

DIRECTING THE SECRETARY OF THE INTERIOR TO ALLOW FOR PREPAYMENT OF REPAYMENT CONTRACTS BETWEEN THE UNITED STATES AND THE UINTAH WATER CONSERVANCY DISTRICT

SEPTEMBER 29, 2009.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RAHALL, from the Committee on Natural Resources,
submitted the following

R E P O R T

[To accompany H.R. 2950]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 2950) to direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and the Uintah Water Conservancy District, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. PREPAYMENT OF CERTAIN REPAYMENT CONTRACTS BETWEEN THE UNITED STATES AND THE UINTAH WATER CONSERVANCY DISTRICT.

The Secretary of the Interior shall allow for prepayment of the repayment contract no. 6-05-01-00143 between the United States and the Uintah Water Conservancy District dated June 3, 1976, and supplemented and amended on November 1, 1985, and on December 30, 1992, providing for repayment of municipal and industrial water delivery facilities for which repayment is provided pursuant to such contract, under terms and conditions similar to those used in implementing section 210 of the Central Utah Project Completion Act (Public Law 102-575), as amended. The prepayment—

(1) shall result in the United States recovering the net present value of all repayment streams that would have been payable to the United States if this Act was not in effect;

(2) may be provided in several installments to reflect substantial completion of the delivery facilities being prepaid, and any increase in the repayment obligation resulting from delivery of water in addition to the water being delivered under this contract as of the date of enactment of this Act;

(3) shall be adjusted to conform to a final cost allocation including costs incurred by the Bureau of Reclamation, but unallocated as of the date of the enactment of this Act that are allocable to the water delivered under this contract;

(4) may not be adjusted on the basis of the type of prepayment financing used by the District; and

(5) shall be made such that total repayment is made not later than September 30, 2019.

PURPOSE OF THE BILL

The purpose of H.R. 2950 is to direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and the Uintah Water Conservancy District.

BACKGROUND AND NEED FOR LEGISLATION

At the time of its construction in the mid-1980s, the Jensen Unit of the Central Utah Project was to provide 18,000 acre feet (AF) of municipal and industrial (M&I) water to the residents of Uintah County, Utah. 6,000 AF were to be developed with the construction of the Red Fleet Dam 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 near Jensen, Utah. Due to economic conditions during the construction time period, only 2,000 AF of the 6,000 AF provided by the Red Fleet Dam were subscribed to and the Burns Bench Pump Station was never built.

The Burns Bench Pump Station cannot be constructed as part of the Jensen Unit until contractors subscribe to all water provided by the Red Fleet Dam. Though still not entirely subscribed to, almost all of the water provided by the Red Fleet Dam is now being contracted for M&I purposes. The Bureau of Reclamation wants to do a final cost allocation on the Jensen Unit to determine the final price of project water. If that final cost allocation were done without developing the Burns Bench Pumping Station, the cost of water per AF would be approximately \$450 as opposed to \$180 per AF, which would be the price of water if the entire project is developed.

The Uintah Water Conservancy District does not want a final cost allocation to be performed that does not contemplate the construction of the Burns Bench Pump Station. Further, the District wants to repay the government early instead of making payments over the next several decades. However, no prepayment of contracts can occur under the current body of Reclamation law without an act of Congress to authorize such prepayment.

H.R. 2950 would direct the Secretary of the Interior to allow for prepayment of the repayment contract for the Jensen Unit between the United States and the District. The prepayment would include payment for the capital cost of the yet unfinished Burns Bench Pumping Station. The legislation does not defer or relieve any existing debt payment the District owes to the federal government in any way. Further, the Congress has previously authorized similar prepayment authority for the Bonneville Unit of the Central Utah Project.

COMMITTEE ACTION

H.R. 2950 was introduced on June 18, 2009, by Rep. Jim Matheson (D-UT). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Water and Power. On July 21, 2009, the Subcommittee held a hearing on the bill.

On September 10, 2009, the Subcommittee was discharged from further consideration of H.R. 2950 and the full Natural Resources Committee met to consider the bill. Subcommittee Chairwoman

Napolitano (D-CA) offered an amendment in the nature of a substitute to make technical corrections to the bill. The amendment was adopted by unanimous consent. The bill, as amended, was then ordered favorably reported to the House of Representatives by unanimous consent .

SECTION-BY-SECTION ANALYSIS

Section 1. Prepayment of certain repayment contracts between the United States and the Uintah Water Conservancy District

Section 1 provides that the Secretary of the Interior shall allow the Uintah Water Conservancy District to prepay the federal government for the cost of municipal and industrial water delivery facilities that were financed by the United States. The section further provides that prepayment shall reflect the net present value of the debt the District owes to the government, and that the District may prepay the debt in several installments, though the debt must be prepaid in-full by September 30, 2019. The prepayment shall be adjusted to conform to any final cost allocation, as determined by the Bureau of Reclamation, and may not be adjusted based on the type of financing used by the District to prepay the debt.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to repeat long title of bill; if long title is amended, use of this bill, as ordered reported, is to direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and the Uintah Water Conservancy District..

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Com-

mittee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 2950—A bill to allow prepayment of certain repayment contracts between the United States and the Uintah Water Conservancy District

H.R. 2950 would allow the Uintah Water Conservancy District in Utah to prepay the net present value of certain amounts the district owes to the U.S. Treasury for its share of the cost to build the Jensen Unit of the Central Utah Project. Under current law the district is expected to make annual payments totaling about \$6 million over the 2010–2019 period and about \$12 million more after 2020.

Based on information from the Bureau of Reclamation, CBO estimates that enacting H.R. 2950 would result in a payment from the district of about \$10 million in 2010. Following that payment, the district would no longer have to make annual payments to the Treasury. The net effect of those changes over the 2010–2019 period would be an increase in offsetting receipts totaling \$7 million over the 2010–2014 period and \$4 million over the 2010–2019 period. Over the 2010–2037 period the bill would result in a net loss of receipts totaling about \$8 million. Enacting the legislation would not affect revenues.

For this estimate, CBO assumes that H.R. 2950 will be enacted near the beginning of fiscal year 2010. While the bill would allow the district to repay the costs by the end of fiscal year 2019, CBO assumes that they would choose to make one lump sum payment upon enactment of the bill. As required by the bill, this estimate includes the costs currently allocated to the project as well as those expected to be included in the final cost allocation. For this estimate, CBO used its projection of the 30-year Treasury rate for 2010—4.86 percent—as the discount rate to calculate the district's estimated prepayment.

H.R. 2950 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on State, local, or tribal governments.

The CBO staff contact for this estimate is Aurora Swanson. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

EARMARK STATEMENT

H.R. 2950 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e) or 9(f) of rule XXI.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.

