

Subcommittee on Water, Power and Oceans

John Fleming, Chairman

Hearing Memorandum

June 21, 2016

To: All Subcommittee on Water, Power and Oceans Members

From: Majority Committee Staff
Subcommittee on Water, Power and Oceans (x58331)

Hearing: Legislative Hearing on H.R. 5468 (Rep. Rob Bishop, R-UT), To direct the Secretary of the Interior to allow for prepayment of repayment obligations under Repayment Contracts between the United States and the Weber Basin Water Conservancy District.
June 23, 2016, at 10:30 a.m. in 1334 Longworth HOB

Bill Summary:

H.R. 5468 allows the Weber Basin Water Conservancy District to accelerate capital repayments to the federal government.

This hearing will also include consideration of three other legislative proposals.

Invited Witnesses (listed in alphabetical order):

Mr. Darren Hess

Assistant General Manager
Weber Basin Water Conservancy District
Layton, Utah

Ms. Dionne E. Thompson

Deputy Commissioner for External and Intergovernmental Affairs
Department of the Interior
Washington, DC

Background:

Under federal law, an irrigation district, municipal water utility or a water conservancy district that receives contracted water from a Bureau of Reclamation (Reclamation) facility must repay its allocated portion of the capital costs of the federal water project. These repayment

costs are typically set forth in long-term capital repayment contracts between the water utility and the federal government.¹

The federal Weber Basin Project (Project) is one of fourteen Bureau of Reclamation (Reclamation) projects in Utah.² Authorized in 1949, the Project is comprised of 7 dams, 11 pumping plants, 2 power plants, 122 miles of canals, 143 miles of pipelines and 35 miles of drains.³ In addition, it annually supplies on average 166,000 acre-feet of irrigation water to over 1,000 farms and 50,000 acre-feet of municipal and industrial (M&I) water to over 500,000 people.⁴

The Weber Basin Water Conservancy District (District), located northwest of Salt Lake City, Utah, acts as the local sponsor of the Project and supplies water resources to the populations within its boundaries while operating and maintaining the Project.⁵ The District entered into an initial repayment contract with the United States in 1952 and amended/supplemented that contract thereafter to repay its share of the original Project costs with applicable interest. The current contract repayment schedule will be completed in 2034. The estimated present value of the prepayment is \$14 million.⁶

The District can save money by retiring its debt early if allowed by the federal government to prepay. At the same time, the federal government would receive early revenue as a result of accelerated repayments. H.R. 5468 achieves these objectives by allowing for prepayment. The district specific prepayment concept is based on legislative precedent from prior Congresses⁷ and this Congress.⁸

Specific to Utah, Section 210 of the Central Utah Project Completion Act (P.L. 102-575) authorized the Central Utah Water Conservancy District to prepay municipal and industrial obligations associated with the Bonneville Unit of the Central Utah Project Act. This bill follows this precedent by requiring this prepayment to be “under the terms and conditions similar to those used in implementing the prepayment provisions of section 210 of the Central Utah Project Completion Act (102-575), as amended for prepayment of the Central Utah Project, Bonneville Unit repayment obligations.”⁹

¹ <http://www.ccrh.org/comm/moses/primary/reclamact.html>

² <http://www.usbr.gov/projects/FacilitiesByState.jsp?StateID=UT>

³ http://www.usbr.gov/projects/Project.jsp?proj_Name=Weber%20Basin%20Project&pageType=ProjectDataPage

⁴ http://www.usbr.gov/projects/Project.jsp?proj_Name=Weber+Basin+Project

⁵ <http://www.weberbasin.com/index.php/district/district-history>

⁶ Bureau of Reclamation Repayment Contract No. 14-06-400-33

⁷ For example, “The Southern Idaho Bureau of Reclamation Repayment Act” (Section 508 of P.L. 110-229)⁷ and “The Southern Oregon Bureau of Reclamation Repayment Act” (P.L. 109-138)⁷

⁸ The House passed H.R. 404 (Adrian Smith, R-NE) by voice vote earlier in this Congress.

⁹ H.R. 5468, Section 1

Major Provisions/Analysis of H.R. 5468:

Section 1 directs the Secretary of the Interior to allow the Weber Basin Water Conservancy District to prepay its repayment contract obligations similar to the terms and conditions of section 210 of the Central Utah Project Completion Act (P.L. 102-575) for prepayment of Central Project Unit repayment obligations. The prepayment shall include the net present value of all repayment obligations that would have been payable to the United States if this Act was not in effect, may be provided in several installments, may not be adjusted based on the prepayment financing used by the District, and the total repayment must occur no later than September 30, 2026.

Cost:

The Congressional Budget Office has not completed a cost estimate of this bill at this time.

Administration Position:

Unknown.

Effect on Current Law (Ramseyer):

Not applicable