The fiscal year 2009 budget request reflects Reclamation's attempt to balance the many competing priorities for funding within the Federal Government and within Reclamation.

Prior to the Rural Water Supply Act, Congress authorized several rural water projects. Funding in the amount of $39 million is included in the fiscal year 2009 President's budget request for some of these rural water projects, specifically Mni Wiconi and the Garrison Diversion Unit. These rural water projects are separate and distinct from any projects that may be authorized in the future under the Act. Detailed information about the funding history and remaining amounts needed for completion of each of these six projects is included in my written statement. I will be happy to answer questions about any of these projects.

Now allow me to provide a status report on implementation of the Rural Water Supply Act of 2006. Reclamation's intention is to work cooperatively with rural communities across the West in a consistent manner to identify rural water supply needs and cost effective options for addressing those needs. Prior to enactment of this legislation Reclamation had no authority to get involved early in the process in the analysis and development of solutions for meeting the potable water supply needs of rural communities in the West.

We are working hard to implement this new program in a timely manner. Our focus is to ensure a thorough analysis of rural water needs and options to address those needs through the completion of appraisal and feasibility studies. As studies are completed Reclamation is required to submit a feasibility report to Congress and to make a recommendation as to whether the project is technically and economically feasible.

Further, the report must make a recommendation on whether Congress should authorize Federal involvement and construction of the project. The report must also make a recommendation on the appropriate non-Federal share of construction costs which must be at least 25 percent of the total construction costs. While we expect great interest in this program, Reclamation will not be able to get involved in every project that is presented to us as any efforts to implement projects under this program must compete with other Reclamation projects for finite resources.

The Act envisioned the establishment of consistent and objective criteria to help make those choices. Reclamation is currently working to establish programmatic and eligibility criteria for participation in the program and prioritization criteria to articulate how Reclamation will select projects to support. The Act requires that we promulgate and publish the program's rules and criteria in the Federal Register. This is being done through a rulemaking process in accordance with the Administrative Procedure Act. Will provide opportunities for public review, involvement and comment prior to being finalized.

We anticipate publishing the rule in the Federal Register this year. The President's fiscal year 2009 budget request includes $1 million for Administrative work for the program. That funding would allow us to begin to work with communities on study proposals and then carry out and support studies that are selected based on the criteria.

During our initial efforts to scope this program we have held conversations with various stakeholder groups throughout the West. Also, as part of the rulemaking process, we plan to hold public and tribal meetings to gather comments and answer questions. We will continue that outreach and dialog throughout the process of implementing this new program.

We see this program as an opportunity to provide a clearly defined process for Reclamation and rural communities throughout the West to work together to identify options for meeting potable water supply needs in a technically feasible, environmentally responsible and cost effective manner. With all of this work underway we look forward to working closely with the large base of stakeholders on implementation.

Thank you for the opportunity to appear today. This concludes my verbal remarks. I am pleased to answer any questions.

[The prepared statement of Mr. Ryan follows:]

PREPARED STATEMENT OF MICHAEL J. RYAN, GREAT PLAINS REGIONAL DIRECTOR, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Good afternoon Mr. Chairman and Members of the Subcommittee. My name is Mike Ryan and I am the Regional Director for the Great Plains Region for the Bureau of Reclamation. I am pleased to provide the Department of the Interior's views today on the status of major authorized rural water projects in the Great Plains Region, and separately, report on Reclamation's implementation of Title I of Public Law 109-451.

Reclamation is proceeding with the design or construction of several rural water projects in the Great Plains region. Below is a summary on the status of the major projects under consideration by the Subcommittee today. While my testimony today includes specific reference to these major projects, I think it is important to note that the Great Plains Region has a total of six authorized rural water projects with an estimated remaining Federal cost of approximately $1.4 billion to complete these six projects. Finally, my statement concludes with a status on the newly authorized rural water program under development this year.

Before discussing the individual projects, it is important to note that the Bureau of Reclamation allocates funding for its rural water projects based on objective criteria, which gave priority to projects 1) nearest to completion; and 2) that serve tribal needs. These projects also received funding based on amounts needed for ongoing work. The FY 2009 budget request reflects Reclamation's attempt to balance the many competing priorities for funding within the Federal Government and within Reclamation.

Prior to the authorization of the "Rural Water Supply Act," Congress authorized several individual rural water projects. Funding in the amount of $39 million is included in the FY 2009 President's budget request for some of these rural water

projects, which are separate and distinct from any projects that may be authorized under the Act.

LEWIS & CLARK

The Lewis & Clark Rural Water System was authorized in the 106th Congress by P.L. 106-246. Construction activities began in 2004. The project has expended over $75 million, and was approximately 23 percent complete as of September 30, 2007. Funds have been used for preconstruction activities, including National Environmental Policy Act (NEPA) and National Historic Preservation Act compliance, Value Engineering studies, field data collection, and preparation of plans and specifications. Lewis & Clark has constructed 50 miles of the 61 mile main transmission pipeline in South Dakota, 8 miles of raw water pipeline and 9 miles of treated water pipeline in Iowa. Six wells were installed in the Mulberry Point Well Field with associated facilities and bank stabilization commencing this year. The Federal cost ceiling (FY 2008) is $362 million and the corresponding non-Federal cost-share is $100 million for a total project cost of $462 million. As of January 1, 2008, Federal appropriations totaled $101 million with a remaining Federal balance of approximately $261 million. When completed, Lewis & Clark will address regional concerns regarding the low quality, contamination vulnerability, and insufficient supply of existing drinking water sources throughout the project area. Currently, 20 existing water utilities are members of Lewis & Clark, which will eventually serve more than 300,000 people in South Dakota, Minnesota, and Iowa.

MID-DAKOTA RURAL WATER SYSTEM

The Mid-Dakota Rural Water System, P.L. 102-575, Title XIX, dated October 30, 1992, authorized the construction of the Mid-Dakota Rural Water System. The Mid-Dakota Rural Water System utilizes water pumped from an intake located on Oahe Reservoir. The project brings a dependable supply of good quality drinking water to more than 29,000 people and more than 600,000 head of livestock. More than 3,000 rural water users and 17 cities have paid good intention fees to be included in the system. A wetland component is included in the project and is being funded by a Federal grant. The Mid-Dakota project was completed in FY 2006. Total Federal cost of the project was $148 million.

MNI WICONI

The Mni Wiconi Rural Water Supply Project was authorized under P.L. 100-516 and other authorizations to serve three Indian Reservations and one non-Indian sponsor in South Dakota. The Indian sponsors are the Oglala, Rosebud and Lower Brule Sioux Tribes and the non-Indian sponsor is West River Lyman-Jones. The sunset date for the project has been extended to the end of 2013. In addition to the annual construction costs, as facilities are completed additional funds are required to support Tribal operation and maintenance (O&M) activities, since P.L. 100-516 required that the operations and maintenance of the tribal components be a Federal obligation. The FY 2009 budget for construction is over $16 and $10 million for O&M. Mni Wiconi is one of two rural water projects included in the FY 2009 President's Budget Request. The Federal cost ceiling (FY 2008) is $452 million with a corresponding non-Federal cost-share of $17 million. As of January 1, 2008, Federal appropriations totaled $360 million with a remaining Federal balance of approximately $92 million. The project was approximately 74 percent complete as of September 30, 2007. The project will serve 40,000 on-reservation, as well as 12,000 off-reservation residents.

The project was initially authorized for construction through 2003, based on projected appropriations. In 2002, the Act was amended to extend the sunset date to 2008 and to authorize an additional $58 million to cover costs not considered in the original authorization as well as the added administrative costs for a five year extension. Since the project was not completed by the amended date of 2008, Congress extended the sunset date again, this time to 2013 through enactment of P.L. 110-161.

NORTHWEST AREA WATER SUPPLY PROJECT (NAWS)

The NAWS project is a component of the larger Garrison Diversion Unit. The rural water component in North Dakota was authorized by the Garrison Diversion Unit Reformulation Act of 1986. The authorizing legislation established two rural water components—the State maintenance rehabilitation and improvement (MR&I) grant program and the Tribal MR&I program—both of which have been under construction since the late 1980s. The Tribes included in the authorization are the

Standing Rock Sioux, the Three Affiliated Tribes, the Spirit Lake Sioux, and the Turtle Mountain Band of Chippewas. The NAWS project is a component of the State MR&I addition to the Garrison Unit and when complete will deliver water from the Missouri River to communities and rural water systems in North Dakota located in the Hudson Bay Basin. Construction of NAWS began in April 2002, but was halted as a result of litigation filed by the Province of Manitoba, alleging that the environmental review under NEPA was insufficient.

In response to that complaint, in March 2006 Reclamation initiated the preparation of an environmental impact statement (EIS). The focus of the EIS is to evaluate additional water treatment alternatives that could further reduce the risks of transfer of non-native species from the Missouri River Basin to the Hudson Bay Basin. Treatment would take place within the Missouri River Basin and two of the four alternatives would meet treatment goals recommended by the Province of Manitoba, Canada. Increased costs of the newly considered alternatives range from approximately $10 million to $90 million. The United States is responsible for both construction and operation and maintenance of the treatment plant. A Federally preferred alternative has not been identified in the draft EIS.

The draft EIS was issued for a 60 day public review and comment in December 2007, which was later extended to March 26, 2008. Three public hearings were held to receive testimony from the public. All comments received will be considered in preparing the final EIS. At this time Reclamation anticipates completing the final EIS by the end of the calendar year. Upon completion of the final EIS a record of decision will be prepared.

The authorizing legislation requires that the Secretary make a determination on adequate treatment to meet requirements of the Boundary Waters Treaty in consultation with the Environmental Protection Agency and the State Department. Reclamation will continue working with these agencies on a recommendation for a Secretarial determination that includes an appropriate treatment process.

The Federal cost ceiling for the State component (FY 2008) is $461 million with a corresponding non-Federal cost-share of approximately $154 million. For this component of the project, as of January 1, 2008, Federal appropriations totaled $230 million with a remaining Federal balance of $231 million. The Federal cost ceiling for the Tribal component (FY 2008) is approximately $311 million with no non-Federal cost-share. From the same date, Federal appropriations for this component totaled $80 million with a remaining Federal balance of $230 million. The project was approximately 61 percent complete as of September 30, 2007.

PERKINS COUNTY

The Perkins County Rural Water System Act of 1999, P.L. 106-136, dated December 7, 1999 authorized $15 million for the construction of the Perkins County Rural Water System (PCRWS). The PCRWS is a buried, pressurized pipeline distribution system that delivers treated drinking water to communities, rural residences and pasture taps in Perkins County, South Dakota. Perkins County is the second largest county (2,866 square miles) in South Dakota and is located in the northwest corner of the State. The area is characterized by widely separated towns and ranches. Groundwater has been the predominant water source, but many residents of the area haul water for domestic use because of inadequate quantity and poor water quality. The PCRWS will purchase treated water from the Southwest Pipeline Project (SWPP) in North Dakota and distribute that water to its customers through a network consisting of 515 miles of pipe, 5 booster stations, and 3 storage reservoirs. The SWPP was constructed as a feature of the Garrison Diversion Unit under the State MR&I program.

The Federal cost ceiling (FY 2008) is over $24 million with a corresponding non-Federal cost-share of $8 million. As of January 1, 2008, Federal appropriations totaled approximately $14 million with a remaining Federal balance of approximately $11 million. The system was approximately 65 percent complete as of September 30, 2007.

FORT PECK/DRY PRAIRIE

The Fort Peck Reservation Rural Water System Act of 2000 (P. L. 106-382) authorized $287 million (FY 2008) for the construction of the Fort Peck Reservation Rural Water System (FPRRWS). The Fort Peck Tribes (Tribes) and the non-Indian Dry Prairie Water Authority (DPWA) are the project sponsors. Public Law 106-382 authorizes the appropriation of the funds over a period of 10 years. Reclamation has a cooperative agreement with DPWA under the Federal Grants and Cooperative Agreements Act for the construction of the off-reservation portion of the system. Reclamation has a cooperative agreement with the Tribes under Title I of P.L. 93-

638 for the construction of the reservation portion of the system and the water treatment plant and transfers funds each year through an annual funding agreement under that cooperative agreement. The Federal cost ceiling (FY 2008) is approximately $263 million with a corresponding non-Federal cost-share of $24.512 million. As of January 1, 2008, Federal appropriations totaled $48 million with a remaining Federal balance of approximately $215 million. The project was approximately 16 percent complete as of September 30, 2007.

NORTH CENTRAL MONTANA/ROCKY BOYS REGIONAL WATER SYSTEM

The Rocky Boys/North Central Montana Regional Water System Act, P.L. 107-331, dated December 13, 2002, authorized the construction of the North Central Montana Regional Water System, in coordination with the Chippewa Cree Tribe (Tribe) and the North Central Montana Regional Water Authority (Authority). The Rocky Boy's/North Central Montana Regional Water System will serve an estimated population of 43,000 at full build-out. Operation, maintenance, and replacement for the core and on-Reservation systems will be funded by a $20 million trust fund through Bureau of Indian Affairs appropriations. The non-Tribal systems will fund their operation, maintenance, and replacement separately without Federal assistance. The Federal cost ceiling (FY 2008) is $273 million with a corresponding non-Federal cost share of $36 million. As of January 1, 2008, Federal appropriations totaled approximately $15 million with a remaining Federal balance of approximately $258 million. The project was approximately 5 percent complete as of September 30, 2007.

RURAL WATER PROGRAM

I would now like to provide a status report on Reclamation's implementation of Title I of Public Law 109-451, the Rural Water Supply Act of 2006.

In December 2006, the Rural Water Supply Act of 2006 (Act) was enacted and signed into law. Title I of this Act authorizes the Secretary of the Interior to create a rural water supply program (Program) to address rural water needs in the 17 Western United States. The intent of this Program is to enable Reclamation to work cooperatively with rural communities across the West in a consistent manner to identify rural water supply needs and cost effective options for addressing those needs. Prior to enactment of this legislation, Reclamation had no authority to get involved—early in the process—in the analysis and development of solutions for meeting the potable water supply needs of rural communities in the West. We are working hard to implement this new Program in a timely manner.

Title I of the Act requires Reclamation to: (1) develop programmatic criteria determining eligibility for non-Federal entities to participate in the Program and for prioritizing requests for assistance; (2) develop criteria for what must be included in both the appraisal and the feasibility studies that are to be completed under the Program, in terms of data, alternatives, and level of analysis; (3) complete an assessment of the rural water programs that exist in other Federal agencies to ensure that we are filling an unmet niche and to ensure that we coordinate with other agencies and leverage resources; and (4) complete an annual report of Reclamation's staff costs for carrying out the Act. The assessment also will include a report on the status of rural water projects that are already authorized for involvement by the Bureau of Reclamation. As we have begun to work on implementation of this Program, there was some confusion among some of our customers and stakeholders about the Program's scope. I would like to address that issue with the Committee.

Title I of P.L. 109-451 authorized Reclamation to complete appraisal and feasibility studies for rural water projects in the 17 western states. It does not authorize the design and construction of those projects.

The focus of the Program is to ensure that there is thorough analysis of rural water needs and options to address those needs through the completion of appraisal and feasibility studies that meet program criteria. As studies are completed, Reclamation is required to submit a feasibility report to Congress. In the report, the Secretary (through Reclamation) will make a recommendation as to whether the project is technically and economically feasible, and whether the project is in the Federal interest. Further, the report must make a recommendation on whether Congress should authorize Federal involvement in construction of the project. The report must also make a recommendation on the appropriate non-Federal share of construction costs, which must be at least 25 percent of the total construction costs. Reclamation is committed to working with its customers, states, tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in the future to meet their responsibilities.

While we expect great interest in this program, Reclamation will not be able to get involved in every project that is presented to us, as any efforts to implement projects under this program must compete with other Reclamation projects for finite resources. The Act envisioned the establishment of consistent and objective criteria to help make those choices. As such, before the Rural Water Program can be implemented, the Secretary (through Reclamation), must establish programmatic and eligibility criteria for participation in the Program and prioritization criteria to articulate how Reclamation will select projects to support. The Act further requires that we promulgate and publish the program's rules and criteria in the Federal Register. This is being done through a rulemaking process in accordance with the Administrative Procedure Act (APA). This APA process provides opportunities for public review, involvement and comment and Reclamation plans to closely adhere to these requirements.

We anticipate publishing the Rule in the Federal Register this year, and the President's FY 2009 budget request includes $1 million for administrative work for the program. That funding would allow us to begin to work with communities on study proposals and then begin to carry out and support studies that are selected based upon the programmatic and prioritization criteria.

During our initial efforts to scope this Program, we have held conversations with various stakeholder groups throughout the West. Also, as part of the rulemaking process, we plan to hold public and tribal meetings to gather comments and answer questions. We will continue that outreach and dialogue throughout the process of implementing this new Program.

We see this Program as an opportunity to provide a clearly defined process for Reclamation and rural communities throughout the West to work together to identify options for meeting potable water supply needs in a technically feasible, environmentally responsible, and cost effective manner. P.L. 109-451 gives Reclamation authority to review, evaluate, and make recommendations to the Congress regarding the feasibility of proposed rural water projects such as the ones discussed here today.

With all of this work underway, we look forward to working closely with the large base of stakeholders on implementation.

Thank you for the opportunity to appear today. This concludes my statement. I am pleased to answer any questions from the Subcommittee.

Senator JOHNSON. Thank you, Mr. Ryan. As you know prior to enactment the Rural Water Supply Act of 2006 authorization for BOR Rural Water Projects was a hopscotch of separate authorities tacked into Appropriation bills are missing on these authorization bills. For example, Lewis and Clark Regional Water System was added as an amendment to the Fiscal Year 2001 military construction Appropriations bill.

There is apparently a need for a uniform set of criteria to evaluate projects along for the Bureau to recommend to the Congress future projects for authorization and construction. That was what was intended in the Rural Water Act. Please turn your attention to the funding chart showing the gap between the proposed and enacted funding for the Great Plains Water Projects. It is clear that recent BOR recommendations differ widely.

Inconsistent budget recommendations seem to frustrate the Bureau's goal of construction of the municipal, rural and the districal water systems. Please explain how the BOR will achieve its goal of constructing these systems when the Administration's budget recommendations are so inconsistent from 1 year to the next.

Mr. RYAN. Thank you, Senator. One of the things that I can do as an engineer is to help the policymakers understand what types of criteria I would bring to the selection process for projects or for funding proposals for projects. You see now that the Administration as we approach this, we have the two criteria that we lean on very heavily. One is how far along the project is to completion. The second is to what extent does that project help serve Native American needs.

It's been our experience that the needs within those tribal communities are sometimes the most severe, the most dire of situations. So we use those as guidelines to get started on which projects to direct our funding. One of the frustrating things for all of us in the time that we live is that more money would accomplish more good things.

In recent years Congress has enacted budgets, in addition to what the President has proposed or requested, and that helps the projects move along more quickly. I am thankful for that.

Senator JOHNSON. Mr. Ryan, I think the BOR suffers from a perception in South Dakota that there is no rhyme or reason as to how budgets are formulated. In 1 year Lewis and Clark project is deemed a priority and is recommended to receive $15 billion then the next year, nothing, no funding at all. This weakens confidence in the BOR.

How can the BOR improve the budget process so that projects receive a more consistent recommended level of funding?

Mr. RYAN. Senator, I believe that consistency does help as communities are planning long term, not only for what their needs are and how they're going to meet those needs but how they're going to find answers for those. That's why I do advocate using the criteria that we've developed to date. Additional criterias envisioned under the Rural Water Supply Act because I think that helps brings back some predictability to the situation.

Another thing that we can do to help, I believe, is that as we understand the technical requirements on the jobs and many of them are site specific or project specific, working with the project sponsors we can help reach a meeting of the minds at least on the technical level of what the cash-flow requirements are to complete projects, do the calculations to try to get things done as economic and efficiently as we possibly can. In recent years we've been thrown a bit of a curve ball with the price of some of our components for constructing the systems. But we have to take that into account. We have to move forward.

But my experience has been the more predictable or the more consistent that we can be as a partner, the better that is for our remaining partners as they make their plans on how to proceed.

Senator JOHNSON. I'd like now to turn to one project in particular, the Mni Wiconi System. Recently you met the Oglala Sioux Tribe on how to improve coordination between tribal sponsors and the BOR. What is the quality of that relationship between the BOR and the tribe? How can it be improved?

Mr. RYAN. I would characterize our relationship as very strong and improving. This last week when I visited with some representatives from the tribal membership one of the things that we were talking about was improving the communications by having more frequent, regularly scheduled sessions. Making sure that we're approaching things, not just in a technical aspect, but in a true government to government aspect.

So we have our technical folks working together, managers working together and then tribal leaders and myself as the Administration's representative working together. It's, as I characterized it to someone that I work with, it's like a ladder. You have the rungs

and you have the styles and they need to be working at all different levels and across, from side to side, in order to be effective.

So that's something, I think, would help us, especially now as we're nearly finished and we have this sunset date of 2013 to complete. So we need to make sure that we finish this race. We need to be strong to the finish.

Senator JOHNSON. For now I would like to wrap up my questions for Mr. Ryan and ask Senator Tester to proceed with any questions he might have.

Senator TESTER. Yes, thank you, Senator Johnson. Once again, thanks for being here, Mike.

Mr. RYAN. Yes, sir.

Senator TESTER. I appreciate your testimony. As per the Rural Water Supply Act of 2006 and that assessment, in your testimony you said it would be finished this year. Can you be more specific than that?

Mr. RYAN. We expect, Senator, to formulate interim rules and regulations. Have those by the fall of this year. We still have to go through the more formulized, final rules and regulations process. But we can begin acting under the interim rules and regs.

We expect to be in that situation this fall. So that as we get our funding for fiscal year 2009, this fall, we can hit the ground with our feet running.

Senator TESTER. When will it be ready for public consumption?

Mr. RYAN. We've had some informal conversations with some of our stakeholders to date to help us as we've prepared what's in these interim drafts. I expect that in the late summer, early fall, we'll have a public draft available for review and comment. But I think that when people, when the larger public sees it, they will be impressed with the amount of effort that we've put into it. We're trying very hard to do a good job.

Senator TESTER. Ok. As Regional Director, you talked about a criteria being, percentage of completion.

Mr. RYAN. Yes, sir.

Senator TESTER. What the impacts are on the Native population.

Mr. RYAN. Yes, sir.

Senator TESTER. Are there any others? First of all, did the Regional Directors, play a role in general when these projects came down the line as far as funding levels, as far as recommendations?

Mr. RYAN. Yes, sir. In the Bureau of Reclamation our budget requests are built from the ground up. So that people in our field offices, in this instance with rural water, the people in the field offices will visit with the project sponsors and develop budget requests.

My job is then to make a recommendation to our Commissioner. The Commissioner will then contemplate the different recommendations that come to him. He makes the recommendation to the Secretary of the Interior. From that it goes to the Office of Management and Budget for preparation in the President's request.

Senator TESTER. Not to put you on the spot, but it would seem to me that they're built from the ground up. There's a lot of these projects that were zeroed out when they went by your desk.

Mr. RYAN. As I'm sure you can appreciate, not everything I recommend is agreed to. But it's also, I think too fair to say for the process that the needs are so great that as we formulate the budget and I take a look at all of my needs for funding requests, requirements within the region, taking care of existing infrastructure as well as developing new water supply infrastructure, it calls for some very difficult decisions.

Senator TESTER. Yes and as I look at the chart it would actually—the purple is the amount that was asked for in the President's budget?

Mr. RYAN. Yes, sir.

Senator TESTER. We see a decrease in that area. So it appears some decisions were made, I think, at a different level that has it at a different priority. You don't have to answer that. That's just my opinion.

Mr. RYAN. Thank you.

Senator TESTER. Do you feel that the input you have is sufficient to ensure that these projects will be done in a timely manner?

Mr. RYAN. I believe, beginning with our Commissioner and going up through the Department and into OMB, that the information that we're able to provide and their visits with the project sponsors helps them to make as informed decisions as possible. We try very hard to interpret sometimes complex technical issues into, you know, real world language so that they can make as an informed decision as they can.

Senator TESTER. Let's go back to this Rural Water Supply Act 2006. Once it gets done and we're able to utilize it in next year's budget, do you think it will have significant impacts on funding levels for projects?

Mr. RYAN. I think that it has the potential, Senator. Because I believe that it will bring to the public eye something that several folks believe they see right now in that the need is great for systems like this and in places in addition to the projects that have been authorized to date. I believe that will take some people aback when they see what the needs are.

Senator TESTER. Ok. I mean one of the reasons I asked that question, and I think it's been alluded to here several times this afternoon, is that some of these funding levels aren't even keeping up with inflation.

Mr. RYAN. That's right.

Senator TESTER. So if there isn't more of a priority put on them within the budget they'll never get completed.

Mr. RYAN. Right.

Senator TESTER. So that's really the issue. I mean, we've invested some real dollars in some real projects in both North and South Dakota and in Montana and quite frankly if these funding levels continue the way they are, at least in this region we're losing ground, not gaining.

Mr. RYAN. With the cost of indexing, you know, the rising cost of the materials needed to construct the systems. It's very difficult to make head way.

Senator TESTER. Yes. That's probably not going to change much, with the price of fuel at four bucks. New projects. Are you going to be recommending new projects?

Mr. RYAN. Right. What we'll do is work through the process that the legislation envisions in doing either appraisal or feasibility studies and then make the report to Congress. I would envision that some of the reports to Congress will be favorable and some will be not. But I think it would be pre-decisional right now for me to try and select which ones would be.

We know we need to do our work and go through them and scrub thenumbers and be able to make our recommendation to the Congress.

Senator TESTER. Yes, ok. I just wondered with the way the dollars are going, unless there's more of an emphasis on these projects. Trust me, we've got projects in Montana that have not been approved yet that are critically important. But how do you get to a point where you can fund the old ones and take care of the new ones?

Mr. RYAN. Yes, sir. It's a challenge.

Senator TESTER. Just a second here, real quick. You've got a loan guarantee program. What's the status of that?

Mr. RYAN. In the second title within the Rural Water Supply Act had to do with the Loan Guarantee Program. The Bureau of Reclamation prepared the rules and regulations, drafted the rules and regulations for implementing the loan program. They were submitted to the Office of Management and Budget in May 2007, so about a year ago.

The Office of Management and Budget had some differences with Reclamation and the Department of the Interior about how many dollars in Appropriations would need to be made in order to effectuate the program. So Reclamation, Interior and OMB right now are sitting down trying to come to a common understanding of what those rules and regs should be so we can get them out and get going.

Senator TESTER. Those rules and regs, I mean, those are the criteria for the loan?

Mr. RYAN. Yes, sir.

Senator TESTER. When do you anticipate that criteria or those regs will be done?

Mr. RYAN. I've visited with my Commissioner about this subject and he's expressed an interest in having rules and regs out by the time we get into the fall or early winter. I know he's working hard to make that a reality. I'm hopeful that he's successful because I know several communities that are anxiously awaiting them.

Senator TESTER. Yes. If you can find out a time for that, that would be good because I think this is an important funding mechanism.

Mr. RYAN. Yes, sir.

Senator TESTER. Back in the day Commissioner Keys testified on the Rural Water Supply Act of 2005. He stated that the Office of Management and Budget had done a review of Reclamation's rural water activities and determined that the program was not demonstrating results. Specifically the review noted that Congress had authorized projects that may not be in the best Federal interest.

As a result of the OMB review the Bush Administration recommended eliminating most of the funding for rural water projects. Based on what you know about the projects here in South Dakota

and the importance they offer the communities and Native Americans in this state, do you believe that these projects are not in the best Federal interest?

Mr. RYAN. Senator, I've been to, not all, but many of these projects. I've seen the source water that these families have now. I've seen what projects like this can do in providing safe and certain potable water for children and for communities. I can't help but think that's in the interest of my government to do that.

Senator TESTER. Well, I appreciate that response. Just in closing, I want to thank you again, Senator Johnson for getting Mr. Ryan here. I do appreciate you sacrificing to be here at the committee here today.

Mr. RYAN. Thank you, sir. It's an important topic.

Senator TESTER. What's that?

Mr. RYAN. It's an important topic. I'm pleased to be here.

Senator TESTER. It is an important topic. I just want to close on one question. I know that Senator Johnson and myself and others in this region fight hard for dollars for water projects. But when the President's budget zeros them out it really puts us behind the eight ball.

Mr. RYAN. Yes, sir.

Senator TESTER. Do you see anything that you can do to put a little common sense in this equation?

Mr. RYAN. One thing that I can specifically help do, Senator, is make sure that the folks that I work with within the Administration are as fully informed as possible. That means not only providing written information but whenever schedules and their own budgets allow getting them to the locations to see the work and to visit with the people who are benefiting from these projects. That helps me because it improves understanding. So I think that's helpful.

I think another thing that's helpful is when we work with the project sponsors on the engineering aspects trying to make sure we squeeze as much good out of every dollar as we can. But then also have a common understanding of what additional capabilities we may have should funding become available that we could put to good work. You know that's the reason why I became a public servant years ago when I graduated and got my engineering degree. It's some of the most rewarding work that I do.

Senator TESTER. Good. I appreciate, you know, getting the most bang for the buck and then making sure the engineering meets the needs and is lean and mean in that process. I would tell you that I would offer our help in getting anything that we can do to help facilitate these folks out here because I agree with you.

We can get people within the bureaucracy to come out and see first hand what's going on. Come and see first hand, as you have. As you've said, you have had to see first hand what's going on as far as inadequacies in rural America in this region. I think it helps us all.

Mr. RYAN. Yes, sir.

Senator TESTER. Makes our job a bit easier.

Mr. RYAN. Yes, sir.

Senator TESTER. So thank you very much, Mike.

Mr. RYAN. Thank you, Senator.

Senator JOHNSON. Mr. Ryan, in conclusion I don't understand the priorities of this Administration. For instance $1 billion would make a huge difference in the water funding for America. It costs $200 billion a year in Iraq.

I don't understand that as a set of priorities at all. But I don't expect you to answer that. Thank you for coming.

Mr. RYAN. Thank you, sir.

Senator JOHNSON. Thank you, Senator Tester. Now I'd like to move onto to the second group of witnesses. We have a good list of witnesses from South Dakota who can provide their views on the importance of BOR's meeting the water supply needs of the State.

We're joined today by Mayor David Munson of Sioux Falls, South Dakota. Troy Larson, Executive Director of the Lewis and Clark Regional Water System. President John Steele of the Oglala Sioux Tribe. President Rodney Bordeaux of the Rosebud Sioux Tribe. Chairman Mike Jandreau of the Lower Brule Sioux Tribe and Jake Fitzgerald, manager of the West River/Lyman-Jones Water System.

Welcome to each of you. Mayor Munson, please go ahead with your statement. We'll then proceed with the other witnesses. After all of you have completed your statements we'll proceed with questions.

Mayor Munson, go right ahead.

STATEMENT OF DAVE MUNSON, MAYOR, SIOUX FALLS, SD

Mr. MUNSON. Mr. Chairman and Senator Tester, my name is Dave Munson, Mayor, city of Sioux Falls, South Dakota. It is my pleasure to welcome you to our city. I thank you for bringing this field hearing to Sioux Falls. For the opportunity to testify before your committee regarding the need our city has for Lewis and Clark Regional Water System.

Sioux Falls is the largest city in South Dakota. Last year our population exceeded 150,000 people. By the year 2035 we estimate Sioux Falls will have 271 citizens. If you combine the city with our four county area our population will approximately 400,000.

Our city is striving for many reasons. We believe we found an excellent balance between cost of living and quality of life. For three straight years a major national publication has ranked Sioux Falls the best small city in America for businesses and careers.

In 2007 the value of our building construction exceeded a half billion dollars, a number you usually find in cities the size of Omaha or Des Moines. Our housing market is stable. In 2007 alone we constructed over 1,700 dwelling units which was much higher than in the last several years.

Our unemployment rate is extremely low. Our major industries are diversified with an excellent medical community, a very strong financial sector and continued ties to our agricultural roots. But we know that for Sioux Falls to continue to grow and fulfill its potential we need to secure a future water supply.

For 20 years the city has been committed to working as a regional partner to develop the Lewis and Clark Water System. In 2007 our city Council approved the largest bond issuance in the city's history. We committed $70 million to pre-pay the city's share of the Lewis and Clark project.

Our debt will be repaid over 30 years through increases to our resident's water rates. We believe it is critical to show our Federal partners that the citizens of Sioux Falls are sharing in the cost of this critical need for our community.

When Lewis and Clark is completed Sioux Falls will be able to access 27 million gallons of water a day. This will provide enough supply to meet the needs of not just our residents, but the many businesses that draw thousands of regional employees and customers. They help make Sioux Falls an economic engine for the entire State of South Dakota and the surrounding region.

Since 2000 the Sioux Falls Metro Area has added more than 12,000 jobs. This accounts for more than half of all the new jobs added to the entire State of South Dakota in that time. Taxable sales in Sioux Falls also account for more than 25 percent of all sales in the State.

It makes sense that a growing city has many needs from road improvement to features like parks and libraries that improve our quality of life. But as we prioritize these needs in Sioux Falls, water consistently rates as our top priority. Without it, we simply cannot sustain our positive growth.

Sioux Falls has a geographic room to expand. We continue to invest in our critical infrastructure, including streets, sanitary sewer systems and storm drainage facilities. Without an adequate water supply, however, this well planned growth simply cannot continue.

When new businesses and industry visit Sioux Falls a major factor determining their move is the availability of water. The expanded Lewis and Clark pipeline will provide water resources for Sioux Falls to meet its growth for the next 40 to 50 years if properly managed. While we are clearly very focused on growing our available water supply we are also committed to conserving this precious resource.

I am proud to say that Sioux Falls is leading the way in our State and Region when it comes to responsible water use. For several years we have restricted water use between noon and five when demand was highest on the system. We also have transitioned residents into watering on odd/even days of the week and recently made that change year round instead of only in the summer months.

We offer water conservation kits to residents with items like low flow shower heads, hose nozzle and lawn watering gauge. We also provide rebates for purchasing efficient washing machines, rain sensors and irrigation timers. To date we have rebated back nearly $1.4 million to our residents and have lowered our per capita use of water by nearly 10 gallons of water per person per day.

Sioux Falls is not simply waiting for a supplemental supply of water. We are working hard to become a more sustainable community now and well into the future. In Sioux Falls we truly recognize the value of our natural resources.

We are grateful that our Federal partners continue to support our infrastructure needs through the Lewis and Clark Regional Water System. I assure you that you're investing in an excellent city. That future generations will benefit from your support for decades to come.

I want to thank you again for the opportunity to present at this important hearing.

[The prepared statement of Mr. Munson follows:]

PREPARED STATEMENT OF DAVE MUNSON, MAYOR, SIOUX FALLS, SD

My name is Dave Munson, Mayor of Sioux Falls, South Dakota.

It is my pleasure to welcome you to our city. And I thank you for bringing this field hearing to Sioux Falls and for the opportunity to testify before your Committee regarding the need our city has for the Lewis and Clark Regional Water System.

Sioux Falls is the largest city in South Dakota. Last year, our population exceeded 150,000 people. By the year 2035, we estimate Sioux Falls will have 271,000 residents.

If you combine the city with our four-county area, our population will be approximately 400,000.

Our city is thriving for many reasons. We believe we've found an excellent balance between cost of living and quality of life.

For three straight years, a major national publication has ranked Sioux Falls the best small city in America for businesses and careers.

In 2007, the value of our building construction exceeded half a billion dollars, a number you usually find in a city the size of Omaha or Des Moines. Our housing market is stable. In 2007 alone, we constructed over 1,700 dwelling units, which was much higher than the last several years.

Our unemployment rate is extremely low. Our major industries are diversified, with an excellent medical community, a very strong financial sector and continued ties to our agricultural roots.

But we know that for Sioux Falls to continue to grow and fulfill its potential, we need to secure our future water supply.

For 20 years, the city has been committed to working as a regional partner to develop the Lewis and Clark water system.

In 2007, our City Council approved the largest bond issuance in the City's history. We committed 70 million dollars to prepay the City's share of the Lewis and Clark project. Our debt will be repaid over 30 years through increases to our residents' water rates. We believe it is critical to show our federal partners that the citizens of Sioux Falls are sharing in the cost of this critical need for our community.

When Lewis and Clark is completed, Sioux Falls will be able to access 27 million gallons of water a day.

This will provide enough supply to meet the needs of not just our residents, but the many businesses that draw thousands of regional employees and customers. They help make Sioux Falls an economic engine for the entire state of South Dakota and the surrounding region.

Since 2000, the Sioux Falls metro area has added more than 12,000 jobs. This accounts for more than half of all the new jobs added to the entire state of South Dakota in that time.

Taxable sales in Sioux Falls also account for more than 25 percent of all sales in the state.

It makes sense that a growing city has many needs, from road improvements to features like parks and libraries that improve our quality of life. But as we prioritize these needs in Sioux Falls, water consistently rates as our top priority.

Without it, we simply cannot sustain our responsible, positive growth.

Sioux Falls has the geographical room to expand. We continue to invest in our critical infrastructure including streets, sanitary sewer systems, and storm drainage facilities. Without an adequate water supply however, this well-planned growth simply cannot continue. When new businesses and industries visit Sioux Falls, a major factor in determining their move is the availability of water.

The expanded Lewis & Clark pipeline will provide water resources for Sioux Falls to meet its growth needs for the next 40 to 50 years if properly managed. While we are clearly very focused on growing our available water supply, we're also committed to conserving this precious resource.

I am proud to say that Sioux Falls is leading the way in our state and region when it comes to responsible water use.

For several years, we have restricted water use between noon and five, when demand was highest on the system. We have also transitioned residents into watering on odd and even days of the week, and recently made that change year-round instead of only in the summer months.

We offer free water conservation kits to residents with items like a low flow showerhead, hose nozzle and lawn watering gauge. And we also provide rebates for

purchasing efficient washing machines, rain sensors and irrigation timers. To date, we have rebated back nearly $1.4 million dollars to our residents and have lowered our per capita use of water by nearly 10 gallons of water, per person, per day. Sioux Falls is not simply waiting for a supplemental supply of water; we are working hard to become a more sustainable community, now and well into the future.

In Sioux Falls, we truly recognize the value of our natural resources. We are grateful that our federal partners continue to support our infrastructure needs through the Lewis and Clark Regional Water System.

I assure you that you're investing in an excellent city, and that future generations will benefit from your support for decades to come.

Thank you again for the opportunity to present at this important hearing.

Senator JOHNSON. Thank you, Mayor.

Mr. Larson.

STATEMENT OF TROY LARSON, EXECUTIVE DIRECTOR, LEWIS & CLARK REGIONAL WATER SYSTEM, SIOUX FALLS, SD

Mr. LARSON. I'm Troy Larson. I'm the Executive Director of the Lewis and Clark Regional Water System. I'm honored to have the opportunity, Mr. Chairman, Senator Tester, to be before you. As Executive Director of Lewis and Clark I hope to convey to you the importance of the Federal Government's commitment in helping to address the critical water needs of the tri-state region through the development of this vitally important water project.

Lewis and Clark is a unique cooperative effort among 20 member cities and rural water systems. The States of South Dakota, Iowa and Minnesota as well as the Federal Government. Also unique is the project's regional approach to address common water problems in the tri-state region in a more effective and cost efficient way than each member could even attempt to do alone.

Regional water problems include shallow wells and aquifers prone to contamination, compliance with ever tightening Federal drinking water standards, population and economic growth stifled due to inadequate water supplies and insufficient resources to replace aging facilities. When completed the project will be a wholesale provider of water to its 20 cities and rural water systems. Lewis and Clark will not connect individual homes and businesses.

Through its members Lewis and Clark will provide a desperately needed source of quality, reliable drinking water from a series of wells adjacent to the Missouri River to over 300,000 people in South Dakota, Iowa and Minnesota. The following chart to my left shows the service area of Lewis and Clark which represents the size of Connecticut. We haven't informed Connecticut of this yet, but they're an official unit of measurement now for Lewis and Clark. But it gives you a perspective of its scope.

Lewis and Clark was incorporated in 1990. In 2000 the project was authorized by Congress and signed into law. The project is owned and governed by the 20 local members with construction oversight provided by the Bureau of Reclamation.

Construction got underway in 2004. So we are in our fifth season of construction. Currently the project has 90 miles of primarily 54-inch diameter pipe either completed or under construction along with seven wells.

In the picture to my right puts in perspective the 54-inch diameter pipe. For those in the audience I believe there's some copies of my testimony that you'll be able to see some of these pictures and

graphs.* For you, Senator Tester, for your benefit I should note that a $30.7 million pipeline project was just awarded last week to a firm headquartered out of Bozeman, Montana. So they'll be doing some work for us.

Senator TESTER. Thank you.

[Laughter.]

Mr. LARSON. A couple other pictures of our construction. On my right here is a typical cross section of our pipeline construction. There is six foot of fill that goes on top of the pipeline. The picture on my left shows a 50-foot long section of the 54-inch diameter pipe being lowered into the trench. I just share these pictures to give you a little bit of perspective on the size of the pipeline.

The following chart summarizes the progress being made. The red lines represent construction that has been completed. The green lines are construction that is underway. In addition the first phase of the water treatment plant will be bid this summer. The maximum capacity of the plant will be 45 million gallons a day.

Today's field hearing comes at an exciting time for Lewis and Clark. On May 1, Lewis and Clark celebrated a momentous occasion as we put into operation the first segment of pipeline. The nine miles of pipe between Sioux Center and Hull shown over here were built several years earlier than planned to serve as an emergency connection for Hull which is facing water shortages.

On a temporary basis until Lewis and Clark water arrives, Lewis and Clark will purchase water from Sioux Center. Resell it to Hull as a band aid approach to buy time for that community. As our Chairman, Red Art noted, who's with us today, "It took 18 years, but we're finally selling water, nine miles down, only 328 miles to go."

A similar emergency connection is being built sooner than planned for the rapidly growing communities of Tea and Harrisburg, South of Sioux Falls. That's this segment of pipe right here. That is being built earlier than anticipated as well.

In the short term water will be purchased from Sioux Falls on a temporary basis and resold to Tea and Harrisburg. We hope to have this second emergency connection in operation this summer. These emergency connections demonstrate the critical water needs in the region and the extent Lewis and Clark is going to try to buy time for these communities until Lewis and Clark water arrives.

Another demonstration of the critical water needs is the pre-payment being made by the local members and 3 States. Generally speaking the cost break down for this project is 80 percent Federal funding, 10 percent from the 3 states and 10 percent from the local members. The exception is Sioux Falls which has a higher cost share.

To help keep construction on track and reduce the impact of inflation, 17 of Lewis and Clark's 20 members have pre-paid their entire share of the project. As you will see on this chart, to date the members have paid a total of $106.5 million which represents close to 99 percent of the member's commitment. It's important to note and I can't stress this enough that many of the members are prepaying millions of dollars, decades or more, before they will see a

* Pictures and graphs have been retained in subcommittee files.

single drop of water. That's putting your money where your mouth is.

As has been noted by some in Congress, this took a lot of guts and demonstrates not only the strong local support, but how important it is for the project to be completed in a timely manner. In addition on the chart you will see the States of Iowa and Minnesota have paid 100 percent of their commitment which totals $12.4 million. The South Dakota legislature approved $6.4 million for Lewis and Clark this year which is one-third of Governor Round's plan to pre-pay the State's remaining share by 2010.

By contrast, the Federal Government has paid $102 million to date which represents just over 28 percent of the Federal Government's commitment. Now it's important to note that we are very grateful for the funding that has been appropriated thus far. We are especially grateful to our elected officials who have fought so hard for every penny that has been allocated for Lewis and Clark.

In particular last year's record $26.5 million for the project would have never happened without the leadership of Senators Tim Johnson, John Thune and Representative Stephanie Herseth Sandlin. Given the tight budget constraints Congress was facing last year, securing a $5.5 million increase over last year was nothing short of a Herculean effort by our tri-state congressional delegation. Unfortunately that great news was short lived, lasting only 5 weeks until we learned that Lewis and Clark has received a recommendation of $0 dollars in the Bureau of Reclamation's budget for fiscal year 2009.

Thirty-five million dollars is what Lewis and Clark needs to keep construction on schedule which is already close to 4 years behind schedule. At $35 million, the earliest the project would be completed is 2020 which is shown by the blue line on this chart to my right which highlights the impacts of inflation. At $35 million a year the total project cost would be just over $525 million.

However, if hypothetically the project only receives $15 million each year, which is what the Administration proposed last year, it's estimated the project would not be completed until 2045 as shown by the green line and would have an overall price tag of just over $700 million. This assumes, I want to stress, a very conservative 4 percent rate of inflation. We haven't seen 4 percent rate of inflation for some time. So these numbers will likely be higher.

In summary, rural water projects, like Lewis and Clark are vitally important to improving the quality of life and expanding economic development opportunities for the people they serve. Projects like Lewis and Clark simply cannot be completed without the cooperation and assistance from the Federal Government. However the longer it takes to receive the necessary Federal funding for these projects, the more expensive they become as a result of inflation. The longer critical water needs go unmet.

It's very important that rural water projects under construction be completed in a timely manner. Thank you very much for you time and consideration.

[The prepared statement of Mr. Larson follows:]

PREPARED STATEMENT OF TROY LARSON, EXECUTIVE DIRECTOR, LEWIS & CLARK REGIONAL WATER SYSTEM, SIOUX FALLS, SD

Mr. Chairman and members of the Committee, I am honored to have the opportunity to appear before you to discuss the Lewis & Clark Regional Water System (L&C). As Executive Director of L&C, I hope to convey to you the importance of the federal government's commitment in helping to address the critical water needs of the tri-state region through the development of this vitally important water project.

L&C is a unique cooperative effort among 20 member cities and rural water systems, the States of South Dakota, Iowa, Minnesota, and the Federal Government. Also unique is the project's regional approach to address common water problems in the tri-state region in a more effective and cost-efficient way than each member could even attempt to do alone. Regional water problems include shallow wells and aquifers prone to contamination, compliance with ever tightening federal drinking water standards, population and economic growth stifled due to inadequate water supplies, and insufficient resources to replace aging facilities. When completed, the project will be a wholesale supplier of water to its 20 cities and rural water systems. L&C will not connect individual homes and businesses. Through its members, L&C will provide a desperately needed source of quality, reliable drinking water from a series of wells adjacent to the Missouri River to over 300,000 people in South Dakota, Iowa and Minnesota. The following chart shows the service area of L&C, which represents the size of Connecticut.

L&C was incorporated in 1990 and in 2000 the project was authorized by Congress and signed into law. The project is owned and governed by the 20 local members, with construction oversight provided by the Bureau of Reclamation. Construction got underway in 2004, so we are in our fifth construction season. Currently, the project has 90 miles of primarily 54" pipe either completed or under construction, along with seven wells. For Senator Tester's benefit, I should note that a $30.7M pipeline contract was awarded last week to a firm headquartered in Bozeman, MT.

Here are a few pictures that show the 54" pipe being constructed.

The following chart summarizes the progress being made. The red lines represent construction that has been completed and the green lines are construction that is underway.

The first phase of the water treatment plant will be bid this summer. The maximum capacity of the plant will be 45 million gallons a day.

Today's field hearing comes at an exciting time for us. On May 1st, L&C celebrated a momentous occasion as we put into operation the first segment of pipeline. The nine miles of pipe between Sioux Center and Hull, Iowa, were built several years earlier than planned to serve as an emergency connection for Hull, which is facing water shortages. On a temporary basis until L&C water arrives, L&C will purchase water from Sioux Center and re-sell it to Hull as a band-aid approach to buy time for that community. As our Chairman, Red Arndt, noted, "It took eighteen years, but we're finally selling water. Nine miles down, only 328 miles to go."

A similar emergency connection is being built sooner than planned for the rapidly growing communities of Tea and Harrisburg, with water to be purchased from Sioux Falls on a temporary basis. We hope to have this second emergency connection in operation this summer. These emergency connections demonstrate the critical water needs in the region and the extent L&C is going to try to buy time for these communities until L&C water arrives.

Another demonstration of the critical water needs is the pre-payment being made by the local members and three states. Generally speaking, the cost breakdown for this project is 80% Federal funding, 10% from the three states and 10% from the local members. The exception is Sioux Falls, which has a higher cost share. To help keep construction on track and reduce the impacts of inflation, 17 of L&C's 20 members have pre-paid their entire share of the project. As you will see on this chart, to date, the members have paid a total of $106.5M, which represents close to 99% of the members' commitment. It's important to note that many of the members have pre-paid millions of dollars a decade or more before they will see a single drop of water. That's putting your money where your mouth is. As has been noted by some in Congress, this took a lot of guts and demonstrates not only the strong local support, but how important it is for the project to be completed in a timely manner.

In addition, the States of Iowa and Minnesota have paid 100% of their commitment, which totals $12.4M. The South Dakota Legislature approved $6.4M for L&C this year, which is one-third of Governor Rounds' plan to pre-pay the State's remaining share by 2010.

By contrast, the Federal government has paid $102M to date, which represents just over 28% of its commitment. It is important to note that we are very grateful

for the funding that has been appropriated thus far—and we are especially grateful to our elected officials who have fought so hard for every penny that has been allocated to L&C. In particular, last year's record $26.5M for the project would have never happened without the leadership of Senators Tim Johnson, John Thune and Representative Stephanie Herseth Sandlin. Given the tight budget constraints Congress was facing last year, securing a $5.5M increase over last year was nothing short of a Herculean effort by our tri-state delegation. Unfortunately, that great news was short-lived, lasting only five weeks until we learned that L&C had received a recommendation of zero dollars in the Bureau of Reclamation's budget for FY09.

$35M is what L&C needs to keep construction on schedule, which is already close to four years behind schedule. At $35M, the earliest the project would be completed is 2020, which is shown by the blue line on this chart that highlights the impacts of inflation. The estimated cost of the project would be just over $525M. However, if hypothetically the project only receives $15M each year, which is what the Administration proposed last year, it is estimated the project would not be completed until 2045, as shown by the green line, and would have an overall price tag of just over $700M. This assumes a very conservative 4% rate of inflation, so the numbers will likely be higher.

In summary, rural water projects like L&C are vitally important to improving the quality of life and expanding economic development opportunities for the people they serve. Projects like L&C simply cannot be completed without the cooperation and assistance from the Federal government. However, the longer it takes to receive the necessary Federal funding for these projects, the more expensive they become as a result of inflation and the longer critical water needs go unmet. It is very important that rural water projects under construction be completed in a timely manner. Thank you very much for your time.

Senator JOHNSON. Mr. Steele.

STATEMENT OF JOHN STEELE, PRESIDENT, OGLALA SIOUX TRIBE, PINE RIDGE, SD

Mr. STEELE. We don't all have to go to Washington to—I don't like that place over there.

[Laughter.]

Mr. STEELE. But Senator, I'd like to say that yourself, you've been involved in just about every one of these projects since their inception. I think you've done the most while you were in the House of Representatives and the Senate to see these projects to where they are now. Senator Tester, I thank you for coming to South Dakota and welcome.

Senators, we not only thank you for holding this hearing here. We, from the Oglala Sioux Tribe, and the Mni Wiconi Project would endorse and support each and every project on that board up there. The Lewis and Clark, the Mni Wiconi, Perkins County, Garrison Diversion, the Fort Peck and Rocky Boy's because we realize the need for water, not only to today for the health needs and the economic development for the future development.

Our area here is very—some of it, especially my area, like Mr. Larson said here, the quality of the water, the water table going down, the concentration of minerals. It's costing the Federal Government more, Senator Johnson, the longer we wait for the completion of these projects. Our project was to be completed in 2003 and because of the inadequate funding over the years, we're now at a sunset year of 2013.

Also unlike some of the projects out there I would like to say that the treaty that we have with the U.S. Government, the Treaty of Peace, the Federal Government then promised us adequate health care. This, today, is needed on Pine Ridge. We can show it, Senator, in some of the statistics now. But we would like to say, Sen-

ator, that we have a very good team. The Lyman-Jones/West River, Lower Brule and Rosebud along with the Oglalas are getting the project done.

I would like, Mr. Ryan and I liked his testimony. But I think that BOR needs to step up to the plate a little more. I would like to meet with Mr. Ryan to tell him he's looking at cost efficiency and the cost effective manner in which to get the projects done.

But I don't know if Mr. Ryan knows the history, the Appropriations of 1871 saying that no more treaties would be made with Indian tribes. Hereafter they would be dealt with, with acts of Congress. But nothing in these acts would or could change anything in the existing treaties. That the U.S. Supreme Court in several cases ruled that the treaties are to be interpreted as the Indians interpret them.

The Act of 1877, they call it, I don't know what the right name of that is. But a lot of people refer to it back at home. When the Federal Government realized that they'd killed off all of the buffalo and the Act of 1877 is sort of a social services act that established the rations. In general it says to sustain that individual Indian.

Senators the rations came out of that surplus commodity program. We'd like to interpret that to mean in keeping of the Federal Governments treaty language and the healthcare to show them how the existing infrastructure of the pipeline, right now, has affected these statistics and these numbers. It's affected the cost to the Federal Government and how, yet today, the chemicals, especially arsenic.

EPA is temporarily letting us use some wells, Senator, with the understanding that this river water is going to reach Pine Ridge. This arsenic is causing cancer. There's a high cost to that, Senator. It can be affected with the completion of our project in Mni Wiconi.

We need to talk to someone to show them this documentation so that the government will—and we also have some posters, Senator. The first one is the pipe trenching between Kadoka and the Reservation. I would like to introduce the individual standing there, Senator and say that Mr. Frank "Popo" Means, when I was Vice President.

I believe, Pope, that was between 1984 and 1986. He was on the Tribal Council. He went up to Karoake and met with Senator Abner had a meeting up there. That was the first time that the non-Indian and the Indian got together on our water needs.

We had been thinking of the same thing back in the 1950's, we understand, on usage of that Missouri River water. So that's when we actually got together, testimony was developed. Now, Mr. Means is the Executive Director of our whole program, the Mni Wiconi Project, the construction from the river to the Reservation and inside the Reservation, the distribution system. But the pipe trenching is the connecting between Karoake and Pine Ridge which we will realize this fall.

The other picture is, we call it one of the most modern treatment plants in the whole United States, very computerized. Oglala Sioux Tribal members are in charge. They're operating the intake and the water treatment plant. Everything is going good in the communities we're supplying right now. We do have a reservoir there. We

have reservoirs, pumping stations that the Oglala Sioux Tribe operates and maintains.

The last picture on the end over there is what is labeled water hauling. This is an ongoing thing on Pine Ridge that we have homes that have to haul water for domestic use, for drinking, for washing dishes, for cooking. We get into it with the Bureau because they don't like the project of hauling water to people's homes.

We have to argue with them over a budget for that so that we can at least the household by delivering water to their homes until the pipeline and distribution system does get to them. But that's water hauling. We've got quite a number of them yet on Pine Ridge that we haul water to their homes.

I'm taking too much time up, Senator. Will be able to answer questions. But I did provide you with some written testimony, Senator and would like to have that included in the record, please.

Senator JOHNSON. It will be received.

Mr. STEELE. Thank you.

[The prepared statement of Mr. Steele follows:]

PREPARED STATEMENT OF JOHN STEELE, PRESIDENT, OGLALA SIOUX TRIBE, SIOUX FALLS, SD

Mr. Chairman, my name is John Steele, and I am president of the Oglala Sioux Tribe. I am pleased that you extended an invitation to present testimony on the status of rural water projects. I am representing the Oglala Sioux Rural Water Supply System, which was created pursuant to the Mni Wiconi Project Act of 1988, Pub.L.100-516.

The Oglala Sioux Rural Water Supply System serves as the backbone of the Mni Wiconi Project. It diverts raw water from the Missouri River near Fort Pierre, South Dakota, treats the water in a state-of-the-art processing facility manned by members of the Oglala Sioux Tribe and delivers water through 4,200 miles of pipeline, when completed, to the Lower Brule, Rosebud and Pine Ridge Indian Reservations and parts of nine counties in southwestern South Dakota served by the West River/Lyman-Jones Rural Water System (See Exhibit 1).* It is the largest rural water project in the world. Each of these interconnecting systems will present testimony separately.

HISTORY OF THE GEOGRAPHICAL AREA SERVED

The Oglala Sioux Tribe and other Sioux tribes fought a war called the Potter River War (Red Cloud's War) from 1866-1868, which culminated in the signing of the 1868 Fort Laramie Treaty, 15 Stat. 635. Article II of the Fort Laramie Treaty of 1868 established the area west of the "east bank" of the Missouri River as the Great Sioux Reservation, a permanent reservation for the signatory tribes. This was the homeland of the Lakota people. Our leadership recognized the importance of the Missouri River and embraced both banks and the full course of the stream within our Treaty area. Our water treatment plant, 200 miles east of the Pine Ridge Indian Reservation, relies on this source of water that was so important to our forefathers.

In 1876, Congress attempted to purchase the Black Hills portion of the Reservation but could not obtain the requisite number of signatures needed from the Indian people to constitute a cession by agreement. Congress resolved its perceived impasse by enacting the agreement into law as the 1877 Act, 19 Stat. 254. Under Article 5 of the 1877 Act, Congress promised all aid to civilization to the signatory tribes as part of the quid pro quo for the confiscated territory. We view the Mni Wiconi Project as a part of this promise. It will, when fully implemented, provide a safe supply of water to the Oglala and other Sioux project sponsors.

In 1889, Congress admitted South Dakota as a new member of the United States. Congress also created smaller reservations out of the Great Sioux Reservation, including the Pine Ridge, Lower Brule and Rosebud Reservations. 25 Stat. 888. Settlement by non-Indians was permitted west of the Missouri River.

* Exhibits have been retained in subcommittee files.

When the Mni Wiconi Project Act was signed into law in 1988, five generations of the Lakota and white settlers had coexisted in the project area, but great prejudices existed between the two peoples. Our people had existed in deep poverty, and bad feelings predominated with the farmers and ranchers outside the Reservation. Our people initially refused to accept the Project, suspicious of the intentions of the United States and skeptical that the benefits of the project as proposed would ever reach the Pine Ridge Indian Reservation. Many felt that the Tribe was being used to deliver water to people off the Reservation, and water would never reach us.

The poverty has not abated. The Pine Ridge Indian Reservation remains the lowest per capita income region in the Nation, but the Mni Wiconi Project has brought an element of hope and faith in the future. Through the Mni Wiconi Project we have had to meet our neighbors, settle age-old differences with them and pull together for a common purpose of building a magnificent project that will improve the quality of life for everyone in Western South Dakota, non-Indian and Indian alike.

From the standpoint of the Office of Management and Budget (OMB), the project must conform to all federal regulations and be built as efficiently and cost-effectively as possible within a constrained budget and without consideration of the social benefits. But from our standpoint, great divides have been crossed, and a reconciliation of social differences between peoples with vastly different backgrounds has been achieved. This is not to say that differences do not exist, but the Mni Wiconi Project has brought a mutual level of respect between the Indian and non-Indian water users. The Oglala Sioux Tribe has demonstrated that it can operate the common facilities beginning at the Missouri River and deliver the water of life to non-Indian neighbors within the West River/Lyman-Jones service area and to our relations on the Lower Brule and Rosebud Indian Reservations.Oglala Lakota tribal members have developed and demonstrated the skills, qualifications and competence to operate a highly sophisticated engineering project for the mutual benefit of everyone. This is a great honor to the people of the Pine Ridge Indian Reservation.

EXTENDED SCHEDULE OF CONSTRUCTION

While there is pride in the project and hope for the future, we have been afflicted by an inadequate level of funding appropriated by Congress. This problem begins with a chronically low allocation from OMB for the rural water program of the Bureau of Reclamation in the President's annual budget proposals. Congress has consistently worked to increase the level of funding for our project, but the funds have been inadequate to advance at the rate of construction contemplated in the authorizing legislation and within the sponsors' capability. Our original statutory completion date was 2003. In 2000, Congress extended the completion date through 2008, and last year Congress extended the completion date through 2013. These amendments have been necessary because Congress has not been able to provide funds that would permit us to complete the project on schedule. Congress needs an adequate budget request from which to work. It has consistently worked hard to enact funding as much as possible over the requests, but with a higher floor from the President, it could be able to achieve enacted levels much closer to the level of annual need. Rather than completion in one decade, the project has been extended through two full decades, and the benefits have been delayed.

The Pine Ridge Indian Reservation is the furthest location from our water treatment plant on the Missouri River. The Oglala Sioux Tribe will not receive Missouri River water until late in fiscal year 2008, 15 years after the start of construction. All of our effort prior to FY 2008 has been to build the intake, water treatment plant and pipelines used for the common benefit of the Lower Brule, Rosebud, Pine Ridge and West River/Lyman-Jones service areas. As those common pipelines have been constructed westward, the Bureau of Reclamation has authorized the building of the distribution systems that could receive Missouri River water. It did not, however, authorize the building of the distribution systems on the Pine Ridge Indian Reservation in advance that would receive Missouri River water. We have been able to deliver all water requirements to the Lower Brule Sioux Indian Reservation. Likewise, the Rosebud Sioux Indian Reservation has been able to connect to our pipelines and receive Missouri River water. The West River/Lyman-Jones service area now receives Missouri River water in most areas except its far western portion. (See Exhibits II and III for examples of constructed facilities).

Most of the remaining construction will and must focus on the distribution system on the Pine Ridge Indian Reservation. The remaining 40% of the population to be served by the Missouri River water treatment plant resides on the Reservation. Missouri River water will finally be delivered to the northeast corner of the Pine Ridge Indian Reservation and the community of Wanblee in late 2008. While we are pleased that it is coming, much work remains before we can provide water to our

people throughout our Reservation. We continue to haul water by truck to hundreds of households on the Reservation (See Exhibit III, for example).

Delay in delivering Missouri River water to the Pine Ridge Indian Reservation has created great anxiety among the Oglala Lakota membership. Old suspicions have been renewed that water will never reach us, that Congress will withdraw its support for the project when the non-Indian service area has been largely completed. These concerns were elevated this winter by the drastic cut in the President 's Budget which reduced the Bureau-wide Rural Water Program from $55 million in FY 2008 to $28 million in FY 2009. The cut for the Mni Wiconi Project was severe. If not restored by Congress, the project cannot be completed by 2013. The delivery of water to the Oglala Lakota will be delayed, anxiety levels will rise and confidence in the project and the United States will diminish.

HEALTH BENEFITS OF MNI WICONI PROJECT

The project area was formerly occupied by an ancient, inland sea. Dinosaurs surrounded its shores. Over many eons, salts accumulated in the sediments that were deposited. To the west in the Yellowstone Park area, volcanism contributed arsenic and uranium to the sediments carried by the streams reaching the ancient sea. When this ancient sea receded, the sediments were eroded and are now visible in the Badlands area of the Pine Ridge Indian Reservation. As wells were developed during the last century, the first problem was obtaining an adequate supply of water. The second problem was the poor quality of the meager supply. The high concentration of chemicals makes the water unfit for drinking in all but the southeastern portion of the Reservation.

The high chemical content of the water and its general lack of suitability have made sanitation and ingestion a health issue for our tribal members. Before the Mni Wiconi Project enabled us to develop and distribute higher-quality groundwater from the southeastern portion of our Reservation,[1] the Indian Health Service attributed high incidence of shigellosis, gastroenteritis, hepatitis C and other diseases to poor water quality.

The Mni Wiconi Project was designed to develop 50% of our future supply from high quality groundwater sources. The remaining 50% will be derived from the Missouri River. The diseases listed above are rare since the replacement of individual wells and development and redistribution of our higher-quality groundwater sources. The remaining water supply from the Missouri River will vastly improve water quality and reliability, and these former diseases will be eliminated.

There are other more indirect health benefits associated with the project. The Oglala Sioux Tribe has previously requested OMB and the White House to form a task force to gather and analyze mortality data in South Dakota among the Indian and non-Indian populations and the associated costs of healthcare to be borne by the Treasury in the future. Poverty on the Pine Ridge Indian Reservation has an additional health-care cost, relative to the population not in poverty, estimated at $1.2 billion for each 24,000 members of our population over the next 50 years. Mortality rates among the Indian people are shockingly high compared with the rest of the population.

Death rates in the Indian population due to diabetes are 10 times the number of deaths in non-Indian regions for ages over 35 years. Similarly, deaths due to heart disease in the Indian population are 1.67 times the number in the non-Indian population for those under 35 years of age. Indian deaths attributed to heart disease were 2.10 times the number in the non-Indian population for persons between 35 and 59 years of age. Cancer deaths of Indians greatly exceed those of the non-Indian population for persons aged 60 and over.

Extra annual health-care costs for the Indian population were estimated using the national costs of health care as set out in the table below. Extra health-care costs are for mortality levels above that experienced in the non-Indian population of our region. For example, 1.25% of the Indian population over 60 died from diabetes between 1989 and 1997 as compared with 0.1% of the regional non-Indian population.

[1] Ancient winds deposited sand over the seabed sediments in this area, and the Tribe inherited more suitable water quality in the southeastern regions of the Reservation.

NATIONAL HEALTH COST INFORMATION

Disease	National Deaths	National Indirect Costs (billion $)	National Direct in Costs (billion $)	National Total Costs (billion $)	Cost Per Death
Diabetes	72,112	$45.2	$46.4	$ 91.6	$ 1,270,246
Heart	959,227	--	--	286.5	298,678
Cancer	539,533	$37.0	70.0	107.0	198,320

Mortality is inversely correlated with income levels or directly correlated with poverty. As income levels decline, mortality increases. Other factors, such as genetics, clearly have an influence; but income level was shown to explain much of the difference in mortality rates between Indian and non-Indian people living in the same area.

The Mni Wiconi Project is a part of the solution to these significant healthcare issues. The project is a foundation. It is intended to not only bring safe drinking water to our people, but commercial and industrial development and much needed employment. This will assist in raising income levels on the Reservation, a step toward bringing our people out of poverty. This will, in turn, bring a significant improvement in the health of the Oglala Lakota people, thereby reducing future health-care costs and, most of all, the agony of the families affected.

Completing the project will have the effect of lowering mortality and health-care costs on our Reservation. To the degree that income levels have been raised, mortality and associated healthcare costs can be expected to decline. We need the appropriations necessary to complete the project in 2013 so that the Tribe, its members and can realize these benefits and the federal government can realize a savings in health care costs.

The extra health-care cost estimates are of so great a magnitude that there is a pressing need to (1) fully evaluate and quantify differences in mortality between Indians and non-Indians; (2) correlate mortality with income levels; and (3) determine the impact of the Mni Wiconi Project on improving the economy of the Pine Ridge Indian Reservation and its role thereby in lowering health-care costs. These tremendous health-care costs in such a relatively small population of our Nation stand as an ongoing human tragedy which demands compassion to rectify. Moreover, these costs foretell a considerable drain on the federal Treasury that cries out for remedy.

CONSTRUCTION COSTS

Costs of inflation and delays in funding have greatly increased the appropriations required to complete the project. Costs have risen from $257 million in 1993 dollars to $452 million in 2007 dollars. Much of the remaining project costs are for polyvinylchloride (PVC) pipe, which is manufactured from oil products that have risen from $35 to $130 per barrel over the past year. This has a dramatic impact on the price of pipe. The full level of inflation has not yet been realized.

As shown in the table below, the project will be 81% complete at the end of FY 2008. Construction funds remaining to be spent after FY 2008 will total $87.691 million within the current authorization (in October 2007 dollars). PL 110-161 extended the project authorization from FY 2008 through FY 2013. Additional administrative and overhead costs of extending the project, additional construction costs, and accelerated inflation over the next 5 years are expected to increase remaining project costs to $137.167 million.

Total Federal Construction Funding (Oct 2007 $)	$ 451,707,000
Estimated Federal Spent Through FY 2008	$ 364,016,000
% Spent Through FY 2008	80.59%
Amount Remaining after 2008	
Total Authorized (Oct 2007 $)	$ 87,691,000
Overhead Adjustment for Extension to FY 2013 and Other	$ 109,851,000
Adjusted for Annual Inflation	$ 137,167,000
Completion Fiscal Year (Statutory FY 2013; PL 110-161)	2,013
Years to Complete	5
Average Annual Required for Finish	$ 27,433,000

Cost indexing over the last five years has averaged 7.89% for pipelines. Pipelines are the principal components yet to be completed (see chart below)*. Assuming an average 7.89% inflation in construction costs in the remaining five years to complete the project, average annual funding of $27.433 million for construction is required to complete by 2013, the new completion date established just last year. The President's budget of $16.24 million is grossly inadequate, departs significantly from recent budgets and threatens an undetermined delay in completing the project by 2013.

Section 2(a)(5) of the Mni Wiconi Project Act specifically finds that the United States has a trust responsibility to ensure that adequate and safe water supplies are available to meet the economic, environmental, water supply and public health needs of the Pine Ridge, Lower Brule and Rosebud Indian Reservations. We respectfully request that the United States remain mindful of this responsibility and ensure the project receives the funds necessary to finish by 2013.

RURAL WATER SUPPLY ACT OF 2006

Our understanding of the intent of Rural Water Supply Act of 2006 was that the Secretary would prepare a plan on completion of projects, including the Mni Wiconi Project, that were authorized but not completed prior to 2006 (see extract below). The Oglala Sioux Tribe is anxious to work with the Bureau of Reclamation on that plan. We are not aware of any progress to date. Before the authorization of new projects, including the Red River Valley Project in North Dakota, we are hopeful that existing projects can be prioritized and completed.

CONCLUSION

Thank you for the opportunity to present testimony.

Senator JOHNSON. President Bordeaux.

STATEMENT OF RODNEY BORDEAUX, ROSEBUD SIOUX TRIBE, ROSEBUD, SD

Mr. BORDEAUX. Thank you, Senator. Senator Tester, Senator Johnson, thank you for this opportunity to be able to present testimony today. I am President of the Rosebud Sioux Tribe. The Reservation of the Rosebud Sioux Tribe encompasses up to a million acres and we serve over 20,000 tribal members.

Having a safe, reliable supply of high quality water is taken for granted by most Americans. On the Rosebud Indian Reservation water is respected as a necessity for life and the health and welfare of our people. In the 1980s we developed a small rural water system that took water from the well field near the Rosebud community where high quality ground water is available and we provided this to the community of Parmelee which is located in Todd County.

Our tribal leaders had to work with a variety of agencies including the Farmer's Home Administration, now referred to as Rural Development and the Indian Health Service to expand the system to the other parts of the Reservation where good quality water was not available. However the funding was a major impediment. In 1988 the Mni Wiconi Project was authorized and the Rosebud Sioux Tribe was not a part of that project initially.

Representatives of the BOR met with tribal representatives and explained the project. They emphasized that the participation in the Mni Wiconi Project would not impact the reserved water rights. The Secretary of the Interior was responsible for paying the planning, design, construction, operation and maintenance of the system.

* Chart has been retained in subcommittee files.

In the early 1990s our tribal leaders decided it was in our best interest to participate in the project because No. 1, water lines planned for West River crossed our lands. Number 2, it did not affect our reserved water rates. Number 3, it helped the United States meet the treaty obligations, 1868 Treaty. Number 4, no other source of funding was available to meet our water needs.

I would like to stress the last point which there were pressing needs for quality water to improve the health and welfare of our Reservation. No program was available to meet those needs. So it was in the best interest of the tribe to become part of the Mni Wiconi Project.

We completed a needs assessment in 1993 that identified a preferred alternative, excuse me, that would use a combination of 62 percent surface water from the Missouri River and 38 percent ground water from the Oglala aquifer. Rosebud Sioux Tribe worked with the Oglala Sioux Tribe, West River/Lyman-Jones County and the BOR on the final engineering report for the project. Public Law 103–434 was passed on October 1994 and that amended the Mni Wiconi Project Act to meet the full needs of the Oglala Sioux Tribe, West River/Lyman-Jones and added the Rosebud Sioux Tribe as well as Lower Brule Sioux Tribe.

The inclusion of Rosebud Sioux Tribe would not have been possible without diligence and perseverance of the BOR, our congressional delegates and Senator Johnson, especially, and the other sponsors. We gratefully acknowledge that and show our appreciation. The Mni Wiconi Rural Water Project comprises service areas for both Indians and non-Indians alike and I believe this has improved relationships with the non-Indians over the past 15 years on our reservation. The BOR has provided an even handedness in their oversight of the project that is unique and their technical competence is praiseworthy.

Mni Wiconi has been a blessing. The project is fulfilling the vital need for quality water on our reservation. By the end of this year we will have close to 75 percent completion. I can say that the project has been a success. We have brought high quality water to distant corners of Todd and Mellette counties and worked with Tripp County Rural Water to serve members of the Rosebud Sioux Tribe in Tripp and Gregory Counties which is primarily our secondary service area.

We have brought maps showing the status of our project on the Primary as well as the Secondary Service Area. However, we must not forget the remaining work to be completed. The 25 percent remaining is critical and includes the hooking up of individual homes, businesses, additional reservoirs and pump stations and upgrading obsolete water lines in some communities such as Rosebud. We also have Mr. Syed Huq, our water resources director. He manages Mni Wiconi and the Rural Water System.

The project has met critical economic development and health needs on the reservation. According to the 2000 census the Rosebud Reservation in Todd County is one of the poorest counties in the country. Forty-six percent of the population is below the poverty level as compared to only 14 percent in South Dakota.

Mni Wiconi water has been used for two economic development projects and this year we'll be extending water to serve a tribal

commercial business center which is in progress. These projects provide employment opportunities where none existed before. We have also developed direct employment opportunities in the form of construction administration and inspection, water conservation and tribal construction crews.

Prior to Mni Wiconi Rosebud Rural Water System, members of many communities in the northern part of our Primary Service Area had to haul water and water borne diseases were rampant. Cases of Gastroenteritis averaged 375 per year between 1981 and 1986. The occurrence rate for Shigellosis, another water borne disease, has been reduced from 22 cases in 1992 to 1 case in 2000.

High quality water supplied by Mni Wiconi meets all the requirements of the Safe Drinking Water Act. As shown above has had a direct impact on the health and welfare of our population. Safe drinking water is a source for good health resulting in lowering of health care costs for our tribal members by Indian Health Service.

We have developed an excellent working relationship with BOR since our early involvement in the project. They have supported our efforts to improve the quality of life on the reservation. Shown a high level of common sense and flexibility in how the Project has been implemented. We have also developed an excellent working relationship with not only the Oglala Sioux Tribe and Lower Brule, but also with West River/ Lyman-Jones County Project.

We have some concerns about the Reclamation's Rural Water Program as authorized by the Rural Water Supply Act of 2006. In meetings with the Commissioner and his staff, they have stressed that they are committed to the timely completion of our project. Our concern is that in subsequent Administration's water projects authorized through Reclamation's Rural Water Program could be favored as the Administration prepares their annual budget request for Congress. We hope this does not occur. The completion date of our project was extended to 2008 and now it's up to 2013. Any further extension will prolong the waiting list for remaining health care benefits of high quality water and we need about 30 million to complete our project at Rosebud.

Tribal members on the reservation perceive Mni Wiconi as fulfilling an important trust responsibility of the Federal Government to the Indian Tribes. The history of broken treaties that have deprived them of land and resources have left the tribes angry, poor and distrustful toward the Federal Government. Mni Wiconi not only is an economic and public health benefits engine to the tribes, it is also building social and cultural infrastructure.

The most important highlights of the Mni Wiconi Project is the trust that is being fostered toward the Federal Government by the Indian tribes and a precedent for Indians being primarily responsible for construction, operation and maintenance of one of our largest rural water systems in the country. It is also reconciliation at its finest for the Indians and non-Indians working together respectfully and cooperatively under the umbrella of the U.S. Government, BOR and the United States Congress.

I want to thank you for this opportunity, Senators. I appreciate it.

[The prepared statement of Mr. Bordeaux follows:]

PREPARED STATEMENT OF RODNEY BORDEAUX, ROSEBUD SIOUX TRIBE, ROSEBUD, SD

Mr. Chairman and members of the subcommittee, thank you for the opportunity to testify before you today regarding the status of the Sicangu Mni Wiconi or Rosebud Sioux Rural Water System and the Rural Water Supply Act of 2006.

My name is Rodney Bordeaux. I am the President of Rosebud Sioux Tribe of South Dakota. The Rosebud Reservation comprises over one million acres of land with a population of over 20,000.

Having a safe reliable supply of high quality water is taken for granted by most Americans. On the Rosebud Indian Reservation water is respected as a necessity for life and the health and welfare for our people. In the 1980s we developed a small rural water system that took water from a wellfield near the community of Rosebud, where high quality groundwater is available, to the community of Parmelee where it is not. Our tribal leaders tried to work with a variety of agencies including Farmers Home Administration, now generally referred to as Rural Development, and the Indian Health Service to expand the system to other areas of the reservation where good ground water is not available. We struggled without success.

In 1988, the Mni Wiconi Project was authorized and Rosebud was not a part of the project. Representatives of the Bureau of Reclamation met with tribal representatives and explained the project. They emphasized that participation in the project would not impact our reserved water rights and that the Secretary was responsible for paying for the planning, design, construction, operation and maintenance of the system. In the early 1990s our leaders decided it was in our best interests to participate in the project because: 1) water lines planned for West River crossed our lands; 2) it did not affect our reserved rights; 3) it helped the United States meet treaty obligations to our Tribe; and 4) no other source of funding was available to meet our pressing water needs.

I would like to stress the last point. There were pressing needs for quality water to improve the health and welfare of our reservation and no "program" available to meet those needs. It was in the best interest of the Tribe to become a part of Mni Wiconi Project. We completed a Needs Assessment in 1993 that identified a preferred alternative for that would use a combination of 62% surface water from Missouri River and 38% groundwater from the Ogallala Aquifer. Rosebud worked with the Oglala Sioux Tribe, West River/Lyman—Jones and the Bureau of Reclamation on the Final Engineering Report for the project.

PL 103-434 was passed in October of 1994 that amended the Mni Wiconi Project Act to meet the full needs of Oglala Sioux Tribe and West River/Lyman Jones and add Rosebud Sioux Tribe and Lower Brule Sioux Tribe.

The inclusion of Rosebud Sioux Tribe would not be possible without diligence and perseverance of the Bureau of Reclamation, our congressional delegation and the other sponsors and we gratefully acknowledge that and show our appreciation. The Mni Wiconi Rural Water Project comprises service areas for both Indians and non-Indians and I believe has improved relations them over the past 15 years. The Bureau of Reclamation has provided an even handedness in their oversight of the project that is unique and their technical competence is praiseworthy.

Mni Wiconi has been a blessing. The project is fulfilling the vital need for quality water on our reservation. By the end of this year we will be close to 75% complete and I can say that the project has been a success. We have brought high quality water to distant corners of Todd and Mellette counties and worked with Tripp County Rural Water to serve members in Tripp and Gregory Counties in our Secondary Service Area. We have brought a map showing the status of our project and the Primary and Secondary Service Areas. However, we must not forget the remaining work to be completed. The 25% remaining is critical and includes hooking up individual homes and businesses, additional reservoirs and pump stations and upgrading obsolete water lines in some communities such as Rosebud.

The project has met critical economic development and health needs on the reservation. According to the 2000 census, the Rosebud Reservation in Todd County is one of the poorest counties in the country. Forty-six percent of the population is below the poverty level as compared to only 14.0 percent in South Dakota. Mni Wiconi water has been used for two economic development projects and this year we will be extending a water line to serve a tribal commercial center. These projects provide employment opportunities where none existed before. We have also developed direct employment opportunities in the form of construction administration and inspection, water conservation, and tribal construction crews.

Prior to Mni Wiconi Rosebud Rural Water System, members of many communities in the northern portion of our Primary Service Area had to haul water and water borne diseases were rampant. Cases of Gastroenteritis averaged 375 per year between 1981 and 1986 on Rosebud Reservation. The occurrence rate for Shigellosis,

another water borne disease, has been reduced from 22 cases in 1992 to 1 case in 2000.

The high quality water supplied by Mni Wiconi meets all the requirements of the Safe Drinking Water Act and as shown above has a direct impact on the health and welfare of our population. Safe drinking water is a source for good health resulting in lowering of health care costs for our tribal members by Indian Health Service.

We have developed an excellent working relationship with the Bureau of Reclamation since our early involvement in the project. They have supported our efforts to improve the quality of life on the reservation and shown a high level of common sense and flexibility in how the Project has been implemented. We have also developed an excellent working relationship with West River/Lyman—Jones in Mellette County.

We have some concerns about Reclamation's Rural Water Program authorized by Rural Water Supply Act of 2006. In meetings with the Commissioner and his staff, they have stressed that they are committed to the timely completion of our project. Our concern is that in subsequent administrations water projects authorized through Reclamations Rural Water Program could be favored as the administration prepares their annual budget request for submission to Congress. We hope this does not occur. The completion date of our project was extended to 2008 and now to 2013; any further extension will prolong the wait for those remaining to benefit from the high quality water provided by the Sicangu Mni Wiconi.

The tribal members on Rosebud Reservation perceive Mni Wiconi as fulfilling an important trust responsibility of the federal government to the Indian Tribes. The history of broken treaties that have deprived them of land and resources has left the tribes angry, poor and distrustful toward the federal government. Mni Wiconi not only is an economic and public health benefits engine to the tribes, it also is building social and cultural infrastructure. The most important high lights of the Mni Wiconi Project is the trust that is being fostered towards the federal government by the Indian tribes and a precedent for Indians being primarily responsible for construction, operation and maintenance of one of the largest rural water system in the country. It is also reconciliation at its finest for the Indians and the non-Indians working together respectfully and cooperatively under the umbrella of the U.S. Government-Bureau of Reclamation and U.S. Congress.

Once again thank you for the opportunity to share these thoughts and more importantly, your support for this life sustaining project. I would be happy to answer any questions you may have.

Senator JOHNSON. Yes, thank you, Mr. Bordeaux.

Chairman Jandreau.

STATEMENT OF MICHAEL JANDREAU, CHAIRMAN, LOWER BRULE SIOUX TRIBE, LOWER BRULE, SD

Mr. JANDREAU. Chairman Johnson, Senator Tester, thank you very much for scheduling this hearing in South Dakota. I'm Michael Jandreau, Chairman of Lower Brule Sioux Tribe. Thank you very much for the opportunity to appear before the subcommittee.

Senator Johnson, we greatly appreciate your leadership on water issues. The subject of water is of vital importance to South Dakota and across the Western United States. Our tribe borders the Missouri River. The Big Bend Dam is within our reservation and connects us to the Crow Creek Sioux Tribe.

The Pick-Sloan project took our best bottomlands to build the dams on the Missouri River. The dams have greatly benefited the United States, but have hurt our Tribe. Senate bill 160, which is pending for the Senate Indian Affairs Committee, is critical to our Tribe. We will not be able to fulfill our potential as a people without the fair compensation for the Pick-Sloan project.

I mention this because it provides a context for how we view Mni Wiconi. Mni Wiconi is of great importance to life in South Dakota. We support full funding for Mni Wiconi so that the potential of the project can be extended to the Oglala Sioux Tribe, the Rosebud

Sioux Tribe and all the counties within the intended scope of services including Lyman and Jones counties.

In March of this year, the Lower Brule Rural Water System's Manager, Jim McCauley, joined in testimony to the Appropriations Committee that requested $38.4 million for the fiscal year 2009. The money would be divided with $28.2 million going for construction and $10.2 million for operations and maintenance.

We also request funding for the wastewater treatment. We need funding for the treatment and containment of wastewater. The proper analysis has yet to be completed and the entire goal of the wastewater treatment remains unfunded.

Mr. Chairman, the longer it takes to fund the project, the more it will cost. At Lower Brule, we were able to save $2 to $3 million by expedited completion. That was by the cooperation of Oglala, Rosebud and West River/Lyman Jones. We're very grateful for that.

We are hoping with your leadership that Mni Wiconi can be completed as soon as possible. Thank you very much. I would be pleased to answer any questions.

[The prepared statement of Mr. Jandreau follows:]

PREPARED STATEMENT OF MICHAEL JANDREAU, CHAIRMAN, LOWER BRULE SIOUX TRIBE, LOWER BRULE, SD

Chairman Johnson, Members of the Water and Power Subcommittee, thank you very much for scheduling this hearing in South Dakota. I am Michael Jandreau, the Chairman of the Lower Brule Sioux Tribe; I have served in that capacity for 29 years. Thank you very much for the opportunity to appear before the Subcommittee.

Senator Johnson, we greatly appreciate your leadership on water issues. The subject of water is of vital importance in South Dakota and across the entire Western United States. Our Tribe borders the Missouri River. The Big Bend Dam is within our reservation and connects us to the Crow Creek Sioux Tribe.

The Pick-Sloan project took our best bottomlands to build the dams on the Missouri River. The dams have greatly benefited the United States, but they have hurt our Tribe. S. 160, which is pending before the Indian Affairs Committee, is critical to our Tribe. We will not be able to fulfill our potential as a people without fair compensation for the Pick Sloan project.

I mention this because it provides a context for how we also view Mni Wiconi. Mini Wiconi is of great importance to life in South Dakota. We support full funding for Mni Wiconi so that the potential of the project can be extended to the Oglala Sioux Tribe, Rosebud, and all counties within the intended scope of service including Lyman and Jones counties.

In March of this year, the Lower Brule Rural Water System's Manager, Jim McCauley, joined in testimony to the Appropriations Committee that requested $38.4 million for Fiscal Year 2009. The money would be divided with $28.2 going for construction and $10.2 for operation and maintenance.

We also request funding for wastewater treatment. We need funding for the treatment and containment of wastewater. The proper analysis has yet to be completed and the entire goal of wastewater treatment remains unfunded.

Mr. Chairman, the longer it takes to fund the project, the more it will cost. At Lower Brule we were able to save $2 million-$3 million by an expedited completion of the project on our Reservation. We are hoping, with your leadership, that Mni Wiconi can be completed as soon as possible.

Thank you very much. I would be pleased to answer any questions.

Senator JOHNSON. Mr. Jandreau, thank you.

Mr. Fitzgerald.

STATEMENT OF JAKE FITZGERALD, MANAGER, WEST RIVER/LYMAN-JONES RURAL WATER SYSTEMS, MURDO, SD

Mr. FITZGERALD. Thank you, Chairman Johnson and Senator Tester. My name is Jake Fitzgerald and I'm the Manager of West

River/Lyman-Jones. West River/Lyman-Jones is a component of the Mni Wiconi Project which was authorized in 1988.

Again, thank you for inviting me to testify before your committee and reporting on the progress and success of WR/LJ in the Mni Wiconi Project. We are a regional water supply project serving over 12,000 square miles in semi-arid Western South Dakota. We were authorized almost 20 years ago and we're currently in our 15th year of construction.

Water is essential to the economic viability of Western South Dakota. Residents and livestock in the WR/LJ service area suffered with limited water supplies and unacceptable water quality since the early 1900s. They were required to haul drinking water from community sources that did not meet current Safe Drinking Water Act standards. Ranchers would sell their livestock at reduced prices during each drought cycle. Then work to restore their herds once the stock ponds were filled again.

This began to change for the West River/Lyman-Jones area in 1993 with pipeline construction and a limited supply of the famous "Wall Drug" water. As stated we are in our 15th year of construction. Appropriations have always been less than we had hoped, but every new connection brings us closer to the completion. Since the "Turn Dirt" ceremony in Wall in 1993, West River/Lyman-Jones has installed over 3,100 miles of pipeline and is delivering quality water to 13 communities, 25 individual rural residents and the Badlands National Park. This project truly has been a Godsend during this multiyear drought.

The Mni Wiconi project would not have been possible without the combined Federal, State and membership funding partnership and the tribal and non-tribal cooperative efforts. WR/LJ Directors and Mni Wiconi Tribal leadership understood the hardship and economic instability brought by unreliable supplies of poor drinking water. They took their problem to the State Government and congressional leaders and asked for assistance. They took water samples and this piece of pipe to demonstrate the severity of their problem. This piece of pipe is filled with Gypsum found naturally in one of our local wells.

Congress responded with project authorization in 1988 and Federal funding based on our ability to pay and the requirement of a non-Federal cost share. The State of South Dakota responded with a loan on terms that we could afford. The Tribal and non-Tribal sponsors, under the oversight of the Bureau of Reclamation, are working together to build this project.

Congress and Federal agencies have set standards for drinking water quality to safeguard the people of this country. Public water supplies are required to meet those standards. In many locations it is not economically feasible to treat local water supplies to Safe Drinking Water Act standards.

A regional water supply project is the solution to providing safe and dependable water supplies in many parts of the West. A reliable supply of quality drinking water is essential to the health of local residents, the traveling public and to the livestock industry. The Mni Wiconi Project is meeting those needs in Southwestern South Dakota.

On behalf of the West River/Lyman-Jones membership and your constituents in the Mni Wiconi project area I thank you and your congressional colleagues for your continued support of this project. I urge you to continue congressional support for Bureau of Reclamation Rural Water Projects.

[The prepared statement of Mr. Fitzgerald follows:]

PREPARED STATEMENT OF JAKE FITZGERALD, MANAGER, WEST RIVER/LYMAN-JONES RURAL WATER SYSTEMS, MURDO, SD

Mr. Chairman and Senator Johnson:

The West River/Lyman-Jones (WR/LJ) Rural Water system is a component of the Mni Wiconi Water Supply System authorized by Congress in 1988. My name is Jake Fitzgerald and I am the WR/LJ Manager.

I thank you for the honor of testifying before your Committee and reporting on the progress and success of WR/LJ and the Mni Wiconi project. We are a regional water supply project serving over 12,000 square miles in semi-arid Western South Dakota. We are currently under construction. However, in spite of being authorized almost 20 years ago and under construction for 15 years we are truly a success story.

Water is essential to the economic viability of western South Dakota. However, residents and livestock in the WR/LJ service area suffered with limited water supplies and unacceptable water quality since their lands were homesteaded in the early 1900's. The people were required to haul drinking water from community sources that did not meet current Safe Drinking Water Act standards. Ranchers would sell off their livestock at reduced prices with each drought cycle and then work to restore their herds when the stock ponds were filled again.

This began to change for the WR/LJ area in 1993 with pipeline construction and a limited supply of the famous "Wall Drug" water. We are now in our 15th year of construction. The appropriations have always been less than what we hoped for but every new connection served increases the regional project benefits and brings us closer to completion. Since the "Turn Dirt" ceremony in Wall in 1993 the WR/LJ system has installed over 3,100 miles of pipeline and is now delivering adequate supplies of quality water to 13 communities, 2,500 individual rural connections and the Badlands National Park. This project has been a Godsend during what is now the 8th year of sustained drought.

The Mni Wiconi project would not have been possible without the combined Federal, State and water user funding partnership and the Tribal and non-Tribal cooperative efforts. WR/LJ Directors and the Mni Wiconi Tribal leadership understood the hardship and economic instability brought on by unreliable supplies of poor quality water. They took their problem to State Government and Congressional leaders and asked for assistance. They took water samples and this piece of pipe to demonstrate the severity of their problem. This piece of pipe is plugged with Gypsum found naturally in a local well.

Congress responded with project authorization in 1988 and Federal funding based on Congressional assessment of our ability to pay and the requirement for a non-Federal cost share. The State of South Dakota responded with a loan on terms that we could afford. The Tribal and non-Tribal sponsors, under the oversight responsibility of the Bureau of Reclamation, worked together to build the project.

Congress and the Federal Agencies have set standards for drinking water quality to safeguard the people of this country. Public water supplies are required to meet those standards. Individual water supplies; rural residents, farmers and ranchers, are not covered by the standards. In many locations it is not economically feasible to treat the local public water supply to SDWA standards.

A regional water supply project is the solution to providing safe and dependable water supplies in many parts of the semi-arid West. A reliable supply of quality drinking water is essential to the health of local residents and the traveling public. A reliable supply of quality drinking water is essential to the livestock industry. The Mni Wiconi Water Supply Project is meeting those regional water supply requirements in Southwestern South Dakota.

On behalf of the WR/LJ membership and your constituents in the Mni Wiconi project area I thank you and your Congressional colleagues for your continuing support of the Mni Wiconi project. I urge you to continue Congressional support of the Bureau of Reclamation's implementation of the Rural Water Supply Act of 2006.

Senator JOHNSON. Thank you, Mr. Fitzgerald. Mr. Munson, Mayor Munson, what are the consequences for meeting Sioux Falls predicted water demand if the Lewis and Clark Project is unable to provide water to the City by 2012? What do you do then?

Mr. MUNSON. That's been our problem, Senator. When we look at the—it has a potential to really impact our economy as we talk about, you know, our medical, retail, industrial, housing, have all been really booming. If we can't make this project a reality by 2012 it has a potential to affect all those industries and really where we have been continually growing each and every year to slow that growth down significantly.

So it would really, probably, expedite even beyond where we're at with conservation measures that we have in place that would have to be really stepped up quite a bit. So it has a lot of consequences for the economic future of our area.

Senator JOHNSON. Is building permits and commercial permits under jeopardy in that case?

Mr. MUNSON. You know they really would be, when we talk about last year, half billion dollars that we had was a record year. So if we can't when the businesses looking to relocate to Sioux Falls or expanding in Sioux Falls or even houses we would probably have to look very carefully at how much growth we could experience. So those record years that we're having would really, I think, come to a really, I think, come to a real—they'd start to slow down.

Senator JOHNSON. Mr. Larson, as you are well aware BOR's recommendation for funding was cut to zero dollars in the coming year. Mr. Larson, as the Executive Director of the project what sort of reaction was felt among your members and has it impacted any planning that you may be doing for the longer term?

Mr. LARSON. Mr. Chairman, it was a great deal of frustration expressed from our 20 members when zero funding was proposed, especially coming off last year with the pre-payment by the members. So here was a step of faith that the members took, Sioux Falls and 16 other members to pre-pay their share of the project. Then to have the Administration propose zero right on the heels of that was very disheartening to say the least.

In terms of planning what's—this is over a $500 million project. What is so frustrating is not knowing year to year, even remotely, how much we're going to get. We have record level of $26.5 million. Five weeks later, zero was proposed.

So what we have done is spent a lot more time and money on engineering various contingency plans. What if we only get this? What if we only get that? That's money that could be spent putting pipeline into ground. We're running a lot of what if scenarios.

Senator JOHNSON. President Steele, how long—the tribe has waited the longest to receive water from the project even though the project is nearly 80 percent complete. President Steele, when will Missouri River water reach Pine Ridge Indian Reservation? What will that achievement mean to your members?

Mr. STEELE. Ah, yes, Senator, this fall we expect that the Core line will reach the Northwestern part of our Reservation. We figure in August or September. Senator, we are going to holding a doings then.

I don't know, you're going to be busy in Washington. I would like to coordinate this to have your presence there. But the water will just reach there.

Now this, Senator, you understand all of these years and I've been going testifying, there are five identified projects in the United States that use the Indians to get pipelines built, but they never reach the Indians. We now have a pipeline coming to Pine Ridge and this has been my biggest gripe. You, Senator, have been our greatest friend with Senator Thune and Congressman Herseth to get this water to Pine Ridge.

We always expected it to stop and get de-funded. We would never get the water. But this fall, Senator. We expect by the spring of 2009 to reach the middle of the reservation with this water. So this is a means to the people there.

When we first talked with the people Kadoka and we decided to get this pipeline, to see if we could get it built. The people in Pine Ridge reared up and they had a referendum vote and voted it down. They said that the water would never reach Pine Ridge.

But you, Senator, have gotten it there. It's going to reach there this fall. It means a lot to the people of Pine Ridge.

Senator JOHNSON. I thank you for your participation and Mr. Means participation in turning that thing around.

President Bordeaux, why is it that the tribe is using a combination of ground water and surface water? Is there a problem with the ground water contamination? If so, how would the Mni Wiconi address this problem?

Mr. BORDEAUX. Well the primary source, prior to Mni Wiconi coming along was Oglala aquifer. But we're on the Northern most tip of the Oglala aquifer and it comes into half of our county, Todd County. Good quality water.

But looking into the future the Oglala aquifer is drying up in places such as Kansas, parts of Colorado, Oklahoma because of over pumping irrigation systems. So as far as the future looking into several, seven generations at least, so we're planning for their needs.

Some of the contaminants in our water is arsenic in the Grossmont area along the White River. There's problems there with the wells down there. Nitrate from farming. Pumping the aquifer.

We are monitoring wells. We're finding some of the, I guess, the chemicals that are being pumped into the system, gets down into the Oglala aquifer. It's contaminating that.

Then in the city of Mission there's some old gas stations there that are leaking fuel storage. So we're working on cleaning them. So those are getting into the water system. So that's some of the big problems that we have.

Senator JOHNSON. Chairman Jandreau, can you please describe how the Lower Brule Sioux Tribe carries out its ONM responsibilities. As an operating system what are the maintenance and operations issues you expect to encounter in the next 5 to 10 years.

Mr. JANDREAU. I guess the primary problems that we anticipate with the ONM portion of the project that we are now pretty much fully into, is the educating of people to adequately use the systems that we have placed out there, that the rural water systems need

a lot of maintenance, a lot of care and concern by the individual users to assure that there's no wastage, to assure that the quality for contamination or guarding against contamination is carefully monitored. We have a pretty well trained crew that are out there and active all the time. So it's not only been a very beneficial from the employment standpoint, but in educating people about the necessity of guarding that very precious resource is being implemented.

Senator JOHNSON. Mr. Fitzgerald, one of the things that is unique about Mni Wiconi, I smile at this, is the cowboys don't get any water unless the Indians get water. The Indians don't get any water unless the cowboys get water.

[Laughter.]

Senator JOHNSON. How is West River/Lyman-Jones been able to work with other project sponsors, the tribes and the BOR to complete elements of common water transmission facilities?

Mr. FITZGERALD. I think Mr. Jandreau mentioned briefly, where the sponsors work together to manage funds. Advance funds to another sponsor when one of the other sponsors show the need. I think another good example of that is a cooperative agreement with West River/Lyman-Jones and the Oglala Sioux Tribe on the North Core system.

Our fiscal year 2006 and 2007 funds went toward the North Core line. That was built with WR/LJ authorized ceiling. We're grateful we could work together and do that. It allowed us to construct areas around the Core line that were being served from that Core line. It also freed up $$17.6 million for the Oglala Sioux Tribe in order for them to build facilities on the reservation to supply their members.

Senator JOHNSON. Senator Tester.

Senator TESTER. Thank you, Senator Johnson. Thank you all for being here. I appreciate your testimony. It was all pretty complete actually. I do have a few questions.

First of all, Mayor Munson, you need to be congratulated. It sounds like you got a ripping city here. That's a good thing.

I guess this goes to a question that Senator Johnson asked Troy Larson that concerns contingencies. How you guys had to spend dollars on water contingencies in fear that this project won't come to fruition in time to meet your economic demands?

Mr. MUNSON. Well, you know, we've been working closely with Troy and Lewis and Clark. You know, we have set aside and as I said earlier, we pre-paid our $70 million. So that we would, you know, to get the water by 2012 becomes crucial for us.

So we're trying to do the conservation. We're trying to do the prepayment authorization to get the money out there ahead of time because of, again, as we talk about—it's imperative that we get water. It's just that simple.

So we're trying to set contingencies through conservation is what we're really working at now to make sure as we talk about going every day to 12 to 5 o'clock watering. So that we're conserving as much as we can with the anticipation that Lewis and Clark will be here in 2012. But, you know, so, we are working in that direction.

Senator TESTER. You also need to be congratulated on the water conservation methods. Maybe we can utilize you in energy conservation from a national standpoint.

Mr. MUNSON. I think that's something that all of us throughout all of the organizations talking here today, we always have to be cognizant. We're having to continue on with conservation because it is, water is such a precious commodity for all of us. As we move forward, I think that's it's going to continue to build upon where it's at today. So all of us need to be aware of what we can do to protect that resource as much as we can.

Senator TESTER. That's a good point. Troy, your charts. I think you did a great job in illustrating the different funding levels and the total project cost and anticipated completion dates.

I just wanted to give you an opportunity to potentially describe how a few dollars now will save money down the line. What you see on a percentage basis or a dollar basis, how the Federal Government, if they were to fund these projects at this point, not only saves you money from a contingency standpoint, but could save the Federal Government money in the long term.

Mr. LARSON. Sure, that's a very good question, Senator. The old saying, "a stitch in time saves nine," certainly applies here. What we are seeing is the inflation indexing, especially with steel imports by China is just out of control.

We've seen inflation as high as 9 percent on this project. Last year was close to 5 percent. We expect that to go up again this next year.

Every dollar that gets delayed, that's not a savings by the Federal Government. It's a disservice to the taxpayers. Because in the long run instead of paying that $1 dollar, that could become $3 or $4 down the road depending on the rate of inflation.

That's one of the reasons the members of Lewis and Clark, as well as the States have stepped up to the plate and pre-paid their share of the project. Not just to keep the project on schedule, as best they can, but also to reduce the impacts to their taxpayers. We would certainly hope that the Federal Government would apply that same common sense as our members and our States have.

But it is a challenge with the runaway inflation. We just haven't seen inflation for commodities, not to commodities, but copper and stainless steel, everything is just going through the roof.

Senator TESTER. Ok. I have a question for Mr. Steele, Bordeaux, Jandreau and Fitzgerald. Mr. Steele talked about the EPA and allowing you to drink water out of a well that has arsenic in it. Has the EPA come in and said, in each of your particular cases, that your water doesn't meet standards?

Mr. STEELE. Yes.

Senator TESTER. At this point in time? They have in yours?

Mr. STEELE. Yes. They're temporarily allowing us to use those wells realizing that the river water is going to be coming in.

Senator TESTER. How long are they allowing you? Just until the water comes in?

Mr. STEELE. We understand that the water will, like I said, reach the Northwestern part of the Reservation this fall, the middle of the Reservation by next year.

Senator TESTER. Ok, good. Mr. Bordeaux, same thing in your situation? Has EPA said that your current water system is not up to snuff as far as quality?

Mr. BORDEAUX. Especially with the arsenic in the Grossmont community.

Senator TESTER. Same thing?

Mr. BORDEAUX. Yes, same thing?

Senator TESTER. Have they given you an extension to use your water too?

Mr. BORDEAUX. Not necessarily. We just went ahead with our Rural Water System from the aquifer.

Senator TESTER. Ok. Mr. Jandreau.

Mr. JANDREAU. Yes. We don't have that problem because we're all along the Rural Water System right now.

Senator TESTER. Gotcha. It meets EPA specs?

Mr. JANDREAU. It meets and exceeds.

Senator TESTER. Good. Mr. Fitzgerald.

Mr. FITZGERALD. Yes, the communities in our area were high in radium. They've got the same notice from South Dakota DENR stating that they knew the project was on its way. They gave those communities as much time as they needed to get by.

Senator TESTER. Ok

Mr. STEELE. The alpha content in uranium, the radiation in the water is way up there.

Senator TESTER. For the three gentlemen from Indian country, has the Indian Health Service talked about health impacts of the water?

Mr. STEELE. Not really. They are concerned about it. They understand the arsenic is there. In some homes they have put in filters, in the individual houses. But they never get around to change any filters or anything.

Senator TESTER. Right.

Mr. STEELE. Now what IHS can identify is in the Oglala area as President Bordeaux said, we had also high nitrites. We had a lot of stillborn babies, infant mortalities and those numbers have changed. The stillborns is almost nothing. The infants are surviving. We took the nitrates out of there with getting some other waters in there with the pipeline.

Senator TESTER. Mr. Bordeaux.

Mr. BORDEAUX. They provide some good data in terms of some of the problems associated with it. As you know Indian Health Services is severely under funded and they're barely keeping their head above water. But, you know, they keep close contact with us, working with Mr. Hug back here in monitoring a lot of that.

Senator TESTER. Ok. Mr. Jandreau.

Mr. JANDREAU. The response is basically the same. The reality is as Mr. Bordeaux has pointed out is that Indian Health Services capacity to really do anything about it is restricted by the funding base.

Senator TESTER. Yes. Last question. This is the toughest question you're going to have all day. Mr. Fitzgerald, how long did it take for that pipe to build up that much gypsum?

Mr. FITZGERALD. You know, I can't answer that question.

Senator TESTER. I'm just curious.

Mr. FITZGERALD. I don't know.

Senator TESTER. That's pretty amazing.

Mr. FITZGERALD. Yes, I know this piece of pipe went to Washington, DC, quite a few times is what I've been told. But we kind of use it as a centerpiece in our office.

Senator TESTER. Yes, well it converted that. What is it, two, two and a half inch pipe down to about a three inch?

Mr. FITZGERALD. I believe there was a long stretch of pipe with this build up.

Senator TESTER. Just like that. Yes. Three years?

Mr. FITZGERALD. Three years.

Senator TESTER. That's a lot of gypsum. In any rate, I want to thank everybody on this panel. I appreciate your coming in, appreciate your bringing in a ground level perspective. So thank you.

Mr. FITZGERALD. Thank you.

Mr. STEELE. Thank you.

Senator TESTER. Senator Johnson.

Senator JOHNSON. Yes. It is clear from today's testimony that there are sound justifications for a strong national commitment to rural water supplies in the Great Plains. Add part productivity, add part economic growth as well as serving the basic drinking water needs of thousands of people are tied to the success of these projects. Without Congress increasing the budgets for these projects their benefits would be curtailed and the mission of the Bureau's Rural Water Program would be in serious jeopardy.

I want to thank all of the witnesses for agreeing to appear before the subcommittee today and for Senator Tester lending his voice to these important water issues. I also want to thank the preparational staff from the Senate Energy and Natural Resources Committee for helping organize this hearing.

Senator Tester, if you have no further comments, I conclude this hearing and remind Senators and staff that questions for the hearing record are due by close of business tomorrow.

Senator JOHNSON. With that this hearing is adjourned.

[Whereupon, at 3:42 p.m. the hearing was adjourned.]