

**H.R. 5412, TO FACILITATE AND
STREAMLINE THE BUREAU OF
RECLAMATION PROCESS FOR CRE-
ATING OR EXPANDING SURFACE
WATER STORAGE UNDER REC-
LAMATION LAW, “BUREAU OF
RECLAMATION SURFACE WATER
STORAGE STREAMLINING ACT”**

LEGISLATIVE HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON NATURAL RESOURCES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

Wednesday, September 10, 2014

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**Wednesday, September 10, 2014
U.S. House of Representatives
Subcommittee on Water and Power
Committee on Natural Resources
Washington, DC**

The subcommittee met, pursuant to notice, at 2:00 p.m., in room 1324, Longworth House Office Building, Hon. Tom McClintock, [Chairman of the Subcommittee] presiding.

Present: Representatives McClintock, Tipton, LaMalfa, Hastings (ex officio); Napolitano, Costa, and Huffman.

Mr. McCLINTOCK. The hour of 2 o'clock having arrived and a quorum being present, the Subcommittee on Water and Power of the House Natural Resources Committee will come to order.

We meet today to hear testimony on H.R. 5412, sponsored by Chairman Doc Hastings.

We will begin with opening statements, and at some point fairly soon, we will need to recess for votes.

STATEMENT OF THE HON. TOM McCLINTOCK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. McCLINTOCK. The legislation by Congressman Hastings is based on numerous hearings held by this subcommittee and the full committee on the impediments to construction of new reservoirs, and includes provisions previously passed by the Congress and signed by the President with respect to projects constructed by the Army Corps of Engineers. It simply extends them to the Bureau of Reclamation. So they should come as no surprise to anyone.

In a nutshell, the bill sets time and fiscal limits on Bureau studies. It requires collaboration among Federal and non-Federal agencies, and requires the Bureau to report periodically to Congress to account for its responsibility to move these projects.

The Bureau of Reclamation, which again, is absent despite the invitation from the subcommittee to testify, writes that it is not aware of any surface storage project that “has been denied construction because of delays associated with project review or permitting.”

Well, the problem is that no project has been approved for construction either. For example, in 2012, Mr. Thad Bettner of the

Glenn Colusa Irrigation District testified that Reclamation had to consider 52 different alternatives to the site's reservoir, and we will hear similar testimony today.

Droughts are nature's fault. Water shortages are our fault. The fact is the Federal Government has not built a major reservoir in California since the New Melones Dam in 1979. Meanwhile the population has nearly doubled.

And we will not solve our water shortages until we build more dams, and we will not build more dams until we fundamentally reform the environmental laws that make their construction cost prohibitive.

For example, in my district is the little town of Foresthill, population 1,500. It depends on a small reservoir for its water. The dam that created that reservoir was built with an 18-foot spillway, but no spillway gate because they did not need the extra storage at the time. Now they do.

What they discovered is that the cost of installing the gate to provide another 18 feet of vertical storage for that dam is \$2 million to actually fabricate and transport and install the gate, \$2 million. But that is not the cost of the project because the town soon discovered it would first be required to conduct at least \$1 million of environmental studies and incur at least \$2 million of environmental mitigation costs, inflating a simple \$2 million project to a cost-prohibitive \$5 million, and that does not begin to account for the endless delays they would face along the way.

The Shasta Dam was designed for 800 feet of vertical height, but was built to only 600 feet in the 1940s because the extra capacity was not needed at the time. Completing the final 200 feet of structure would add 9 million acre-feet of storage to Shasta Lake, nearly doubling the storage capacity of the entire Sacramento River system.

Yet raising Shasta Dam just 18½ feet has been stuck in environmental reviews for some 20 years now.

The bill before us places the same time limits and cost limits on these endless studies as the Congress and the President just approved for Army Corps of Engineers projects. Yet the absent Bureau of Reclamation claims it simply never heard of such a thing, and characteristically, it is going to require endless months to study it. That is the fine point of the matter right there.

Enough is enough. The current drought has brought into sharp focus the consequences of failing to provide adequate storage in wet years so that we have ample supply in dry ones.

I am pleased to welcome our witnesses here today who understand this issue firsthand, not from an Interior Department desk in Washington, DC, who will speak of this urgent need and have been instrumental in providing input on these bills.

For years we have been told that water conservation is the answer to all of our problems. Well, water conservation is critically important in managing a temporary shortage, but it does nothing to add supply. What we are now discovering is that by exhausting conservation measures in wet years, we have no latitude to manage a drought when it comes.

If this current crisis teaches us anything, it must be that there is no substitute for adding supply, and that this bill and others re-

cently heard by the subcommittee begin to restore this process for a new generation that is now paying dearly for the mistakes of their predecessors and is sadder but wiser for the lesson.

With that I yield back and recognize the Ranking Member, Mrs. Napolitano, for 5 minutes.

STATEMENT OF THE HON. GRACE F. NAPOLITANO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

And thank the witnesses for being here. My only hope would have been that we would have had a Minority witness included in this briefing.

Mr. MCCLINTOCK. They were invited.

Mrs. NAPOLITANO. I wish I knew because I would have called them to make sure they were here.

But you are right. We are currently facing the worst drought in California's history and the West. It is extending further down, and the Senate has passed a bill to help our state address the crisis. Yet we have no agreement between the House and the Senate on the path forward.

So this bill will not make the path any easier. Hopefully, I am glad you called it. The storage that is above ground is dams, and we will ensure that we identify below ground and above ground storage.

This bill continues to mistakenly blame environmental law for the lack of authorization or appropriation of important water projects in the West. Congress passed the bipartisan Water Resources and Reform Development Act, known as WRRDA, earlier this year, and I was about to be one of the conferees, which authorized 16.9 billion projects across the country.

It required the Corps to perform more water supply conservation and recycling work in their facilities, which I have been trying to champion for years, and it created controversial environmental streamlining provisions that we now see in this bill today. We agreed to it on a bipartisan basis, even though we had to kind of hold our nose to it in some areas, to work together on that.

Yet many of us still have strong concerns with the environmental streamlining provisions in WRRDA, but support WRRDA as a compromise between both parties. Today is not a compromise like the WRRDA bill was. It takes the most controversial provisions of WRRDA, implements them within the Bureau of Reclamation projects without providing any money, not one penny in Federal authorization for new Bureau facilities.

The problems with the bill, it creates a new bureaucracy for conducting and approving surface water storage on dams. That could lead to further delay. Dams run into the billions and anywhere between 10 to 15 years to build, given all of the regulations that are attached to it.

The bill requires eight new reports to Congress or related congressional notifications, three new public solicitations, two new guidance or formal rulemaking processes, requires the creation of a new process for the administration of financial penalties and re-

sultant funds transfers among Federal agencies establishing an entirely new program to measure and report on progress.

It also accelerates NEPA review process by creating strict deadlines for agencies to perform environmental reviews.

At the same time, the agency charged with the environmental review, such as Fish and Wildlife, NOAA and NEPA, continue to face budget cuts from this Congress that hamper their abilities to participate in the environmental review process.

The current deadline for agencies to act only compounds, or creating those deadlines creates further problems for the agencies. It places several limitations on the length of public comment, public comment, mind you, during the environmental review process, and bars claims seeking judicial review of permits, licenses or other approvals issued by Federal agencies up to 3 years from the approval date.

The public has to be included in the development of new water storage with the above ground or below ground proposals. In California, the public has supported new water infrastructure and expanded water storage. The easy projects have been built.

New water development takes more money and more time. Cutting the public out of the process by bulldozing over Federal review processes that have been in place for 40 years simply does not work in California, and it creates a lot of environmental problems, plus only attorneys are making money on this.

Mr. Chairman, the real problem with water projects being delayed is lack of funding. The Congress has continued to ignore the funding needs of the Bureau of Reclamation and, more importantly, Title 16 recycling projects with a backlog of almost 400 million. There continues to be that backlog for active congressionally authorized water reuse and reclamation projects. These are located across the West, and if additional funding were made available we could at least help give one more tool to the people on these drought cycles and quicker delivery of much needed water.

Just yesterday the GAO released a report indicating that at least \$1.6 billion, \$1.6 billion of payments for irrigation projects remain outstanding, and much of this money will never be received in the Federal coffers because most of this will be in either grants or other areas where the people will not be paying it back.

I ask unanimous consent that this be included in the record.

Mr. MCCLINTOCK. Without objection.

Mrs. NAPOLITANO. And we have not paid for the projects that were built 40 years ago. Congress is not allocating any more money for projects already approved and those that are forthcoming within this Congress and other Congresses to follow.

Mr. Chairman, a serious effort to address new Bureau projects should have been developed in a bipartisan manner well in advance of the waning days of this Congress, and I implore you to reconsider.

I yield back.

Mr. MCCLINTOCK. For the record, the Bureau of Reclamation was invited to testify before the subcommittee today and declined to do so. The Majority sent to the Minority a list of Majority witnesses and asked the Minority if they had witnesses they wish to have invited. They emailed back to the Majority staff, no, they did not.

With that I recognize the Chairman of the Natural Resources Committee, Congressman Doc Hastings, the author of the measure.

STATEMENT OF THE HON. DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. HASTINGS. Thank you very much, Mr. Chairman, for the courtesy and for holding this important hearing today.

I firmly believe that America needs an "all-of-the-above" water supply strategy. Water storage has been the key to the economic prosperity and way of life in my central Washington district, which is home to two large Federal water projects. Together these two projects irrigate more than a million acres of farmland, make possible a vital navigation link for millions of tons of grain and commodities annually, provide numerous recreation and flood control benefits, and provide over 21 billion kilowatt hours of carbon-free, renewable hydroelectric power to customers in the Northwest.

Today, this desert has been transformed to one of the most productive and diverse agricultural areas in the world. This is possible because a prior generation had the vision of capturing spring runoff to deliver water during dry times. Surface storage continues to have lasting and positive impacts not only in my central Washington area, but to the country in general.

As we will hear today, we need more storage in light of growing and diverse needs. Conservation alone is not the answer. The Yakima River Valley has done a great work in conserving water over the past several decades, but conservation alone is not the answer. Several hundred thousand acre-feet or more storage is needed. This means more water for people and fish, and that is why those in the Yakima Valley in my state are pursuing more multiple-benefit storage.

In Federal irrigation projects, the Federal Government plays a lead role in development of new and expanding storage. Careful analysis and study is needed. However, as we have seen in California, we do not want good proposals to be studied to death and have paralysis-by-analysis, leaving people high and dry when a natural drought coupled with Federal endangered species regulations make things much worse. It is painfully clear, given the Bureau of Reclamation's inaction on storage in California, that the agency's feasibility study process needs to be modernized in a productive way.

For this reason, I have introduced the Bureau of Reclamation Surface Water Storage Streamlining Act. It is a common sense bill based on the precedent of the newly enacted Water Resources Reform and Development Act, or WRRDA, that only four Members of this House opposed on final passage. The bill simply mirrors the process that was applied to the Corps of Engineers in that recent public law by setting the same standards and expectations for the Bureau of Reclamation to become more transparent and accountable in how it operates.

It does not circumvent Federal environmental law, and it allows numerous instances for the Bureau of Reclamation to extend studies with the simple requirement that the agency explain why more time is needed. What a novel concept.

Overwhelming bipartisan majorities in the House and the Senate endorsed this approach for the Army Corps of Engineer projects, and President Obama signed it into law. So it certainly is a reasonable model for modernizing the Bureau of Reclamation process.

If the Corps' study process for water projects can be reformed, then Reclamation's can in the same manner. This bill will simply place the two agencies on the same track.

We owe it to current and future communities, rural and urban, to build the next generation of surface storage. The status quo is unacceptable. Today's California will be like other places in the West tomorrow.

For us to have another water supply renaissance, we must embrace new or expanded storage so we can truly have an "all-of-the-above" water energy supply strategy well into the future. We have the power to make that happen.

In closing, I want to thank our witnesses for being here today. They certainly have firsthand knowledge of how this new and expanded water storage would be for the future, and I appreciate the Family Farm Alliance's and the Natural Water Resources Association's support for this bill.

And with that I would just point out, if I may, Mr. Chairman, Mrs. Napolitano mentioned about the outstanding debt in the GAO report. That debt is contractually due to be paid back in time. It is like having a GAO report in the 15th year of a 30-year mortgage saying, "Goodness, they have not repaid their debt."

Well, of course they have not. They are only halfway through the mortgage, and I think the analysis of that GAO report points out that obvious truth in that report.

And with that I yield back my time.

[The prepared statement of Mr. Hastings follows:]

PREPARED STATEMENT OF THE HON. DOC HASTINGS, CHAIRMAN, COMMITTEE ON
NATURAL RESOURCES

Thank you, Chairman McClintock, for holding this important hearing today. I firmly believe that America needs an "all-of-the above" water supply strategy.

Water storage has been the key to economic prosperity and a way of life in my central Washington district, which is home to two large Federal water projects. Together, these two projects irrigate more than a million acres of farmland, make possible a vital navigation link for millions of tons of grain and commodities annually, provide numerous recreation and flood control benefits and provide over 21 billion kilowatt hours of carbon-free, renewable hydroelectric power to customers in the Pacific Northwest. Today, this desert has been transformed to one of the most productive and diverse agricultural areas in the world. This is possible because a prior generation had the vision of capturing spring runoff to deliver water during dry times. Surface storage continues to have lasting and positive impacts not only in central Washington but to the country in general.

As we will hear today, we need more storage in light of growing and diverse needs. Conservation alone is not the answer. The Yakima Valley has done great work in conserving water over the past several decades, but conservation alone isn't the answer. Several hundred thousand acre-feet or more storage is needed. This means more water for people and fish and that's why those in the Yakima Valley are pursuing more multiple-benefit storage.

In Federal irrigation projects, the Federal Government plays a lead role in development of new and expanded storage. Careful analysis and study is needed. However, as we have seen in California, we don't want good proposals to be studied to death and have paralysis-by-analysis leaving people high and dry when a natural drought coupled with Federal endangered species regulations make things much worse.

It is painfully clear, given the Bureau of Reclamation's inaction on storage in California, that the agency's feasibility study process needs to be modernized in a productive way.

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The bill simply mirrors the process that was applied to the Corps of Engineers in that recent public law by setting the same standards and expectations for the Bureau of Reclamation to become more transparent and accountable in how it operates. It does not circumvent Federal environmental law and allows numerous instances for the Bureau of Reclamation to extend studies with the simple requirement that the agency explain why more time is necessary.

Overwhelming bipartisan majorities in the House and Senate endorsed this approach for Army Corps projects, and President Obama signed it into law, so it certainly is a reasonable model for modernizing for Bureau of the Reclamation process. If the Corps study process for water projects can be reformed, then Reclamation's can in the same manner. The bill will simply place the two agencies on the same track.

We owe it to current and future communities—rural and urban—to build the next generation of surface storage. The status quo is unacceptable. Today's California will be other places in the West tomorrow.

For us to have another water supply renaissance, we must embrace new or expanded storage so that we can truly have an all-of-the-above water supply strategy well into the future. We have the power to make that happen.

In closing, I want to thank the witnesses here today who have first-hand knowledge of why we need new or expanded water storage for the future. I appreciate the Family Farm Alliance's and the National Water Resources Association's support for my bill and look forward to your testimony.

Mrs. NAPOLITANO. Would the gentleman yield temporarily just for a second?

Mr. HASTINGS. Yes, I would be more than happy to.

Mrs. NAPOLITANO. Well, apparently the report actually says that some of these repayments may not be realized because some of them will be granted or they will get other discounts, and so most of the money may not come back.

Mr. HASTINGS. Reclaiming my time.

Mrs. NAPOLITANO. Thank you.

Mr. HASTINGS. You know, that is speculation that they may or may not for whatever reasons. My point is simply that sometimes these are long contracts that have not been fully repaid. That is why I used the analysis of a mortgage.

One can criticize that you have not paid back a 30-year mortgage after 15 years, but you are not contractually supposed to in that time. I think that is the point that should be pointed out here, rather than saying, "Oh, goodness, we should not look at new ways because we have not paid back an existing mortgage."

And with that I yield back my time.

Mr. MCCLINTOCK. The Chair is now pleased to recognize the gentleman from California, Mr. LaMalfa, for 5 minutes.

STATEMENT OF THE HON. DOUG LAMALFA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LAMALFA. Mr. Chairman, thank you.

I am pleased that we are hearing this key measure today, one that will help with the development of surface storage projects across the West, including in my own region in California, which has had the failure to adequately update our water supply system.

It has had disastrous consequences for everyone, but especially so for the agricultural economy.

Hundreds of thousands of acres of the most productive land in the world lies fallow. Thousands of jobs have disappeared, creating disproportionate amounts of unemployment, especially in central California.

Our state's economy is experiencing billions of dollars in losses. A water supply system built for 20 million people now serves close to 40 million, and this problem will only be exacerbated in coming years.

However, we know how to address this problem: increase the state's water supply, largely by contracting new water storage facilities.

We also know the best locations for these facilities are where we get the best return on our investment. That is why I have sponsored my own bill, H.R. 4300, to accelerate and finally complete the study of Sites Reservoir in Colusa and Glenn Counties. This project alone could generate enough water for millions of Californians and help supply agriculture, as well as provide environmental benefits in the Sacramento River and the Delta.

The State legislature even recently supported a bond which could fund much of this project. So we know that private funds also would become available.

However, after spending over a decade and over \$150 million in state and Federal funds, the study of this project has still not be finalized. Chairman Hastings' bill takes a similar approach to H.R. 4300, creating benchmarks for completion of storage projects like Sites Reservoir and using a framework, that of the recent water resources bill, to authorize projects.

This measure will allow us to move forward with desperately needed projects like Sites that will end the gap in California's water supply that will only continue to grow if we do not take action.

I am pleased the committee and Chairman Hastings are taking leadership on this issue and look forward to moving this measure forward.

So, Mr. Chairman, thank you, and I look forward to making an introduction later on in the panel. I appreciate it.

Mr. McCLINTOCK. Very good. Thank you, Mr. LaMalfa.

We will now hear from our panel of witnesses. Each witness' written testimony will appear in full in the hearing record. We ask that the witnesses keep their remarks to 5 minutes, as outlined in our invitation letter.

We have a helpful timing light to assist in that 5 minutes. The green light means you have up to 5 minutes. The yellow light means 1 minute. Red light means for God's sake stop.

And with that I am pleased to introduce our first witness, Mr. Dan Keppen, Executive Director of the Family Farm Alliance from Klamath Falls, Oregon, to testify.

STATEMENT OF DAN KEPPEEN, EXECUTIVE DIRECTOR, FAMILY FARM ALLIANCE, KLAMATH FALLS, OREGON

Mr. KEPPEEN. Good afternoon, Chairman McClintock and Ranking Member Napolitano and members of the subcommittee. Thank you

for this opportunity to appear before you to discuss the Bureau of Reclamation's Surface Water Storage Streamlining Act.

This bill provides a critical first step toward addressing current regulatory and bureaucratic challenges that many times will delay or even halt the development of new water supply enhancement projects in the Western United States.

My name is Dan Keppen. I serve as the Executive Director of the Family Farm Alliance. We advocate for family farmers, ranchers and allied industries in the 17 Western states, and we are focused on one mission: to ensure availability of reliable, affordable irrigation water supplies to Western farmers and ranchers.

The Alliance is in full support of Mr. Hastings' bill, and we encourage the subcommittee to move the legislation forward to enactment.

Many of us in the West have long advocated for the critical need to modernize water supply and conveyance infrastructure in a way that keeps pace with expanding urban and environmental water demands. Unfortunately, the reality in the world of Western waters is that meaningful policy changes generally only occur immediately after a devastating flood or during a critical drought.

With much of the West blanketed by a drought this year, there has been heightened recent interest expressed of the need for additional water storage facilities. My board of directors quickly grasped this and earlier this year authorized the release of a report that provides detailed answers to 20 frequently asked questions about new water storage projects, some of which may come up in today's hearing.

I think you all have copies of this report, and I also have additional hard copies on the press table.

Family Farm Alliance members rely on the traditional water and power infrastructure built over the last century to deliver irrigation water supplies vital to their farming operations. Our membership has been advocating for new storage for over 20 years.

Water conservation and water transfers are certainly important tools for improving management of increasingly scarce water resources, but as Chairman Hastings mentioned, these demand management actions must be balanced with supply enhancement measures that provide the proper mix of long-term solutions for the varying specific circumstances facing the West.

As you are all aware, actually developing new storage projects is much easier said than done. For many reasons, political, economic and social, the construction of traditional surface water storage projects is undertaken on a much more limited basis today than in decades past. Even if authorization and funding is secured for a new storage project, the existing procedures for developing additional water supplies can make project approval incredibly burdensome.

On several occasions the Family Farm Alliance has provided specific recommendations to Congress and the White House on how to streamline restrictive Federal regulations to make these projects happen. Our organization is on record for firmly supporting the Water Supply Permitting Coordination Act, which was the subject of a hearing before this subcommittee last February as well.

Likewise we strongly support the Bureau of Reclamation's Surface Water Storage Streamlining Act, which would accelerate studies, expedite completion of reports, accelerate implementation of projects, and authorize the development of an annual report to Congress on future surface water storage development.

The Act would provide the same streamlined water project development processes for Bureau of Reclamation projects that the Water Resources Reform and Development Act of 2014 provided for U.S. Army Corps of Engineers' projects, as previously mentioned. That law, WRRDA, was passed earlier this year in both the House and Senate on a strong bipartisan basis and signed into law by President Obama.

Chairman Hastings' new bill would insert stronger accountability into Reclamation's surface storage study process, enhance transparency associated with interim and final storage project studies, and engage local stakeholders. All of these actions would improve the status quo, in our view.

We have some minor specific suggestions that we believe would improve the current bill, and they are noted in our written testimony, which I can elaborate on in the Q&A if necessary.

The Family Farm Alliance will continue to work with this subcommittee, the Congress, and other interested parties to build a consensus for improving the Federal regulatory and permitting process. A major reason the Alliance continues to push for improved and expanded water storage and conveyance infrastructure is not to support continued expansion of agricultural water demand, which is not happening in most places, but to mitigate for the water that has been re-allocated away from agriculture toward urban power, environmental and recreational demands in recent decades.

If we do not find a way to restore water supply reliability for Western irrigated agriculture through a combination of new infrastructure, other supply enhancement efforts, and demand management, our country's ability to feed and clothe itself and the world will be jeopardized.

Thank you again for this opportunity to testify before the subcommittee, and I stand ready to answer any questions you may have.

[The prepared statement of Mr. Keppen follows:]

PREPARED STATEMENT OF DAN KEPPEM, EXECUTIVE DIRECTOR, FAMILY FARM ALLIANCE, KLAMATH FALLS, OREGON

Chairman McClintock, Ranking Member Napolitano and members of the subcommittee, thank you for the opportunity to appear before you to discuss the "The Bureau of Reclamation Surface Water Storage Streamlining Act," legislation that provides a critical first step toward addressing current regulatory and bureaucratic challenges that many times will delay or even halt the development of new water supply enhancement projects in the Western United States. My name is Dan Keppen, and I serve as the Executive Director of the Family Farm Alliance. The Alliance advocates for family farmers, ranchers, irrigation districts, and allied industries in 17 Western states. The Alliance is focused on one mission—to ensure the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers.

The Family Farm Alliance is in full support of "The Bureau of Reclamation Surface Water Storage Streamlining Act" and encourages the subcommittee to move the legislation forward to enactment.

I have over 25 years of experience working on water resources engineering, planning and policy matters in the Western United States. I am a registered professional engineer in California and a past registered engineer and certified water rights examiner in Oregon. For 3 years, I managed the Tehama County Flood Control and Water Conservation District in California. I was appointed by the State of California to serve on the Department of Water Resources Offstream Storage Advisory Committee. Most pertinent to the focus of today's hearing, is my personal experience in working with envisioning, designing, permitting, and finally building new water storage projects in the West, including conception-to-construction management of three small dams and reservoirs in Oregon's Willamette Valley.

With much of the West blanketed by moderate to severe drought conditions, there has been heightened recent interest expressed for the need for additional water storage facilities. The call for more water storage only makes sense when one considers the paradigm shift of more conservative water operations coupled with the added water supplies necessary to meet demands for water that, in many basins in the West, have simply outgrown the existing supply. Earlier this year, the Alliance released a report that provides detailed answers to 20 frequently asked questions about new water storage projects. I have provided hard copies of this report to the subcommittee, and extra copies are available at the press table.

Family Farm Alliance members rely on the traditional water and power infrastructure built over the last century to deliver irrigation water supplies vital to their farming operations. Our membership has been advocating for new storage for over 20 years, and we have provided specific recommendations to Congress and the White House on how to streamline restrictive Federal regulations to help make these projects happen. While water conservation and water transfers are important tools for improving management of increasingly scarce water resources, our members believe these demand-management actions must be balanced with supply enhancement measures that provide the proper mix of long-term solutions for the varying specific circumstances in the West.

Regardless of cause, climate variability is one critical factor that underscores the need to develop new water storage projects in the Western United States. There are several reports¹ that suggest existing reservoirs will not be capable of safely accepting the earlier, more intense snowmelt that has been predicted for many Western watersheds. A report released in 2006 by the State of California predicted that climate change would result in a drastic drop in the state's drinking and farm water supplies, as well as more frequent winter flooding. The report suggested that warmer temperatures will raise the snow level in California's mountains, producing a smaller snowpack and more wintertime runoff. This means more floodwaters to manage in winter, followed by less snowmelt to store behind dams for cities, agriculture and fish. Water resources experts in other parts of the West also realize that new surface water storage projects may be necessary to capture more snowmelt or rainfall.

Some Western water managers believe there will likely be a "rush" to re-operate existing multi-purpose water storage projects to restore some of the lost flood protection resulting from the changed hydrology. These projects were designed to provide a certain level of flood protection benefits that will be reduced because of more "rain-induced flood" events. There will be a call to reduce carryover storage and to operate the reservoirs with more flood control space and less storage space. If this is done, it will even further reduce the availability and reliability of agricultural and urban water supplies.

Further, many water users are located upstream of existing reservoirs. These users must then rely on direct or natural flows that typically have been primarily fueled by snowmelt. In the Rocky Mountain West, snowmelt traditionally occurs over several months during the onset of the irrigation season, and thus the snowpack is an important type of water storage. Since irrigation water conveyance systems are never 100 percent efficient, water is diverted, conveyed and spread on the land in excess of the net irrigation demand. This surplus returns to the stream and recharges groundwater aquifers, which augments water supplies for all users located downstream from the original diversion. It also supports valuable habitat used by migrating waterfowl. If more runoff were to occur during warm cycles in winter before the onset of the irrigation season, this not only would impact water

¹ Including: California Climate Change Center, 2006—*Our Changing Climate—Assessing the Risks to California, Summary Report*. Tanaka et al. 2007, *Climate Warming and Water Management Adaptation for California*. Department of Civil and Environmental Engineering, Department of Agricultural and Resource Economics, University of California, Davis. May 3, 2007 Testimony Submitted on Behalf of The Western Governors' Association to U.S. House Committee on Science and Technology.

supply availability to these producers by decreasing the storage capacity usually provided by the tempered melting of the snowpack, but would also impact the utility associated with the return flows from their irrigation practices. As the snowpack is reduced by early melting, this reduced storage capacity must be replaced by new surface water storage just to stay on par with our currently available water supplies.

As you are all aware, actually developing new storage projects is much easier said than done. For many reasons—political, economic and social—the construction of traditional surface storage projects is undertaken on a much more limited basis than in decades past. Even if authorization and funding is secured for a new storage project, the existing procedures for developing additional water supplies can make project approval incredibly burdensome.

The President of the Family Farm Alliance—Wyoming rancher Patrick O’Toole—has testified before this subcommittee several times, and 2 years ago his testimony detailed the permitting challenges he encountered in building the Little Snake Supplemental Irrigation Supply Project (High Savery Project) in Wyoming. That project was built in less than 2 years, but took more than 14 years to permit.

Clearly, the existing procedures for developing additional water supplies need to be revised to make project approval less burdensome. By the time project applicants approach Federal agencies for permits to construct multi-million dollar projects they have already invested extensive resources toward analyzing project alternatives to determine which project is best suited to their budgetary constraints. However, current procedure dictates that Federal agencies formulate another list of project alternatives which the applicant must assess, comparing potential impacts with the preferred alternative. These alternatives often conflict with state law or are simply not implementable in the first place yet valuable resources are required to be expended to further study of these additional alternatives in the Federal permitting process. We appreciate that this subcommittee had explored opportunities and introduced legislation to expedite this process and reduce the costs to the project applicant. Our organization is on record for formally supporting the “Water Supply Permitting Coordination Act,” which was the subject of a hearing before this subcommittee last February.

Likewise, the Family Farm Alliance strongly supports the “Bureau of Reclamation Surface Water Storage Streamlining Act,” which would accelerate studies, expedite completion of reports, accelerate implementation of projects, and authorize the development of an annual report to Congress on future surface water storage development. The Act would provide the same streamlined water project development process for Bureau of Reclamation projects that the Water Resources Reform and Development Act (WRRDA) of 2014 provided for U.S. Army Corps of Engineers projects, a law that was passed earlier this year in both the House and Senate on a bipartisan basis and signed into law by President Obama. The Act would insert stronger accountability into Reclamation’s surface storage study process, enhance transparency associated with interim and final storage project studies and engage local stakeholders. All of these actions would improve the status quo, in our view. We have some very minor, specific suggestions that we believe would improve the current bill:

- First, we believe provisions should be added to “Expedited Completion of Studies” that require the Secretary of Interior to submit to the appropriate congressional committees an estimate, to the extent practicable, of the Federal, non-Federal and total costs of proposed projects and a recommendation of the level of funding required in each fiscal year to complete the project on the most expedited basis. Anything that would encourage Reclamation to address the cost issues would be very helpful in moving these projects forward and determining Reclamation’s capacity to execute on favorable reports.
- Second, we recommend that the bill include language with specific reference to non-Federal state and local projects that could be integrated with the operation of federally owned facilities. We want to ensure Reclamation is the lead agency in the case of permitting a non-federally built storage project that has a direct Federal nexus with a Reclamation project—i.e. Sites Reservoir (California)—where it will be integrated into the Central Valley Project operations but (as proposed by the local Joint Power Authority) remain a non-federally developed and owned facility.

The Family Farm Alliance will continue to work with this subcommittee, the Congress and other interested parties to build a consensus for improving the Federal regulatory and permitting process. A major reason the Alliance continues to push for improved and expanded water storage and conveyance infrastructure is not to support continued expansion of agricultural water demand (which is NOT

happening in most places), but to mitigate for the water that has been reallocated away from agriculture toward growing urban, power, environmental and recreational demands in recent decades. If we don't find a way to restore water supply reliability for Western irrigated agriculture through a combination of new infrastructure, other supply enhancement efforts and demand management—our country's ability to feed and clothe itself and the world will be jeopardized. Thank you again for this opportunity to testify before the subcommittee, and I stand ready to answer any questions you may have.

Mr. MCCLINTOCK. Thank you, Mr. Keppen.

I now recognize Mr. Bennett Raley, attorney representing the Northern Colorado Water Conservancy District and the National Water Resources Association from Denver, Colorado.

STATEMENT OF BENNETT RALEY, ESQ., TROUT LAW, DENVER, COLORADO, ON BEHALF OF NORTHERN COLORADO WATER CONSERVANCY DISTRICT AND THE NATIONAL WATER RESOURCES ASSOCIATION

Mr. RALEY. Thank you, Mr. Chairman, Ranking Member Napolitano, members of the subcommittee.

It is always a pleasure to be before this subcommittee. I am here today as counsel to the Northern Colorado Water Conservancy District, which is the repayment entity for the Colorado Big Thompson Project in northeastern Colorado. I am authorized to say that the National Water Resources Association, like Northern, support the Bureau of Reclamation's Surface Water Storage Streamlining Act.

I need not brief this subcommittee of the fact that there is a moderate to severe drought throughout much of the West, a drought that has been pervasive for, one could go back, depending on the basin, certainly to 2001, and with intermittent good years in between, the trend is clearly continued drought.

New storage will absolutely be a critical part of dealing with that continued drought. New storage does not mean additional, as Mr. Keppen says, agricultural uses or for that matter necessarily additional municipal uses. What new storage is is a tool for managers to manage most effectively the available water supply, including meeting environmental demands.

Every project that I am familiar with or work on has environmental components, and storage is a component. Let me address momentarily conservation. Conservation absolutely is a component. As my testimony details, the Northern District has built a non-Federal project, completed in the 1980s, the Windy Gap Project, that uses unused capacity in a Federal project.

Northern is also in the process of building two other large surface storage projects. These are non-Federal projects, both of which will be interrelated in some fashion with Reclamation projects.

The point of that history, Mr. Chairman, is that the Northern District actually has a fair amount of experience with developing new water storage projects, and the three projects that I mentioned, in theory, they could have been Bureau of Reclamation projects.

The District chose, and its participating entities, the entities paying the bills, chose to not do so in part because of a concern that

a perhaps outmoded Bureau process would add to what is already a very extensive process.

I have a couple observations to make that are historical in nature but I think relevant here. First of all, back in the 1980s, there was a large water supply project in Colorado. It would not have served my client, but that project was vetoed. It is what it is.

The point is that the demand from that project did not disappear. It simply is satisfied other places other ways, including drying up agricultural lands within the Northern District. So not doing something to optimize existing Bureau facilities does not mean that the demand goes away. I think California demonstrates that it puts pressure elsewhere, like on groundwater.

The second historical observation I would like to make is that absolutely if Congress is going to authorize and fund a reclamation project, it needs to know what it is approving and funding. The function of the feasibility reports historically, those were the most important sources of information on a project.

But I would submit to you that the importance is now different because in addition to a feasibility report for a Bureau project, you have extraordinarily extensive NEPA, in many cases extraordinarily extensive Endangered Species Act compliance, and do you know what? We believe it is appropriate to modernize the Bureau's facility to streamline the feasibility report aspects of it and related process, and we are pretty comfortable there will be no shortage of information to the public, no shortage of the ability of the public to participate, and we think that it simply will accelerate the optimum development of the scarce resources that we currently have.

Thank you, Mr. Chairman, Ranking Member, and good to see you.

[The prepared statement of Mr. Raley follows:]

PREPARED STATEMENT OF BENNETT W. RALEY, TROUT, RALEY, MONTAÑO, WITWER & FREEMAN, P.C., REPRESENTING THE NORTHERN COLORADO WATER CONSERVANCY DISTRICT AND THE NATIONAL WATER RESOURCES ASSOCIATION

Chairman McClintock, Ranking Member Napolitano, members of the subcommittee, it is an honor to be before you today to discuss the "Bureau of Reclamation Surface Water Storage Streamlining Act." In summary, the National Water Resources Association and the Northern Colorado Water Conservancy District support this legislation because it will provide for a streamlined and more effective process for the development of new Reclamation water supply projects. Congress recently provided similar authorities to the U.S. Army Corps of Engineers in the 2014 Water Resources Reform and Development Act, P.L. 113-121. We are very hopeful that this legislation will enjoy similar broad bipartisan support.

The National Water Resources Association, more commonly known as NWRA, represents state water associations, irrigation districts, cities, towns and other water providers that share a common interest in the development and management of reliable irrigation and municipal water supplies in the western states. NWRA members provide water to millions of people, agricultural producers and other businesses throughout the United States. For more than 80 years NWRA members have worked to provide water in a manner that provides both economic and ecosystem benefits to communities.

The fact that Reclamation processes can be improved is illustrated by Northern Water's experience in developing water supply projects. Northern Water is the repayment entity for the Colorado-Big Thompson Project, which is one of the most successful Federal reclamation projects in the West. Approximately 860,000 people live within the boundaries of Northern Water and its Municipal Subdistrict. Northern Water and its Municipal Subdistrict provide year-round water supplies to over 40 municipalities and domestic water supply districts. Northern Water also delivers water to more than 120 ditch, reservoir, and irrigation companies that serve

thousands of farms and more than 640,000 acres of some of the most productive farmland in the western United States.

The original Colorado-Big Thompson Project was completed by Reclamation in 1957 and is now operated by both Reclamation and Northern Water. C-BT Project Water is allocated by Northern Water to agricultural, domestic, municipal and industrial uses on the Eastern Slope of Colorado. In recognition of the fact that northern Colorado includes both vibrant cities and some of the most productive agricultural lands in the Nation, in the late 1960s and 1970s growing northern Colorado communities elected to develop the Windy Gap Project rather than rely solely on the transfer of water from existing agricultural uses to meet future municipal demands. The Windy Gap Project was completed in 1985. However, the continued growth of northern Colorado has created the need to develop additional municipal water supplies. As a result, northern Colorado is the project sponsor for the Northern Integrated Supply Project (“NISP”), and Northern’s Municipal Subdistrict is the project sponsor for the Windy Gap Firming Project. Both NISP and the Windy Gap Firming Project are designed to meet future municipal water demands in northern Colorado in a way that protects existing agricultural water users in northern Colorado.

The Northern Integrated Supply Project is a regional water supply project being developed by Northern Water on behalf of 15 northern Colorado water providers that are faced with a 60,000 acre-foot water supply shortfall by 2060. NISP will supply participating water providers with approximately 40,000 acre-feet of additional water supply annually. NISP will include two new “offstream” reservoirs with a combined capacity of approximately 215,000 acre-feet of water, and two water pumping stations and related pipelines. NISP will also include appropriate environmental and related mitigation elements. The Army Corps of Engineers is the lead Federal agency for NISP compliance with the National Environmental Policy Act. The Corps issued a draft Environmental Impact Statement for public comment in April 2008. In February 2009, the Corps decided to prepare a supplemental DEIS to include additional studies primarily centered on hydrologic, streamflow, and impacts modeling. The supplemental DEIS is scheduled to be completed and released for public comment in early 2015, and a final EIS is anticipated in late 2015.

The Windy Gap Firming Project is a collaboration between 13 northern Colorado water providers that are projected to have a water supply shortfall of 64,000 acre-feet in 2030 and 110,000 acre-feet by 2050. The Windy Gap Firming Project will, when combined with conservation, water reuse, and the development of other supplies, be an important component of the strategy to supply this future demand. The Windy Gap Firming Project includes a new 90,000 acre-foot East Slope “off-channel” reservoir. Reclamation is the lead Federal agency for the Windy Gap Firming Project. A final Environmental Impact Statement was completed in 2011, and the Municipal Subdistrict is in the process of negotiating a contract with Reclamation for the use of C-BT Project capacity by the Windy Gap Project. The Windy Gap Firming Project includes a wide range of environmental mitigation and enhancement measures, including a state-approved fish and wildlife mitigation plan that also addresses stream temperature considerations, increased flushing flows to clean sediment in the Colorado River, nutrient removal to offset water quality impacts to the C-BT Project, a voluntary enhancement plan to fund future stream restoration and habitat-related projects, and additional water for local communities that will also benefit downstream aquatic habitat.

The point of the discussion of this history is that Northern Water and its Municipal Subdistrict have substantial experience with the development of water supply projects. While it is conceptually possible that the Windy Gap Project, NISP, and Windy Gap Firming Projects could have been Federal reclamation projects, faced with the complexity, cost, and uncertainty of the process for new Federal reclamation projects, Northern Water and its Municipal Subdistrict and the cities and towns who will rely on these water supplies have elected to proceed with these Projects as non-Federal projects subject to Federal permitting and other requirements.

Northern Water is not alone in working to develop water supply opportunities that are sensitive to environmental needs without triggering the complex, costly and time-consuming processes for Federal water supply projects. Water providers throughout the West are seeking similar non-Federal solutions. However, given the importance and prominence of Reclamation facilities in many regions, a non-Federal project approach is not always available, and meeting the needs of the future will likely require that existing Federal reclamation projects throughout the West be optimized to allow additional storage or that unused capacity in existing Reclamation projects be made available to provide to better manage available non-Federal water resources. The “Bureau of Reclamation Surface Water Storage Streamlining Act”

would provide welcome improvements in the effectiveness of the process that will be required to provide additional storage in a manner that fully complies with the requirements of the National Environmental Policy Act and other Federal laws.

NWRA and Northern Water thank you for this opportunity to testify, and for your attention to the critical water supply issues facing our Nation. We look forward to working with the committee on this important issue.

Mr. McCLINTOCK. Thank you for your testimony.

I am now pleased to introduce my colleague from California, Mr. LaMalfa to make the next introduction.

Mr. LAMALFA. Thank you, Mr. Chairman.

I am happy to introduce Jeff Sutton, who has a unique understanding of California's water supply system. Jeff is a graduate of U.C.-Berkeley, which we will not hold that against him, as well as the University of San Diego Law School, which we will not hold that against him either.

He is a longtime resident of northern California, whose family has been farming in the Northern Central Valley since the 1870s, and he brings us a perspective not just of a family farmer directly impacted by drought, but also his experience with state and Federal water law and as General Manager of the Tehama-Colusa Canal Authority, which supplies 17 water districts and irrigates over 150,000 acres.

Mr. Sutton is also a member of the Sites Joint Powers Authority, a group of water districts, local governments, and the State of California committed to building Sites Reservoir. I believe that we will find his testimony very informative. So thank you for joining with us, Mr. Sutton, and I look forward to it. I yield back, Mr. Chairman.

Mr. McCLINTOCK. Mr. Sutton, you are recognized for 5 minutes.

**STATEMENT OF JEFFREY P. SUTTON, GENERAL MANAGER,
TEHAMA-COLUSA CANAL AUTHORITY, WILLOWS, CALIFORNIA**

Mr. SUTTON. Thank you. Thank you, Congressman LaMalfa, for all of your support and your bipartisan bill, H.R. 4300, to further Sites along, along with Congressman Garamendi. That has been very helpful.

Chairman McClintock, Ranking Member Napolitano, members of the subcommittee, thank you for the opportunity to appear before you today. Chairman Hastings, thank you for this important legislation which TCCA strongly supports.

And I also would like to mention at this time, before the committee visiting with representatives from the Association of California Water Agencies, they would also like their support to be on the record today.

My name as introduced is Jeff Sutton. I am General Manager of the Tehama-Colusa Canal Authority. We are a joint powers authority comprised of 17 water districts, all of whom are Central Valley Project water service contractors. We serve a 150,000 acre service area, providing water to over 1,000 family farms that provides a net benefit of over \$1 billion annually to our region.

We strongly support this bill because it will provide the commitment and direction needed to finalize studies for much needed new surface storage in California, which in turn will assist the Central

Valley Project to operate more effectively and efficiently over the long term and allow us to avoid in the future the incredible impacts that are currently being experienced as a result of the drought crisis in California.

In my 150,000 acre service area, 17 water districts through four counties on the west side of the Sacramento Valley, we currently have an allocation from the Bureau of Reclamation of zero water. Coupled with the Friant Water Authority, San Luis and Delta-Mendota Water Authority service areas, that is over 2 million acres of irrigated agriculture that is drying up on the vine as we sit here today. The impacts to our communities are devastating.

California's existing water storage projects were built to service our savings account during times of drought like this, a dynamic that has served us well for many years. Unfortunately, legislative mandates and regulatory actions have greatly reduced the utility and flexibility of these tools.

The Central Valley Project Improvement Act, the Endangered Species Act, biological opinions, the attorney record of decision, Delta water quality plans have taken over 3 million acre-feet out of our state water supply system. This threatens the continued viability of our economy in California.

Similar droughts in the 1970s and 1990s occurred. We did not find the same impacts during that time because we were able to rely on the surface storage that operated much more effectively. During those times we experienced reduced allocations, 50 percent, even 25 percent of water, but never anything close to a zero percent allocation.

So what has changed? During the same period when we have eroded our reliability of existing water systems, the state population has more than doubled, greatly increasing demand, while at the same time we have neglected to replace these lost resources. Permitting hurdles, lack of commitment, transparency and accountability have continued to impede efforts to make a significant investment in new statewide storage.

In short, while demand of water has increased, our tools to manage this vital resource have been eroded. Fortunately, during this crisis, California took bipartisan action, almost unanimous action to put a water bond before voters in November, \$2.7 billion being dedicated if passed by the voters to surface storage. This creates a great opportunity to leverage those dollars and partner with the Federal Government and local governments and local water agencies to take a step forward.

However, without this legislation to get these studies done, those projects just will not be realized.

As mentioned, our agencies along with four other water agencies in two counties have formed the Sites Joint Powers Authority to push a reservoir that would add 1.8 million acre-feet to California's water supply system. It would generate an annual yield of 540,000 acre-feet, and even more in dry and critically dry years.

Through integrating its operations with the statewide water system, it could provide an additional 900,000 acre-feet of additional storage in Shasta, Oroville, Folsom, and Trinity Reservoirs. The proposed project, which has a uniquely benign environmental footprint, it is off-stream, is designed to provide not only water supply

benefits, but also benefits to the Sacramento River ecosystem, water quality conditions in the Delta, flood control benefits, power benefits, recreational opportunities, providing for emergency flows to the Delta, and greatly increasing the cold water pool in upstream reservoirs for the benefit of threatened endangered fish species recovery.

Seeing my time is about up, I will just conclude that by accelerating studies, mandating expeditious completion of necessary ports, facilitating enhanced interagency collaboration, and requiring a commitment to transparency and accountability, the Bureau of Reclamation Surface Water Storage Streamlining Act would greatly enhance the study process for Sites and other projects, such as Shasta and Temperance Flat and other projects throughout the West.

Therefore, we greatly support this proposal, and I thank you for this opportunity and stand ready to answer any questions you may have.

[The prepared statement of Mr. Sutton follows:]

PREPARED STATEMENT OF JEFFREY P. SUTTON, GENERAL MANAGER, TEHAMA-COLUSA CANAL AUTHORITY

Chairman McClintock, Ranking Member Napolitano, and members of the subcommittee, thank you for the opportunity to appear before you today.

Chairman Hastings, thank you for introducing this important legislation and for continuing to make increased storage and other measures to address the historic drought in a California a priority for the committee.

INTRODUCTION

My name is Jeff Sutton, and I am the General Manager of the Tehama-Colusa Canal Authority (TCCA), a Joint Powers Authority comprised of seventeen (17) Water Districts, all of whom are Central Valley Project (CVP) Water Service Contractors.

The TCCA is honored to be here to testify about the "The Bureau of Reclamation Surface Water Storage Streamlining Act." The TCCA strongly supports this legislation and looks forward to working with you to refine and finalize the bill leading up to its consideration on the Floor.

The 150,000 acre service area that the TCCA serves spans four counties along the west side of the Sacramento Valley, providing irrigation water to a diverse agricultural landscape and over 1,000 family farms that produce a variety of crops, including: almonds, pistachios, walnuts, olives, grapes, prunes, rice, tomatoes, sunflowers, melons, vine seeds, alfalfa, cotton, and irrigated pasture. The water provided to these lands results in an annual regional economic benefit of over \$1 billion.

The TCCA diverts water from the Sacramento River through the recently constructed Red Bluff Fish Passage Improvement Project, a quarter mile long, positive barrier, flat plate fish screen (one of the largest of its kind in the world), and new pumping plant, that enabled the retirement of the operation of the Red Bluff Diversion Dam, and the elimination of the fishery impacts associated therewith. This Project, implemented in partnership with United States Bureau of Reclamation (USBR), achieved two important goals: (1) providing the ability to have year round, reliable diversions of irrigation water for the farms within the TCCA service area; while (2) simultaneously providing for unimpeded fish passage to prime spawning habitat on the upper Sacramento River for several threatened and endangered species (Winter and Spring Run Chinook Salmon, Steelhead, and Green Sturgeon), providing great benefit to this important resource and greatly enhancing recovery efforts.

THE CURRENT CALIFORNIA DROUGHT CRISIS

As a water manager, and as a member of a family that has farmed in the Sacramento Valley since 1870, I can intimately speak to the hardships caused by the current California drought crisis, the erosion of the reliability of the Central Valley Project, and the impacts that have occurred as direct result of the lack of investment in new water infrastructure in California to meet the needs of agricul-

tural, urban and environmental needs. Rather than speak to you about hypothetical scenarios, I thought it would be more helpful for my testimony to highlight ways in which enactment of the “The Bureau of Reclamation Surface Water Storage Streamlining Act” would be beneficial to mitigating the impacts of future droughts while also helping make the Central Valley Project operate more effectively and efficiently over the long term.

In 2014, for the first time in the history of the TCCA service area, all 17 water districts and 150,000 acres of productive farmland received an allocation of zero percent of their CVP water contracts. This has resulted in estimated fallowing of approximately 70,000–80,000 acres of land. The idling of this productive farmland has significantly reduced the economic productivity of our regional agriculture based economy. These impacts are reverberating throughout our communities, and are not merely being felt by the farmers who have had to forego planting their fields.

This crisis has also caused secondary impacts to agriculture based inputs (such as fuel companies, tractor companies, parts stores, fertilizer and seed companies, dryers, mills, and the local labor force), and tertiary impacts to other local businesses (stores, restaurants, auto dealers, etc.), as well as greatly affected county services. This historic lack of water supply is being experienced throughout the CVP service area, with the Friant Water Authority water districts and San Luis Delta Mendota Water Authority water districts also receiving a zero percent allocation. That represents well over 2 million acres, of some of the most productive farmland in the world, receiving not a drop of surface water from the CVP. In these rural counties, the farms are the factories that fuel our economy. Without the water necessary to lubricate this engine, it all comes to a screeching halt.

While the extremely dry period of hydrology currently being experienced in California has greatly contributed to the dire situation that exists, lack of foresight, planning, and investment, as well as the extreme regulatory environment and permitting hurdles have greatly frustrated efforts to manage our water resources and provide the necessary water infrastructure to prevent such a crisis.

During similar drought periods in 1977, and the drought experienced from the late 80s through the early 90s, while challenging, did not present the same desperation and impacts that are being felt today. During those experiences, reduced allocations occurred, but we still were able to deliver 25–60 percent of the water contracts. These water storage projects were built to serve as our savings accounts during times of drought, a dynamic that had served us well, but reduced flexibility, lack of investment, and the repurposing of these resources for environmental purposes has threatened the continued viability of our water supply system.

What has changed? First, legislative mandates and regulatory actions have resulted in lost water supply yield and reduced operational flexibility for our existing facilities. Second, permitting hurdles and a lack of coordination have prevented new projects from being realized.

Specifically, actions taken pursuant to the Central Valley Project Improvement Act, the USFWS and NMFS Endangered Species Act biological opinions related to the operations of the CVP, the Clean Water Act, and the Trinity Record of Decision have collectively impacted the deliveries of the CVP and the State Water Project (two of the largest water supply projects in the United States) by millions of acre-feet.

When combined, an absence of coordination coupled with regulatory hurdles have prevented any significant investment in new statewide water storage in California since the 70s, during which time the population of the state has more than doubled. In short, while the demand for water has increased, our tools to manage and supply this vital resource have eroded. This is a recipe for disaster, and has resulted in impacts to California communities, agriculture, and the environment.

THE NEED FOR NEW STORAGE

During the last prolonged drought in California, the need for new surface storage was identified as a priority. Several projects were identified by the CALFED Bay Delta Program, and have been continuously studied since the early 2000s. Since that time, which spans well over a decade, USBR has expended close to \$100 million on surface storage studies, and the California Department of Water Resources (CADWR) has spent tens of millions of additional dollars, with very little to show for it. It should be noted that Shasta Dam was constructed in a 7-year period, from 1938–1945, for \$120 million. USBR and CADWR have spent significantly more than that over the last decade—just studying projects. Several worthwhile projects continue to languish in this study phase, where they have been stuck for well over a decade, including: Sites Reservoir, Shasta Raise, and Temperance Flat.

The current drought crisis has resulted in the State of California realizing the desperate need for new surface storage in California. Just a few weeks ago, the California legislature passed the “Water Quality, Supply, and Infrastructure Improvement Act of 2014,” which will be on the November ballot. If approved, the Proposition will provide over \$7.5 billion in funding for enhanced water infrastructure, including \$2.7 billion dedicated to fund up to 50 percent of storage projects for public benefits. This creates a very real opportunity for significant progress toward needed storage investments, and the opportunity to leverage state, Federal and local funds to accomplish this goal.

That said, funding for additional storage will be of little use unless studies of proposed projects are completed in a more expeditious, cost-effective and informed manner. Doing so will enable us to capitalize on this opportunity to invest in and build the infrastructure needed to avoid these types of drought impacts in the future. The proposed Sites Reservoir is an excellent example to demonstrate this need.

SITES RESERVOIR

The North of Delta Off-Stream Storage Project investigation (one of the aforementioned proposed CALFED storage projects; also referred to as “Sites Reservoir”) has been studied since 2002. During that time, USBR has spent approximately \$12.7 million on the Sites feasibility study, and CADWR has spent many tens of millions more. Despite these years of effort, and tens of millions of dollars in funding, this process has still failed to reach conclusions regarding the project’s benefits, costs, proposed operations, and overall feasibility. Some of the delays can certainly be attributed to the complexity of the multi-jurisdictional nature of the proposal coupled with the challenges inherent in the constantly shifting regulatory environment associated with the CVP OCAP biological opinions. However, the fundamentals of the project have not changed in over a decade making Sites a clear demonstration of the need for systemic, legislative improvements.

Growing concerns about the delays of this effort resulted in the formation of a local agency, Sites Project Joint Powers Authority, to provide a local sponsor for the project. The Sites JPA is made up of seven local agencies (including Tehama-Colusa Canal Authority, Glenn Colusa Irrigation District, Reclamation District 108, Maxwell Irrigation District, Yolo County Flood Control and Water Conservation District, and the Counties of Glenn and Colusa) and was formed to establish a local voice for the project, and a public entity to work with the state and USBR to design, construct, manage, and operate this proposed reservoir.

A 1.8 million acre-foot capacity Sites Reservoir would generate an average annual yield of 400,000 to 640,000 acre-feet in dry and critically dry years; and through integrating its operations with the statewide water system, would provide an additional 900,000 acre-feet of additional storage in Shasta, Oroville, Folsom and Trinity Reservoirs during the important operational periods of May through September.

The Sites Project would not only significantly enhance water supply, it would also provide substantial improvements to the Sacramento River ecosystem, water quality conditions in the Delta, flood control benefits, increased recreational opportunities, emergency flows for the Delta, and a greatly increased cold water pool in upstream reservoirs, that would provide significant and important habitat improvements for threatened and endangered fish species.

Further, the Sites Reservoir, as an off-stream storage facility, has an incredibly benign environmental footprint. It utilizes existing water conveyance facilities, and diverts water from the Sacramento River through state-of-the-art fish screens to avoid harm to the fishery. However, lack of funding to allow for expedient completion of these studies, as well as a lack of accountability and commitment to finalizing these studies, continues to plague the efforts to complete this investigation and to realize the benefits of this dynamic project.

The proposed “Bureau of Reclamation Surface Water Storage Streamlining Act” would greatly enhance this process by accelerating studies, mandating the expeditious completion of necessary reports, and requiring a commitment to transparency and accountability. For these reasons, the Tehama-Colusa Canal Authority strongly supports this legislation.

RECOMMENDATIONS

In addition to establishing an expedited project study process, the Bureau of Reclamation Surface Water Storage Streamlining Act would also facilitate enhanced communication and collaboration between Members of Congress, the Bureau of Reclamation and impacted stakeholders which will be vital to informing decisions about needed storage projects as well as the status of ongoing proposals and how best to implement them.

While the TCCA strongly supports this legislation, we would like to suggest a minor edit which we believe would make its implementation more effective. We concur with the Family Farm Alliance regarding the need for language that ensures that when USBR is the lead agency for permitting a non-federally built project with a direct Federal nexus (such as the case may be for Sites Reservoir, and was the case for the Los Vaqueros raise, which then will be integrated into the Central Valley Project operations but remain a non-federally developed and owned facility), that USBR will remain the lead agency and its permitting process will remain subject to the applicable provisions of this legislation.

It is also the TCCA's sincere hope Mr. Chairman that you and the other members of the committee will continue to work with your counterparts on the appropriations committees of jurisdiction to ensure that adequate funding is provided to complete and, where possible, expedite current ongoing studies such as Sites Reservoir.

While these studies come at a cost to the taxpayer, I believe that they are, on the whole, investments that provide a good return. For example, this year alone, it has been estimated that the impacts associated with the California drought have resulted in over \$2 billion in losses to the agricultural sector of the state alone. Further, the Federal Government, as well as the State of California, have both spent considerable sums on drought relief over the past couple of years.

I am confident that by expediting the permitting process for additional storage, in a responsible way, this legislation will help build the storage necessary to mitigate the economic and environmental impacts of droughts and substantially reduce future impacts and drought relief spending.

CONCLUSION

The "Bureau of Reclamation Surface Water Storage Streamlining Act" consists of a number of common-sense proposals directed at removing unnecessary bureaucratic impediments to new storage in a manner that would provide additional water supply certainty to the businesses, individuals and wildlife whose well-being and, in many cases, survival is inextricably linked to the importance of congressional action to mitigate the adverse impacts of future droughts.

Therefore, it is my sincere hope that those who have concerns with this legislation will engage with you in a collaborative dialog about how best to address their concerns in a manner that will allow this legislation to pass the House in the near future so that it can be enacted and signed into law this year. The Tehama-Colusa Canal Authority looks forward to assisting you in this endeavor and we hope you won't hesitate to call upon us to do so.

Again, thank you for the opportunity to testify, I look forward to answering any questions you may have.

Mr. McCLINTOCK. Great. Thank you very much, Mr. Sutton. Thank you all for your testimony. We will now go to 5-minute questions beginning with the Chair.

The first question I have is simply to note what each of you have already cited and what the author of the measure has pointed out, that provisions of this bill are already included in WRRDA for dams that are constructed by the Army Corps of Engineers; is that correct?

Mr. SUTTON. Correct.

Mr. McCLINTOCK. That WRRDA bill with those provisions was supported by every member of this committee, Democrat and Republican.

Now, I wonder if any of our witnesses could explain why the expedited permitting process is appropriate for dams constructed by the Army Corps of Engineers but not for dams constructed by the Bureau of Reclamation.

Mr. RALEY. Sorry. I am not able to do that.

Mr. KEPPEL. Same here. I would agree that I am not able to do that, but I would point out that these projects by the Bureau of

Reclamation do require repayment, and those projects are being repaid, whereas most of those WRRDA projects do not get repaid.

Mr. MCCLINTOCK. That is a very good point. In fact, the Ranking Member tells us we should not build new dams until the old dams are paid for, but as the Chairman pointed out, that is the same sense that a 30-year mortgage is not paid off in 15 years. It is paid off in 30 years.

And then we are told, well, those loans might not be paid back some time in the future. Now, I have never heard of a loan officer saying, "Well, yes, for the last 15 years this loan has been paid off every single month, but who knows? The borrower might lose his job sometime in the future. So we might not have the loan paid back."

I mean, this seems silly to me. Can any of you put any more sense to it?

Mr. KEPPEL. I mean, I think that is a great analogy. I agree with what you and Chairman Hastings said.

The other aspect of this is just the importance of these original projects to rural communities like the one I live in. I live in Klamath Falls. The Klamath Irrigation Project is one of the oldest reclamation projects in the West.

Agriculture is what drives the county I live in. It is a \$600 million a year economy, and I would like to think that some of those Federal investments that were made way back when are paying off in other ways that perhaps this recent report does not talk about.

Mr. MCCLINTOCK. We are also told that we should not support this measure because it does not fund the actual construction of new dams, although that is included in other legislation, H.R. 3981, for example, but it seems to me we cannot build dams if we cannot get the dams approved, and that is the whole problem that this bill addresses; is that correct?

Mr. RALEY. Yes, Mr. Chairman. And I do want to point out that the Northern District has been successful in developing other projects, but the facts that allow that are not always present. There are many projects where that opportunity simply does not exist, and if a project is going to go forward, it is going to have to be a Bureau project.

Mr. MCCLINTOCK. Now, Mr. Sutton, I quoted the Bureau of Reclamation's written testimony that they are not aware of any reclamation surface storage water projects that have been denied construction because of delays associated with project review or permitting, but, Mr. Sutton, your testimony details the Bureau of Reclamation's delays on studying the Sites Reservoir.

Reclamation might be correct that they never deny anything, but also do they ever approve anything? And is that not the problem the bill seeks to address?

Mr. SUTTON. Yes, Mr. Chairman. The CALFED Storage Projects have been studied since 2002. Bureau of Reclamation alone has spent \$99 million during that time studying projects, the State of California another \$50-plus million.

And, no, nothing has been denied, but continuing to study endlessly is akin to a denial. We have spent more money studying these CALFED projects than we spent, \$120 million, to build Shasta Reservoir.

Mr. McCLINTOCK. Why do you not say that again just so it sinks in?

Mr. SUTTON. One hundred and twenty million dollars to build Shasta Reservoir; over \$150 million to study the CALFED Projects with nothing to show for it.

Mr. McCLINTOCK. And let us just go back to the Sites Reservoir for a moment: over a million acre-feet of storage, annual yield of up to 640,000 acre-feet in dry and critically dry years.

Suppose Sites were online today. How would that have alleviated the miseries facing the people of California?

Mr. SUTTON. In a year like this the dry hydrology has certainly been a challenge, but in 2012 and 2013, we could have captured significant water resources that were lost to the ocean, and that water could be used not only to provide water supply, but also to meet water quality needs in the Delta and upstream cold water needs for endangered species.

Mr. McCLINTOCK. So if the project had been approved 10 years ago rather than studied to death over the past 10 years, that water would be available right now.

Mr. SUTTON. We would not be suffering from the dramatic impacts that we suffer from today.

Mr. McCLINTOCK. Thank you.

I am now pleased to yield 5 minutes to the Ranking Member.

Mrs. NAPOLITANO. Thank you, sir.

Do you think there needs to be more Federal funding for water development? All of you, anybody?

Mr. KEPPEL. Well, I will just say, first of all, I mean, a lot of the grant programs, assistance programs in general, loan programs that were available in past decades for reclamation projects are no longer there. Anybody probably would say, yes, it would be nice to see more Federal funding.

However, the reality is I think we have all understood here over the last decade or so that is probably not going to happen any time soon. Our philosophy has been, again, pushing to try to be constructive in forums like this, find ways to facilitate the development of these projects that recognize that the states and the local entities also have a role to play when it comes to financial assistance.

Mr. SUTTON. I would add Sites Reservoir is integrated into the CVP and provides great public benefits, and the way that project has been shaped helped shape how the water bond has been developed to pay for up to 50 percent of those public benefits.

I do think that the investments the Federal Government has made in water storage has been repaid several times over. Just the service area that I deliver water to provides a regional annual benefit of \$1 billion a year.

So I think there are real opportunities.

Mrs. NAPOLITANO. Thank you. I am short on time.

Mr. SUTTON. I am sorry.

Mr. RALEY. I will save your time. Our answer would be that the appropriations process is above our pay grade. What we do think is out there and attainable is optimizing existing systems, and if we cannot have efficient Bureau study processes, you cannot bring

in non-Federal partners and non-Federal dollars because they will not start the process because there is no end to it.

Mrs. NAPOLITANO. But you also need the assistance by funding the agencies to do a better job.

Mr. SUTTON. Of course, I believe the Bureau can be quite adept at meeting the needs within its existing budget.

Mrs. NAPOLITANO. Well, that is the point, that they have a backlog of millions of dollars, just in recycling alone.

How much water has been brought on line due to Reclamation's various conservation actions? Anybody know? WaterSMART, for instance, how much water did it bring in?

Nobody knows? It is 400,000 acre-feet as of 2013, WaterSMART.

I have a bill that would reauthorize the Water Desalination Act of 1996, which has been stuck in this subcommittee. It would fund Federal research and development projects into desalination, the conversion of sea water into fresh water, as we all know.

Mr. Keppen, your group mentions the need for desalination. As part of the diversified water portfolio. Can you and the rest of the panel expand on whether you support initiatives, such as my bill, to expand our water supply?

Mr. KEPPEEN. I think we have been pretty consistent in saying it is going to take a suite of actions to address our challenges. That includes demand management. It includes reuse. It includes supply enhancement.

Mrs. NAPOLITANO. Does that mean I can count on your support?

Mr. KEPPEEN. I will definitely consider it and likely would say yes.

Mrs. NAPOLITANO. Gentlemen?

Mr. RALEY. Unfortunately, Colorado is quite removed from the ocean. So it is not something we consider.

Mrs. NAPOLITANO. But do you have brackish water in your aquifer somewhere?

Mr. RALEY. Not as that term is understood elsewhere in the West. There are aquifers with varying water quality, but we do not have the same issues/potentials that other areas may have.

Mrs. NAPOLITANO. OK. Sir?

Mr. SUTTON. Water conservation is an important tool. Desalination is an important tool. My growers have spent millions of dollars of their own money to implement micro drip, berry drip, micro sprinkler systems to stretch their water supplies, particularly in these times that this regulatory framework is—

Mrs. NAPOLITANO. How about water recycling of their own farm runoff?

Mr. SUTTON. We have water recycling systems that have been put in. Almost nothing leaves our ranches in the Tehama-Colusa Canal Authority service area. We use 300,000 acre-feet for 150,000 acres. Our water use efficiency is unparalleled.

Mrs. NAPOLITANO. Then I gather from your answers that you do support other items in the portfolio to be able to address water drought cycles and the need for expansion of water.

Mr. SUTTON. Absolutely, but if I could add that we have seen in the urban areas where they have done great water conservation during this time of drought, the Governor of California has asked for a 20 percent mandatory reduction.

In southern California, we have seen a lot of their water use actually go up during this dry period because they have squeezed that sponge as hard as they can.

Mrs. NAPOLITANO. But you understand that southern California is using almost the same water it has been using almost two decades ago by conservation, recycling, desalination, and education, which most of northern California has not really gotten yet. Many of those areas do not have water meters.

And I yield back.

Mr. SUTTON. And they have been able to meet the 20 percent reduction this year.

Mr. MCCLINTOCK. The gentlelady's time has expired.

Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman.

It is interesting, the whole spectrum of this debate here, where as was mentioned \$150 million studying Sites Reservoir where the entirety of Shasta Dam was conceived, permitted and built for \$120 million, and yet we hear in this committee room things about holding government accountable, and the cost of doing that with oversight is unaffordable. But that is not for this committee today.

But also, yesterday in discussion that California is in a drought situation and that naturally when you have less rain, you are going to have less water available. But if water is stored you get through those drought periods longer the more basins you have water stored in.

So I guess it causes the question of, is this drought purely just a natural drought or is it exacerbated and made exponentially worse by inaction, Federal regulations, lawsuits, things of that nature that prevent mankind from doing what it has done in the past, building various sizes of projects or desalination, things of that nature.

Please, Mr. Sutton and Mr. Keppen.

Mr. SUTTON. Well, we have gotten through similar droughts like this. Dry hydrology is predictable. This is a predictable and preventable crisis. The problem is that we have taken our existing infrastructure and strangled it to the point that where we used to have when you had full reservoirs, you could plan on 3 years, being able to serve 3 years of water through a dry period, even into 4 years.

At this point we have competing biological opinions, one saying you have to hold water in the reservoir for cold water pool; one saying you have to release it for delta smelt competing against each other, draining these reservoirs every year and providing us no carryover for these types of situations.

At the same time the population has grown. The demand has grown, and we have neglected to invest in new resources to make up for that lost utility. In fact, in the Central Valley Project Improvement Act (CVPIA), Section 3408(j) requires that we look to find ways to replace those lost resources.

We have made no progress in that regard.

Mr. KEPPEN. And I will add, too, I guess your question is, and we see a lot of coverage about this, especially in papers and media outlets outside of California saying Mother Nature and nature is

driving this, and there is no doubt about it. Drought is driven by nature.

But you just have to look back over the last 2 years. The reservoirs in California were brim full 2 years ago, and Jeff may have specific numbers as far as how it relates to CVP, but we are down. We have let a lot of that water go to meet the requirements of biological opinion.

And when you look at how the fish that are targeted by these flows have benefited, I am not seeing it. I mean, there are lots of things that are affecting these fish, but it seems like the fishery agencies are focusing on flow primarily, and that flow comes out of stored water, which a long time ago was developed to benefit M&I and agricultural uses in California.

When you look at the fish that are being targeted, smelt and salmon, the populations over the last 10 years have actually declined, while the predators of those fish have increased. I have charts that show that. I am putting together a journal article right now that has these charts in it.

So I am not saying that we were going to need more flow to make that turnaround. It suggests that it is something other than flows alone that are affecting these fish populations, but right now the agencies seem to be focusing primarily on using stored water to meet flow objectives for the perceived benefit of fish.

Mr. LAMALFA. Then how come our agencies are not helping us to develop more water so we have the water supply for flows as well as everybody else? Isn't that where really the hang-up is?

We know that occasionally we are going to have low rainfall years, drought periods. We know that we have need for people. We know we have need for fish. So does it really come back to this is all nature drought or is it manmade drought by exacerbating the non-development of new storage for an increasing population and an increasing biological need?

Mr. KEPPEN. I agree with your latter assessment there, and it is not just our inability to develop new storage or ineffectiveness in developing new storage and new conveyance facilities, but it is also the manner in which some of these regulations are being applied by the agencies.

Mr. LAMALFA. Such as?

Mr. KEPPEN. Such as releasing water downstream for the perceived benefit of fish with no perceived benefit.

Mr. LAMALFA. When you do not really see the benefit, yes, sir. OK.

Mr. Sutton, do you have anything to follow up on that?

Mr. SUTTON. I would echo Mr. Keppen's statement.

Mr. LAMALFA. OK. I yield back, Mr. Chairman. Thank you.

Mr. MCCLINTOCK. The Chair is pleased to recognize Mr. Costa for 5 minutes.

Mr. COSTA. Thank you very much, Mr. Chairman and the Ranking Member for holding this hearing.

I think it is very important, I mean, notwithstanding the drought conditions that we face in California and many of the Western states, that the fact is that we have a broken water system in California.

And I think the Ranking Member was quite correct to talk about the water supply in southern California. What you are living off of is less than it was 20 years ago, and to be commended for the conservation that has taken place in southern California.

I can make the same statement in the region of the San Joaquin Valley. We get far less water than we got 20 years ago. As a matter of fact, in the last 5 years our average on the West Side has been 44 percent of our allocation, and if you take away the great year we had 5 years ago when we had 180 percent of normal, our average water allocation that we have received is 22 percent.

So we are trying to do more with less, and of course, less this year is zero on both sides of the valley, and as I said yesterday, if we have an average rainfall this year, which we hope and pray we do—we hope it is better—we will get zero as well, we believe, given the current operations of the projects.

And therein lies the dilemma, and that is why this legislation, the Reclamation Surface Water Storage Streamlining Act, I think, has goals I support. We have been studying raising Shasta for over 10 years, almost 20 years. I do not know how much more we can study this. We either are going to do it or we are not.

And the same is with Temperance and Sites. I think what we have to cut through here is whether it is intended or the law of unintended consequences, not to have any more surface storage, and some people feel that way, and I respect that. I disagree.

If you have a broken water system that was designed for 20 million people, we have 38 million people today, and by the year 2050, we have to use all the water tools in our water toolbox. Conservation is important. We are doing it. We need to do more. Transfer of water is important. We are doing it, but there are limitations as to how much water you can transfer when you do not have it. Grey use of water is important. Desalination is important. All of those things are important.

But by the way, we need to build some additional storage as well, and so that is where this legislation is important. If we can devise the cost sharing formulas, we need to go ahead. We can mitigate what issues are out there, and I think the water bond that passed overwhelmingly that the Governor and the legislature worked in, again, I will repeat the numbers because I was in the legislature, as were all three of my colleagues, all four of my colleagues; we were all in the State legislature with the exception of our one colleague, Mr. Tipton.

We passed this water bond in the Senate 37-0. We cannot get a motherhood resolution done for 37-0, and in the assembly, it was 77-2. So that shows progress. We have to make this sort of bipartisan progress here.

Mr. Sutton, can you go into further detail on how you would propose the surface storage under the CALFED authority could help this year's drought and future droughts?

Mr. SUTTON. It can do nothing for this year's drought. We are—

Mr. COSTA. No, it is not built. I am talking about if it were in place and the water was there.

Mr. SUTTON. Ah, thank you.

Mr. COSTA. Let me stipulate that.

Mr. SUTTON. I appreciate that.

If we had that built, we could have filled significantly from 2010 through 2012 and 2013. There were waters that we could have diverted. We can divert water even during the summertime when they are releasing for fishery flows. We can recapture that water, hold it downstream, and then release it again for other needs. It lets us use that water over and over again.

We would have increased water for water supply. Upstream reservoirs would be healthier for cold water pool for endangered fish species, and water quality—

Mr. COSTA. And raising Shasta would provide that same purpose, and the two could work well in conjunction.

Mr. SUTTON. The two, they are both dynamic projects. Together they work even better.

Mr. COSTA. Right. Any other increasing operational flexibility that you can think of that you would suggest to recommend to us?

Mr. SUTTON. I think storage north and south of the Delta is important. I would go back to, there has been great water conservation in southern California, but we should also be mindful one of the few projects that has been done independently is Diamond Valley, and that is one of the reasons they are healthier than the rest of us are, because they have been able to build surface storage.

Mr. COSTA. Yes.

Mrs. NAPOLITANO. Privately.

Mr. SUTTON. I would also—

Mr. COSTA. Well, they fund it among their revenue base.

Mr. MCCLINTOCK. The gentleman's time has expired.

Mr. SUTTON. Well, and Sites Reservoir is not necessarily looking to the Federal Government for money. We are looking for opportunities to work together and integrate it into the Central Valley Project, but we are not necessarily looking to the Federal Government for those dollars.

But we have to have them as the Federal lead on this feasibility and to finish these studies because to get the real benefits for the fish and the water supply benefits, it has to integrate with the operation of the other CVP reservoirs.

Mr. MCCLINTOCK. OK. The gentleman's time has expired. The Chair is now pleased to recognize Mr. Tipton, who is not from California.

Mr. TIPTON. Thank you, Mr. Chairman, but a proud Coloradan. So I certainly appreciate the time, and I appreciate my colleague from California's comments in regards to allowing the process really to be able to work when we talk about 20 years of study, we are either going to build it or we are not.

And I believe we can all embrace we want to make sure that we have appropriate public input going in, but, gentlemen, maybe you would each like to speak to this briefly.

Does H.R. 5412 cut the public out of the Bureau of Reclamation's feasibility study process?

Mr. KEPPEL. I do not see that. I did not read that in the bill, and I vetted the bill with several dozen of the top water professionals in the West, and that concern was not brought up by any of them. I may have missed something, but I did not see it in my reading.

Mr. RALEY. I do not read it as shortening or minimizing in any respect the ability of the public to participate in a water storage project. Those opportunities are throughout the process, and the feasibility study is only a portion of it. The public will have ample opportunity for full comment.

Mr. SUTTON. I would briefly add I do not see how it circumvents any environmental regulations. It does not circumvent the opportunities for public comment required by NEPA. I do not see any way, shape or form that it circumvents the public process.

Mr. TIPTON. Great. That is my read of the bill as well, and as experts, I appreciate your comment on that.

You know, Mr. Keppen, you were talking about maintaining flow for some fish in the river, actually reducing some of the water supply. I found it devastating when we had pictures out of California. We saw dried up orchards, which had to be jobs, by the way, families that were struggling and struggling very much to be able to survive.

We have proposed rules that are coming forward out of the EPA, the "Waters of the U.S." Do you see that as a potential challenge, again, to water storage to be able to have that for our communities, for businesses, for states?

Mr. KEPPEL. Well, we are in the process of going through the "Waters of the U.S." rule, and also we have weighed in on the interpretive rule that talks about certain agriculture practices that are exempt. Yes, we are concerned not only with that, but also probably even closer to home for you, Congressman, Forest Service directives right now that deal with groundwater management and best management practices I think could have a real impact on the time and the certainty associated with permitting some of the storage products up in watershed areas.

I would preliminarily, we share the same concern relative to the "Waters of the U.S." rule, and we are developing detailed comments for EPA at this point, and we will have them ready here in another month or so.

Mr. TIPTON. Perhaps all of you can speak to this because I see a multi-tiered challenge in front of us actually when we need to be able to store water. We know this. Conservation, that is great. We are seeing a lot of efforts in that in our various states going on. We do have growing populations, but conservation alone, demanding water from agriculture, we do have to be able to actually have storage that is going to be able to be built.

We have challenges with redundant regulatory processes right now that are inhibiting, as my colleague from California was pointing out, holding up these projects. We now couple this with the EPA; we have the Forest Service water directive that is coming out on groundwater.

So it is not only regulations inhibiting the ability to be able to build these projects; we have the EPA wanting to control the water above, the Forest Service the water below.

Is this a real challenge looking forward for our communities? Mr. Keppen, would you like to start?

Mr. KEPPEL. Sure. I mean, I will repeat what I just said. Already overall new infrastructure projects in general face significant permitting hurdles and uncertainty. Sometimes it takes millions of

dollars just to get through the studies and reconnaissance level investigations before you get a handle on whether or not something can go further, and oftentimes it is the regulatory aspects that are daunting to these things.

So, our concern is it has created almost a defeatist attitude with people that previously decades ago might have been more aggressive about trying to develop some of these projects.

Mr. TIPTON. Right.

Mr. KEPPEL. Some of the regulations you have mentioned are just the tip of the iceberg. I mean, we have those. We also have stuff coming out of Council on Environmental Quality on principles and guidelines on how water policy and plans are developed. There are lots of hurdles right now.

It is tough enough, and it seems like it is becoming even more daunting with some of the proposals that are out there coming out of the agencies.

Mr. TIPTON. I appreciate Mr. Sutton's comments. It is not necessarily even looking for dollars, but just an opportunity to be able to create that storage coming out.

Mr. Chairman, I am out of time. Thank you, and I yield back.

Mr. MCCLINTOCK. Great. Thank you.

Mr. Huffman.

Mr. HUFFMAN. Thank you, Mr. Chairman.

You know, there continues to be a bit of disconnect in this discussion we are having about surface storage, lots of "truthing" that needs to occur on this subject.

It is not environmental regulation or environmental standards that have held back new surface storage projects in the last 20 or 30 years. It is money, good old fashioned dollars, and I do not think we shed light on this subject when we play with numbers.

So, Mr. Sutton, I just want to ask you about the comparison that you made where you pointed out that it cost \$120 million to build Shasta and we have spent \$150 million studying the expansion. Well, that makes good media, I suppose, but the truth is that \$120 million was spent in 1945.

Mr. SUTTON. I have an economics degree. I did not mean—

Mr. HUFFMAN. You know about the present value of money.

Mr. SUTTON. Absolutely.

Mr. HUFFMAN. That \$150 million was spent very recently. I wondered are you able to calculate the actual present value of \$120 million spent in 1945? Do you have that number?

Mr. SUTTON. I do not have that number.

Mr. HUFFMAN. I have it. It is actually \$1.5 billion. So would you not agree that it is a little misleading to—

Mr. SUTTON. That would be a bargain to have Shasta for \$1.5 billion.

Mr. HUFFMAN. Well, but you were playing a different game with those numbers, sir, and I just would suggest that we be a little more careful when testifying in front of the Congress of the United States. That is not at all accurate.

The truth is we have a Central Valley Project that is behind in its repayment obligations, and I know that folks get a little defensive when we talk about this, but it is the truth. I have a March 26, 2013 memo here from the Office of the Inspector General point-

ing out that the CVP is way behind. There are units, there are pieces of the CVP that have kept up. There are certainly reclamation projects around the country that have kept up with their repayment obligations, but the CVP is way behind.

And in fact, we have a new GAO report that just came out this week that basically reiterates the same point, that system-wide we have \$1.6 billion outstanding. A lot of that is due to the Central Valley Project continuing to be highly subsidized and way behind in its repayment obligations.

So it is fanciful at best, given the deficit nature of where the CVP is in its repayment obligation to the United States to assume that somehow we are going to come up with a whole bunch of new money to build new surface storage for folks who have not chosen to go and create their own financing plan and their own project and do it themselves.

We are talking for any of these projects that I look at, at the high hundreds of dollars per acre-foot any way you would go about financing it, and so it is interesting to hypothesize that if Sites, for example, had been approved 10 years ago what benefits might that have provided to the system, but I think the more germane hypothetical is if it had been approved 10 years ago, who would have stepped up and paid for it. Who would have come up with \$3.9 billion and an actual commitment in writing, a contract to buy that water over the long term at prices that are way more than most agricultural consumers are ever willing to pay, except in the most critical drought years?

Maybe you have an answer to that, but I think that is really the only relevant question that would enable this discussion to go further.

Mr. SUTTON. Well, I will say the Sites JPA is looking at several financing options, and I will say that the State of California has found that investment in new surface storage for the public benefits that will be provided, which are significant with Sites Reservoir, they are looking—

Mr. HUFFMAN. So your answer is public dollars that would pick up the tab?

Mr. SUTTON. No, it is only up to 50 percent of the price for the project, only for those metrics that say are for public benefit.

Mr. HUFFMAN. I appreciate the answer, and that is always the answer, right?—

Mr. SUTTON. Can I finish?

Mr. HUFFMAN [continuing]. That we will sort of try to characterize a lot of these projects as public benefit. We will get the taxpayers to pick up the tab, but meanwhile around the state—

Mr. SUTTON. That is a mischaracterization, sir.

Mr. HUFFMAN. This is my time, sir.

Meanwhile around the state we have to remember that projects have proceeded with local financing. We have surface storage projects, despite the continuous mantra we hear about California never builds new surface storage. Well, since 1990, we have almost a million acre-feet in new surface storage between Diamond Valley and Los Vaqueros that happened without massive public subsidies, where the actual project beneficiaries stepped up and paid for it, and there is nothing preventing anyone else in the State of

California who is a beneficiary of these projects from putting their financing together and putting that on the table.

But it has not happened to date, and until it does this continues to be a wishful adventure rather than a serious policy discussion.

Mr. SUTTON. And we agree. We are looking to do those projects just like the ones that are serving southern California and avoiding them from having the impacts that other folks are experiencing right now during this drought.

And I would like to respond to your question or your point made on the CVP. We are paying for that. We continue to pay that off through 2030. It is becoming incredibly hard though when a project that is supposed to serve 3 million acres in a year like this is serving zero water. That repayment is through our water rates, and when you are not getting any water because of the regulatory shutting off of that water, it makes it very challenging.

Mr. MCCLINTOCK. The gentleman's time has expired.

The House has been called to votes, but we have completed this round of questions, and the Ranking Member has a request.

Mrs. NAPOLITANO. I do, sir. I would like to introduce into the record a letter of opposition from American Rivers Center to Biological Diversity, Defenders of Wildlife for Justice, NRDC—

Mr. MCCLINTOCK. The usual suspects.

Mrs. NAPOLITANO. And also—

Mr. MCCLINTOCK. Without objection.

Mrs. NAPOLITANO. And I did not hear it mentioned, the testimony submitted by the Department of the Interior for today.

Mr. MCCLINTOCK. That is already part of the record.

Mrs. NAPOLITANO. OK. Well, I was not sure because I did not hear it mentioned, but I would like to be able to state the Diamond Valley was built with non-Federal funds. It currently stores 800,000 acre-feet up to 2 million, to your point.

Thank you, Mr. Chairman.

Mr. MCCLINTOCK. Very good. Well, if there are no further questions, because if there are, we are going to have to go vote.

Mr. LAMALFA. I would note that the CVP would be paid off if it had not had over \$1.5 billion diverted in environmental projects that really had nothing to do with the acres being run there, and that the Diamond Valley has been filled with northern California water that is not presently in Lake Oroville or Lake Shasta.

So thank you.

Mr. MCCLINTOCK. The bad news is if we go to another round of questions, we are going to have to hold everybody here while we go vote. So as much as I would like to continue the discussion, could I suggest that any further questions and, for that matter, any further testimony that you would like to make in response to the questions that you have received and you did not have time to answer, the committee record will be open for 10 days to receive those responses and to receive those additional comments and questions.

So if there are no further questions here and if there is no objection, the subcommittee will stand adjourned. Thank you all.

[Whereupon, at 3:10 p.m., the subcommittee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

PREPARED STATEMENT OF THE BUREAU OF RECLAMATION, U.S. DEPARTMENT OF THE
INTERIOR

Thank you for the opportunity to provide the views of the Department of the Interior (Department) on the "Bureau of Reclamation Surface Water Storage Streamlining Act." This bill was presented to the Department just last week, and the Department has not had adequate time to conduct an in-depth analysis and develop detailed testimony. The Department has expressed concern to the committee that short notice of hearings on new bills deprives the Department and the Administration the opportunity to provide testimony containing thorough analysis of the language. The comments below represent our initial review of the bill and, currently, the Department does not support the legislation as currently written.

The Department may provide additional views on this legislation after conducting further analysis.

In general, the legislation aims to expedite completion of new or expanded surface water storage, and creates financial consequences for Federal agencies found to be out of compliance with the accelerated processes prescribed in the bill. The bill designates the Bureau of Reclamation (Reclamation) as the lead agency for its various deliverables in this area. The Department recognizes the sponsor's desire to reduce delays associated with large infrastructure projects. We are aware of, but do not agree with, the view that the water supply shortfalls common to western states can be remedied with a renewed emphasis on reducing analysis that may accompany the construction of any new reservoir or other major water project.

However, as the Department has stated in prior testimony on surface water storage before this subcommittee, we are not aware of any Reclamation surface water storage projects that have been denied construction because of delays associated with project review or permitting, or shortcomings in communication among Reclamation or any other state or Federal partners. There are more than two dozen authorized but unconstructed Reclamation projects, but none of those projects was denied construction because of the requirements of the National Environmental Policy Act (NEPA) or because it was 'overstudied.' Rather, as stated in a February 2014 hearing on H.R. 3981, and in prior testimony at the subcommittee's February 7, 2012 hearing on surface water storage, project economics and the pricing and repayment challenges within the potential markets where projects would be built are the primary reasons for many projects being identified and/or authorized but not constructed. If nothing else, it appears that this bill would restrict the time available to establish the merits of a project and to consider the project's potential environmental effects. Constraining or circumventing project environmental reviews and permits impedes the opportunity to consider alternatives with less adverse impacts on communities and the environment which could make favorable recommendations for project construction less likely and increase the potential for delay as a result of litigation.

In addition, a brief review of the bill shows that it would impose a number of additional requirements on Reclamation and other Federal agencies that would not provide a corresponding public benefit or increase the likelihood that high-quality, economically justified surface water storage projects would be identified, studied and constructed. These include a requirement that agencies already straining under tight budgets solicit additional proposals from the public and track submittals regardless of their inherent merit, feasibility or level of stakeholder support. Reclamation already has authority, through its Basin Study Program, to solicit and evaluate stakeholder-proposed alternatives to address water supply imbalances.

Reclamation has been working to achieve meaningful efficiencies in the implementation of its planning or resource management programs, particularly in the area of water transfers. For example, to expedite environmental reviews Reclamation already coordinates with stakeholders and cooperating agencies, consults with agencies and tribes, employs programmatic environmental documentation in appropriate cases, and uses tiering and supplementation. The Council on Environmental Quality last month issued draft guidance designed to assist agencies with the effective use of programmatic NEPA reviews, not inconsistent with the goals of this legislation. Reclamation and the Department recognize the benefits to taxpayers and the Nation of efficiently planned and executed water resource projects. Coordination, transparency, performance measurement and public input are goals we share with the

sponsor of this bill, and we have a strong record fostering those goals in our programs.

The Department and Reclamation also recognize that significant effort went into developing this legislation. However, given the short time provided and based on an initial review of the bill, the Department does not support this bill as written.

Thank you for the opportunity to provide these initial comments. The Department may provide further comment on this bill as we conduct additional analysis.

