

Testimony of Scott Ruppe
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Before the
House Natural Resources Subcommittee on Water and Power
In Support of H.R. 2950
Tuesday, July 21, 2009

Madame Chairwoman and members of the Subcommittee, I am grateful to be able to appear here today and testify in support of **H.R. 2950**. I want to thank Rep. Jim Matheson for introducing this bill on behalf of the Uintah Water Conservancy District (District). The District was formed in 1956 for the purpose of “conserving, developing and stabilizing supplies of water for domestic, irrigation, power, manufacturing, municipal and other beneficial uses, and for the purpose of constructing drainage works.” The District operates and maintains the Vernal and Jensen Units of the Central Utah Project, which was authorized by Congress as part of the Colorado River Storage Project Act of 1956. The District encompasses almost all of Uintah County, Utah in eastern Utah adjacent to the border of Colorado.

At the time of its construction (1984-1987), the Jensen Unit was to provide 18,000 Acre Feet (AF) of M&I water to the residents of Uintah County. Six thousand AF were to be developed with the construction of Red Fleet dam (which was built) and another 12,000 AF were to be developed at a later date with the construction of the Burns Bench Pump station on the Green River in Jensen, Utah. Due to the economic bust in the mid to late 80’s, the

demand for water that had been foreseen was no longer there. Also, in 1989 an amendatory contract was signed with the Bureau of Reclamation (Bureau) reducing the amount of water subscribed to by water providers to 2,000 AF.

The Bureau desires to do a final cost allocation on the Jensen Unit. If that allocation were done without developing the remaining 12,000 AF, the cost per AF would be approximately 2.5 times as much as if the 12,000 AF were developed. At this time, not all of the 6,000 AF of water in Red Fleet Dam has been subscribed to even though the demand for that water has increased recently. A Block Notice was issued to the District from the Bureau of Reclamation for the 2,000 AF and the District contracted with the municipalities, water improvement districts, and a private company for all of that water. Since that time the additional 4,000 AF of M&I water has remained unsubscribed. The Bureau of Reclamation took 700 AF to increase the conservation pool in the reservoir which leaves 3,300 AF of available water. The Burns Bench pump station will not be constructed until all of the M&I water available in Red Fleet is subscribed to. In the past year, due in large part to the projected growth, the District has received requests for all of the remaining M&I water available in Red Fleet. Vernal City and Ashley Valley Water and Sewer have each requested 1,000 AF, Maeser Water has requested 675 AF, Jensen Water has requested 175 AF, Uintah County in conjunction with Jensen Water has requested 150 AF, and a private company has requested 300 AF.

The price of the water was set by the amendatory contract. The amount per AF was based on the cost of the Jensen Unit (including an estimated cost of the pump station) divided by 18,000 AF. The resulting cost is \$5,555.21 per AF and is payable by dividing that amount by

the number of years remaining until 2037 with the last payment being made in 2037. Water purchased in 2006 would be paid for at a rate of \$179.07 per AF per year for 31 years. The District approached the Bureau about the possibility of discounting those payments at either the 3.222% rate used by the Bureau to calculate the repayment or the federal funds rate at the time of the discounting. According to the Bureau, the amendatory contract does not allow for prepayment. The District then determined that it would seek legislation similar to that used by the Central Utah Water Conservancy District that has allowed for prepayment of the repayment contracts for the Bonneville Unit. Prepayment of our contract with the Bureau will substantially reduce the cost of water to the District. H.R. 2950 will also produce a substantial payment to the federal treasury, which we estimate to be between \$4-5 million.

H.R. 2950 directs the Secretary of the Interior to allow for prepayment of the specified contract between the United States and the Uintah Water Conservancy District providing for repayment of municipal and industrial water delivery facilities under terms and conditions similar to those used in implementing provisions of the Central Utah Project Completion Act. It also provides that the prepayment: (1) may be provided in several installments to reflect substantial completion of the delivery facilities being prepaid; (2) shall be adjusted to conform to a final cost allocation; and (3) may not be adjusted on the basis of the type of prepayment financing utilized by the District.

Again I want to thank you for the opportunity to testify today and will be happy to respond to any questions.