

Statement of Michael L. Connor
Commissioner
U.S. Bureau of Reclamation
Before the
House Committee on Natural Resources
Subcommittee on Water and Power
March 11, 2010

Thank you, Madam Chairwoman, Mr. McClintock and members of the subcommittee, for the opportunity to discuss with you the President's Fiscal Year 2011 budget request for the Bureau of Reclamation. With me today is Bob Wolf, Director of Program and Budget.

I appreciate the time and consideration this subcommittee gives to reviewing and understanding Reclamation's budget and its support for the program. Reclamation works hard to prioritize and define our program in a manner that serves the best interest of the public who rely on Reclamation for their water and power.

Our FY 2011 request continues support for activities that deliver water and generate hydropower, consistent with applicable State and Federal law, in an environmentally responsible and cost-effective manner.

Appropriation	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request
Total: Water and Related Resources	\$920.3	\$951.2	\$913.6
Policy and Administration	\$59.4	\$61.2	\$61.2
California Bay-Delta	\$40.0	\$40.0	\$40.0
Central Valley Project Restoration Fund	\$56.1	\$35.4	\$49.9
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Subtotal: Gross Current Authority	\$1,075.8	\$1,087.8	\$1,064.7
Central Valley Project Restoration Offset	-\$52.7	-\$35.1	-\$49.6
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Total: Net Current Authority	\$1,023.1	\$1,052.7	\$1,015.1

The budget continues to emphasize working smarter to address the water needs of a growing population in an environmentally responsible and cost-efficient manner; and assisting States, Tribes, and local entities in solving contemporary water resource challenges. It also emphasizes the operation and maintenance of Reclamation facilities in a safe, efficient, economic, and reliable manner; assuring systems and safety measures are in place to protect the public and Reclamation facilities. Funding for each project or program within Reclamation's request is based upon Administration, Departmental, and Bureau priorities. Key focus areas include Water

Conservation, Climate Change Adaptation and Renewable Energy, Restoring Rivers, and supporting Tribal Nations.

Reclamation's 2011 budget request is \$1.1 billion, which includes \$49.9 million for the Central Valley Project Restoration Fund (CVPRF). This request is offset by discretionary receipts in the CVPRF, estimated to be \$49.6 million. The request for permanent appropriations in 2011 totals \$167.0 million.

Water and Related Resources

The 2011 budget request for Water and Related Resources, Reclamation's principal operating account, is \$913.6 million. The request includes a total of \$489.9 million for water and energy, land, and fish and wildlife resource management and development activities. Funding in these activities provides for planning, construction, water conservation activities, management of Reclamation lands including recreation, and actions to address the impacts of Reclamation projects on fish and wildlife.

The request also provides a total of \$423.7 million for facility operations, maintenance, and rehabilitation activities. Providing adequate funding for these activities continues to be one of Reclamation's highest priorities. The Bureau continues to work closely with water users and other stakeholders to ensure that available funds are used effectively. These funds are used to allow the timely and effective delivery of project benefits; ensure the reliability and operational readiness of Reclamation's dams, reservoirs, power plants, and distribution systems; and identify, plan, and implement dam safety corrective actions and site security improvements.

Highlights of the FY 2011 Request for Water and Related Resources

I would like to share with the Committee several highlights of the Reclamation budget including an update on the WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program and Interior's establishment of a High Priority Performance Goal target to enable capability to increase available water supply for agricultural, municipal, industrial and environmental uses in the western United States by 350,000 acre-feet by the end of 2011.

WaterSMART Program — The request focuses resources on the Department of the Interior's WaterSMART program. The program concentrates on expanding and stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and to meet the growing needs of expanding municipalities, the environment, and agriculture. The U.S. Geological Survey is a partner in WaterSMART.

The Department plays an important role in providing leadership and assistance to States, Tribes, and local communities to address these competing demands for water and to be more energy efficient in the operations of its facilities. Reclamation is proposing to increase its share of the WaterSMART Program by \$27.4 million over the FY 2010 enacted level for total funding of \$62.0 million. The three ongoing programs include: the WaterSMART (formerly the Challenge) grant program funded at \$27.0 million; the Basin Study program funded at \$6.0

million; and the Title XVI Water Reclamation and Reuse program funded at \$29.0 million. Through these programs, Reclamation will provide competitive grants for water marketing and conservation projects; implement basin-wide planning studies that will help identify the impacts of climate change, identify potential adaptation measures and address comprehensive water supply and demand in the West; and continue funding of water reuse and recycling projects.

Other significant programs and highlights include:

Climate Change Adaptation and Renewable Energy — The Department is implementing an integrated strategy for responding to climate change impacts on the resources managed by the Department, through the establishment of DOI Climate Science Centers (CSC), Landscape Conservation Cooperatives (LCC) and a Climate Effects Network. The 2011 budget requests an increase of \$3.0 million for use within Reclamation's Basin Studies program for total funding of \$6.0 million to implement West-wide climate change risk assessments. Reclamation will take the lead to coordinate work at two LCCs. Reclamation's Science and Technology program will devote \$4.0 million to support scientific work through the Department's CSCs. Reclamation is also assessing and implementing new renewable energy generation development in association with Reclamation facilities in cooperation with other Federal and State agencies, water users, and private sector entities through its Power Program Service program.

Restoring Rivers — In order to best maintain Reclamation's ability to meet its core mission goals of delivering water and generating hydropower, a growing part of its mission must focus on the protection and restoration of the aquatic and riparian environments influenced by its operations. This growing focus area will help Reclamation better balance its environmental mission with its role as a water supplier and power generator, thus better positioning Reclamation to address the ongoing challenges presented by drought, climate change, increasing populations, the growing water demand associated with energy generation, and environmental needs. Reclamation's Restoring Rivers agenda involves a large number of activities, including its Endangered Species Act recovery programs.

The 2011 request provides \$171.7 million for operating, managing and improving California's Central Valley Project. This amount includes \$39.9 million for the CVP, Sacramento River Division, Red Bluff pumping plant, which will be constructed to facilitate passage for threatened fish species, as well as providing water deliveries. The American Recovery and Reinvestment Act of 2009 also provided \$109.8 million for the Red Bluff pumping plant. The funding for CVP also includes \$11.8 million for the Trinity River Restoration program that includes development of a comprehensive monitoring and adaptive management program for fishery restoration and construction of channel rehabilitation projects at various sites along the Trinity River. This request includes \$21.7 million for the CVP Replacements, Additions, and Extraordinary Maintenance program, for modernization, upgrade, and refurbishment of facilities throughout the Central Valley.

The request includes \$25.3 million for Lower Colorado River Operations to fulfill the role of the Secretary as water master for the Lower Colorado River. The request provides funding for management and oversight of both the annual and long-range operating criteria for Colorado River reservoirs; water contract administration; and implementation of the Lower Colorado

River Multi-Species Conservation program. The Bureau of Reclamation remains committed to maximizing efficient ways to deliver water under its contracts and to conserve water for multiple uses, including endangered species protection.

The budget requests \$23.7 million for Endangered Species Act Recovery Implementation programs. The request includes \$12.7 million in the Great Plains Region to implement the Platte River Endangered Species Recovery Implementation program, based upon approval of the program by the Secretary and the Governors of Colorado, Nebraska, and Wyoming in late 2006 and authorized by the Consolidated Natural Resources Act of 2008. Implementation of this program provides measures to help recover four endangered or threatened species, thereby enabling existing water projects in the Platte River Basin to continue operations, as well as allowing new water projects to be developed in compliance with the Endangered Species Act. It also provides an increase of \$4.9 million for a total of \$8.4 million for the Upper Colorado River Endangered Fish Recovery program, which was established in January 1988, to provide habitat management, development and maintenance; augmentation and conservation of genetic integrity; and conservation of other aquatic and terrestrial endangered species. The increase will fund construction of a system that automates canal operations to conserve and redirect water for instream flows.

The Klamath project request is \$22.5 million and includes funds for studies and initiatives related to improving water supplies to meet the competing demands of agricultural, tribal, wildlife refuge, and environmental needs. Key areas of focus include continuing a water bank; making improvements in fish passage and habitat; taking actions to improve water quality; developing a basin-wide recovery plan; increasing surface and groundwater supplies; and continuing coordination of Reclamation's Conservation Improvement program.

The Klamath Dam Removal and Sedimentation Studies are being conducted as a result of negotiations initiated in 2005 and completed in 2010 regarding restoration of the Klamath River. Study results will be used to inform a Secretarial Determination to decide if removing PacifiCorp's four dams on the Lower Klamath River is in the public interest and advances restoration of the Klamath River fisheries. The Reclamation request includes \$5.0 million to further assess the costs and benefits of removing the dams. The Fish and Wildlife Service, funded under the Interior, Environment, and Related Agencies appropriations subcommittee, also has \$2.0 million in its request to support these studies.

The Middle Rio Grande project request is \$25.1 million and will continue funding of endangered species activities and Reclamation's participation in the Middle Rio Grande Endangered Species Act Collaborative program. Funding of the repair of priority river levee maintenance sites is also included.

The Yakima River Basin Water Enhancement Project request is \$12.4 million, which will continue funding grants to Benton and Roza Irrigation Districts and Sunnyside Division Board of Control, to implement conservation measures and monitor the effects of those measures on the river diversions.

Supporting Tribal Nations — The FY 2011 Reclamation budget supports tribal nations through a

number of projects. The request includes \$12.5 million for the Animas-La Plata project to continue implementation of the Colorado Ute Settlement Act. Project completion is anticipated in 2013, and 2011 funding will provide for directional drilling and pipeline construction on the Navajo Nation Municipal Pipeline and the continued filling of Lake Nighthorse.

The request includes \$10.0 million for the Navajo-Gallup Water Supply Project, a key element of the Navajo Nation Water Rights Settlement on the San Juan River in New Mexico. The project will provide a reliable and sustainable municipal, industrial, and domestic water supply from the San Juan River to 43 Chapters of the Navajo Nation.

The request includes \$4.0 million for the Soboba Water Rights Settlement Project to complete funding for the payment or reimbursement for constructing, operating, and maintaining the portion of the basin recharge project that the United States is responsible for under the Settlement Agreement.

The 2011 Reclamation budget requests \$62.0 million for on-going authorized rural water projects. The projects that benefit tribal nations include Mni Wiconi, the rural water component of the Garrison Diversion Unit; Fort Peck Reservation/Dry Prairie; Jicarilla Apache Reservation; and Rocky Boys/North Central Montana. Other rural water projects include Perkins County and Lewis and Clark.

Safety of Dams — A total of \$95.2 million is requested for Reclamation's Safety of Dams program, which includes \$45.0 million directed to dam safety issues at Folsom Dam. Funding also includes \$29.3 million to initiate other safety correction activities and \$19.0 million for safety evaluations of existing dams. This includes \$1.9 million to oversee the Interior Department's Safety of Dams program.

A total of \$30.3 million is requested for Site Security to ensure the safety and security of the public, Reclamation's employees, and key facilities. This funding includes \$9.2 million for physical security upgrades at high risk critical assets and \$21.1 million to continue all aspects of Bureauwide security efforts including law enforcement, risk and threat analysis, personnel security, information security, security risk assessments and security-related studies, and guards and patrols.

Section 513 of the Consolidated Natural Resources Act of 2008 includes provisions for the treatment of Reclamation site security costs. Under these provisions, Reclamation will collect approximately \$20.0 million, as indexed for inflation, in security-related operation and maintenance costs that are reimbursable under Reclamation law. Approximately 60 percent of this amount is reimbursable through up-front revenues. Approximately 40 percent of this amount is appropriated and then reimbursed to projects through the normal operations and maintenance cost allocation process.

Policy and Administration

The \$61.2 million request in FY 2011 funds the development, evaluation, and implementation of Reclamation-wide policy, rules, and regulations, including actions under the Government

Performance and Results Act. These funds are also used for management and performance functions that are not chargeable to specific projects and required for ongoing Commissioner's activities.

Central Valley Project Restoration Fund

The 2011 budget includes a request of \$49.9 million for the CVPRF. This budget request is offset by collections estimated at \$49.6 million from mitigation and restoration charges authorized by the Central Valley Project Improvement Act. The San Joaquin River Restoration Fund section below describes the impact that the San Joaquin River Restoration Settlement Act has on the CVPRF.

The 2011 program funds a variety of activities to restore fish and wildlife habitat and populations in the CVP service area of California, including: acquiring water for anadromous fish and other environmental purposes; providing for long-term water deliveries to wildlife refuges; continuing the anadromous fish restoration program with the goal of doubling their natural production; monitoring the effectiveness of restoration actions; acquiring fee title or conservation easements to facilitate better management; restoring land to improve wildlife habitat, conserve water, and reduce drainage; and continuing funding for fish screens on diversions along the Sacramento River.

San Joaquin River Restoration Fund

While there is a \$72.1 million request for discretionary appropriations in FY 2011, receipts will be used, as authorized by the 2009 San Joaquin River Restoration Act, to implement terms of the settlement of the litigation. Funding in FY 2011 will be used to continue planning, engineering, environmental compliance, fishery management, water operations, and public involvement activities.

California Bay-Delta Restoration Fund

The budget requests \$40.0 million for the California Bay-Delta Restoration Fund, pursuant to the CALFED Bay-Delta Authorization Act that was signed into law on October 25, 2004. The legislation provides a six-year Federal authorization to implement the collaborative Bay-Delta program. Authorities authorized by the Water Supply, Reliability, and Environmental Act were extended until 2014, by the Energy and Water Development and Related Agencies Appropriations Act, 2010. A consortium of Federal and State agencies fund and participate in the Bay-Delta program, focusing on the health of the ecosystem and improving water management and supplies. In addition, Bay-Delta activities address the issues of water supply reliability, aging levees, and threatened water quality.

Funding for Bay-Delta is requested in the amount of \$40.0 million for the following program areas: \$5.0 million for water storage studies; \$3.5 million for the conveyance program; \$7.5 million for water use efficiency; \$8.5 million for the science program; \$5.0 million for water

quality assurance investigations; \$8.5 million for ecosystem restoration projects; and \$2.0 million for Reclamation's oversight function to ensure program balance and integration.

FY 2011 Planned Activities

Reclamation's FY 2011 priority goals are directly related to fulfilling contractual requests to deliver water and power. These include addressing a range of other water supply needs in the West, playing a significant role in restoring and protecting freshwater ecosystems consistent with applicable State and Federal law, and enhancing management of our water infrastructure while mitigating for any harmful environmental effects. Reclamation will deliver roughly 28 million acre-feet of water to meet contractual obligations while addressing other resource needs (for example, fish and wildlife habitat, environmental enhancement, recreation, and Native American trust responsibilities).

Reclamation will maintain dams and associated facilities in good condition to ensure the reliable delivery of water. Reclamation will maintain a forced outage average of 2.20 that is lower than the industry average for similar units to ensure reliable delivery of power. Reclamation has set a goal to prevent an additional 12,700 tons of salt from entering the water ways in FY 2011. The actions Reclamation will take to accomplish this goal include selecting new salinity control projects through a competitive process.

Moreover, the FY 2011 budget request demonstrates Reclamation's commitment to meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on managing those valuable public resources. Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2011 and beyond.

Conclusion

Madam Chairwoman, please allow me to express my sincere appreciation for the continued support that this Subcommittee has provided Reclamation. This completes my statement. I would be happy to answer any questions that you may have at this time.