

**Statement of Timothy R. Petty, Ph.D.
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Committee on Natural Resources
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On The President's Fiscal Year 2019 Budget**

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Thank you Chairman Lamborn, Ranking Member Huffman, and members of this Subcommittee for the opportunity to discuss with you the President's Fiscal Year (FY) 2019 budget for the Department of the Interior's Bureau of Reclamation and Central Utah Project Completion Act office. I am Tim Petty, Interior's Assistant Secretary for Water and Science, and I appreciate your ongoing support of our programs.

The Bureau of Reclamation's FY 2019 Budget provides the foundation for Reclamation's efforts to deliver water and generate hydropower, consistent with applicable State and Federal law, in a cost-effective and environmentally responsible manner in the interest of the American public. It also supports the Administration's and Department of the Interior's (Department) goals of ensuring the efficient generation of energy to meet our economic needs; provision of secure water supplies for irrigation, people, and the environment; ensuring outdoor recreation opportunities; and fulfilling our commitments to tribal nations. To be successful in achieving these results, Reclamation will continue to work with a wide range of stakeholders, including water and power customers, Tribes, state and local officials, conservation organizations, and others.

This budget focuses on meeting the Department's priorities, including that of ensuring that the Nation's natural resources we steward are used for multiple purposes. Working with States, Tribes, customers, and local entities, Reclamation will maintain secure and reliable water supplies and power generation and fulfill Indian water rights obligations, while meeting our environmental responsibilities.

Reclamation plans to focus on opportunities to increase water resources and supply reliability by expanding cost-effective water storage opportunities, paying attention to local water conflicts, making investments in modernizing existing infrastructure, and providing support for water development benefiting Native Americans in order to meet Reclamation's core mission goals.

The 2019 budget prioritizes funding where it most effectively implements Reclamation's management responsibilities for providing water and generating power in the West with a priority on water reliability, efficient energy generation, recreation, and conservation. As the Nation's largest producer of hydroelectric power, Reclamation's projects and programs constitute an important driver of economic growth. Modernizing hydropower infrastructure to improve generation efficiency and reliability and improve cost effectiveness is a high priority. Many Reclamation projects provide multi-purpose water resource development benefits,

including recreation. Reclamation's recreation areas represent some of the most popular areas for water-based outdoor recreation activities in the nation. Theodore Roosevelt, sometimes referred to as the "conservationist president", established a legacy through land and wildlife conservation. By endorsing those principles, Reclamation will strive to ensure future water delivery and power generation through the responsible use and conservation of its resources.

Generating Revenue and Utilizing Natural Resources

The Department of the Interior 2019 budget emphasizes the crucial contributions the Department's diverse missions make to the Nation's economy. According to Interior's latest economic report, Interior supports \$254 billion in estimated economic benefit, while direct grants and payments to States, Tribes, and local communities provide an estimated \$10 billion in economic benefit. The Bureau of Reclamation's activities, including recreation, contribute over \$48 billion in economic activity and support over 388,000 jobs each year. The availability of water is vitally important to communities and to growing healthy economies across the West. To ensure that millions of customers continue to receive essential water supplies and hydroelectric power, the 2019 budget includes \$1.0 billion for Reclamation's water resource programs.

Interior's budget request for Reclamation invests in our water and power infrastructure, facilitating the delivery of water to 31 million people in the West. This budget also continues to strengthen our tribal nations by implementing Indian water rights settlements and furthering the construction of water delivery systems that support Tribes and rural communities. Interior's request includes \$127.4 million for Reclamation in 2019 towards fulfillment of this responsibility.

Interior's budget furthers our commitment to developing domestic energy resources in order to make America stronger and boost the Nation's economy. Hydropower is the Nation's largest renewable energy resource and the Bureau of Reclamation is the second largest producer of hydropower in the United States.

Finally, Interior's budget request includes the Central Utah Project Completion Act Office, which falls under the jurisdiction of the Assistant Secretary for Water and Science. The Central Utah Project annually provides 62,000 acre-feet of water for irrigation of over 30,000 acres and over 100,000 acre-feet for municipal and industrial purposes, supplying water to nearly 400,000 people. This water will help address the water demands of the growing population in the Wasatch Front, one of the fastest growing areas in the Nation.

Advancing Energy Dominance

The Department has a significant role to play in securing an energy future for our Nation that achieves America's energy dominance. Through increasing access to public lands and alleviating unnecessary regulatory burdens while balancing conservation objectives, the Department is working to ensure that the Nation's "all-of-the-above" energy development strategy includes not only conventional sources, but also hydropower and other renewable sources.

Reclamation's 2019 request includes \$1.1 million to support hydropower development initiatives. These initiatives include activities designed to achieve operational efficiencies at Reclamation hydropower facilities and to promote the development of new, non-Federal hydropower on existing, non-powered Reclamation infrastructure. Funding will provide for technological and operational innovation, as well as the policy execution and oversight of non-Federal hydropower development at existing Reclamation facilities through Lease of Power privilege or Federal Energy Regulatory Commission licensing.

The 2019 budget also supports innovation by using prize competitions to target difficult scientific and technological problems related to infrastructure, water availability and hydropower generation.

Conserving Our Land and Water And Expanding Outdoor Access

As the largest wholesaler of water in the country, Reclamation has a leading role – in coordination with other Federal agencies, State officials, local water users, and interested stakeholders – in developing strategies to help ensure water supplies for future generations. As managers of critical water resources, Reclamation ensures millions of customers receive the water and power supplies that support a healthy economy. To help address the many challenges faced by water managers, Interior continues the implementation of the WaterSMART Program. The funding proposed in Reclamation's 2019 WaterSMART budget supports collaboration with the U.S. Geological Survey and our non-Federal partners in efforts to address emerging water demands and water shortage issues in the West, to promote water conservation and improved water management, and to support local innovation efforts to stretch water supplies.

The WaterSMART funding request for Reclamation in 2019 is \$19.9 million. This investment includes \$10.0 million to continue WaterSMART conservation grants and \$3.0 million for Title 3 XVI water recycling and reuse research grants, and is highly leveraged through partner cost-share funding.

Reclamation projects play a major role in meeting the increasing public demand for water-based outdoor recreation opportunities. Reclamation projects include approximately 6.5 million acres of land and water and over 200 recreation areas available to the public. This includes 12 designated National Recreation Areas that are managed by the National Park Service or U.S. Forest Service. Through non-Federal partnerships, Reclamation assists local communities in attracting recreation-related investments and involves local citizens in the decision making process.

Invasive Mussels: With increased use of Reclamation reservoirs for recreation comes the increased need for monitoring and early detection of invasive quagga and zebra mussels, and for outreach and education to prevent infestation. The 2019 Reclamation budget includes \$7.6 million for prevention, early detection and monitoring, containment and control at existing facilities, outreach and education, and research focused on these issues. This funding will support Reclamation's efforts to proactively stop the spread of invasive mussels in the West, including preventing the spread of zebra and quagga mussels into the Columbia River Basin.

Modernizing Our Organization and Infrastructure for the Next 100 Years

Reclamation's dams, water conveyances, and power generating facilities are integral components of our Nation's infrastructure that provide basic water and power services to millions of customers in hundreds of basins throughout the Western United States. Effectively managing the benefits that these structures provide is among the significant challenges facing Reclamation over the coming years. Reclamation manages 492 dams throughout the 17 Western States. Reclamation's budget request includes funding for specific Extraordinary Maintenance activities that are central to mission objectives of operating and maintaining projects to ensure delivery of water and power. Through constant monitoring and assessment, Reclamation strives to most effectively use its limited resources to ensure dam safety and to maintain the ability to store and divert water and to generate hydropower. Reclamation's 2019 budget includes \$45.0 million for extraordinary maintenance, repairs, and replacements.

The Dam Safety Program continues to be one of Reclamation's highest priorities, utilizing the latest information and technology to evaluate and address the most pressing safety risks in order to ensure reliability and protect the downstream public. The Dam Safety Program has identified 363 high and significant hazard dams. Reclamation evaluates dams and monitors performance to ensure that risks do not exceed current Reclamation public protection guidelines. The 2019 budget request includes \$88.1 million for Reclamation's Dam Safety Program.

Furthermore, this budget addresses priorities by allocating funds based on objective and performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for its water and power infrastructure in the West. Water management, improving and modernizing infrastructure, using sound science to support critical decision-making, finding opportunities to expand capacity, reducing conflict, and meeting environmental responsibilities were all addressed in the formulation of the FY 2019 budget. Reclamation continues to use appropriated resources to address challenges faced in water resources management and to improve the way it does business. Additionally, to help address these needs, in FY 2019 and beyond, Reclamation will continue to explore alternative types of financing, to include all forms of public-public and public-private partnerships, and non-federal cost-sharing.

As the largest supplier and manager of water in the nation and the second largest producer of hydroelectric power, Reclamation's projects and programs are foundational to driving and maintaining economic growth in hundreds of watershed basins throughout the United States. Reclamation manages water for agricultural, municipal and industrial use, and provides flood control and recreation for millions of people. According to the FY 2016 Department of the Interior Economic Report FY 2016, Reclamation's activities, including recreation benefits, provide an economic contribution of \$48.1 billion, and support approximately 388,000 jobs.

Reclamation operates 53 hydroelectric power plants that account for 15 percent of the hydroelectric capacity and generation in the United States. Annually, Reclamation generates on average 37 billion kilowatt hours of electricity, enough to meet the annual needs of over 3.5

million households, and collects over \$1.0 billion in gross power revenues for the Federal government.

Fulfilling Our Trust Responsibilities

The Department of the Interior upholds the Federal government's unique trust responsibilities to federally recognized Tribes, American Indians and Alaskan Natives. Interior's 2019 budget continues to support Federal responsibilities and tribal needs related to education, social services, infrastructure, and stewardship of land, water, and other natural resources.

The 2019 budget includes \$173.0 million across the Department to honor Indian land and water Settlement commitments. This includes \$127.4 million in Reclamation and \$45.6 million in the Bureau of Indian Affairs. The budget continues to meet Federal responsibilities outlined in enacted land and water rights claim settlements with Indian Tribes to ensure they have access to land and water to meet domestic, economic, and cultural needs. Also within the Reclamation request, \$10.6 million will support Reclamation's Native American Affairs program to work with and support Tribes in the resolution of their water rights claims, which also strengthens the Department's capabilities to achieve an integrated and systematic approach to Indian water rights negotiations.

Reclamation's budget specifically includes a substantial request for Indian water rights settlements, continuing the high prioritization of this program to meet trust and treaty obligations. The 2019 budget includes second year funding to support the Blackfeet Water Rights Settlement, which was authorized by Water Infrastructure Improvements for the Nation Act (Public Law 114-322) (WIIN) in December 2016. The WIIN Act requires full funding for the Blackfeet Settlement by the enforcement date of January 21, 2025. The 2019 budget also continues funding to keep implementation of other water settlements on track. These include the Navajo-Gallup Water Supply Project as part of the Navajo-San Juan settlement and the Aamodt Litigation, Crow, Ak-Chin, San Carlos Apache, Colorado Ute, and Nez Perce settlements.

Management and Reforms

Interior is taking bold steps to better position itself for the next 100 years. In response to the President's Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch, Interior is working to reorganize its operating structure to establish unified regional boundaries to provide better coordination across the Department to improve mission delivery and focus resources in the field. The Department's 2019 budget includes a total of \$17.5 million for this effort.

In addition, the Department is pursuing ideas to improve government effectiveness and efficiency, and to spur economic growth. For example, Reclamation has developed a proposal to facilitate the transfer of title of certain Reclamation projects and facilities when such transfers are beneficial. While Reclamation has engaged in efforts related to title transfer in the past on a case by case basis, this broader initiative will go further to facilitate greater local control of water infrastructures to allow local water managers to make their own decisions to improve water

management at the local level, while allowing Reclamation to focus management efforts on larger projects with a greater Federal nexus.

Central Utah Project

The Central Utah Project Completion Act (CUPCA), Titles II - VI of P.L. 102-575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District (District). The Act also authorized funding for fish, wildlife, and recreation mitigation and conservation; established an account in the Treasury for deposit of these funds and other 5 contributions; established the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provided for the Ute Indian Rights Settlement.

The 2019 budget for the CUPCA program is \$8.0 million. Of this amount, \$3.4 million will be available for planning and construction activities administered by the Central Utah Water Conservancy District, continuing our partnership in the ongoing construction of the Utah Lake System facilities. In addition, \$898,000 will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Utah Reclamation Mitigation and Conservation Commission. The 2019 budget also continues Interior's required program oversight activities and endangered species recovery program implementation through the Department's CUPCA Office.

Conclusion

Thank you for the opportunity to testify on behalf of the President's 2019 budget for the Department of the Interior's Bureau of Reclamation and Central Utah Project Completion Act. I look forward to working with the Committee further on this budget. This concludes my testimony and I am happy to answer questions.