

AMENDMENTS TO THE CENTRAL UTAH PROJECT
COMPLETION ACT

JULY 8, 2002.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. HANSEN, from the Committee on Resources,
submitted the following

R E P O R T

[To accompany H.R. 4129]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 4129) to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment, 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. AMENDMENTS TO THE CENTRAL UTAH PROJECT COMPLETION ACT.

(a) **TREATMENT OF INVESTIGATION COSTS.**—Section 201(b) of the Central Utah Project Completion Act (106 Stat. 4607) is amended following paragraph (2) by inserting the following: “All amounts previously expended in planning and developing the projects and features described in this subsection including amounts previously expended for investigation of power features in the Bonneville Unit shall be considered non-reimbursable and non-returnable.”.

(b) **CLARIFICATION OF SECRETARIAL RESPONSIBILITIES.**—Section 201(e) of the Central Utah Project Completion Act (106 Stat. 4608) is amended—

(1) in the first sentence—

(A) by striking “identified in this Act” and inserting “identified in this title and the Act of April 11, 1956 (chapter 203; 70 Stat. 110 et seq.), popularly known as the Colorado River Storage Project Act,”

(B) by inserting “relating to the Bonneville Unit of the Central Utah Project including oversight for all phases of the Bonneville Unit, the administration of all prior and future contracts, operation and maintenance of previously constructed facilities” before “and may not delegate”;

- (C) by striking “his responsibilities under this Act” and inserting “such responsibilities”;
- (D) by striking the period after “Reclamation” and inserting: “, except through the pilot management program hereby authorized. The pilot management program will exist for a period not to exceed 5 years and shall provide a mechanism for the Secretary and the District to create a mutually acceptable organization within the Bureau of Reclamation to assist the Secretary in his responsibilities for the long-term management of the Bonneville Unit. Such pilot management program may be extended indefinitely by mutual agreement between the Secretary and the District.”;
- (2) in the second sentence—
 - (A) by inserting “technical” before “services”;
 - (B) by inserting “for engineering and construction work” before “on any project features”;
 - (3) by inserting at the end thereof the following new sentence: “These provisions shall not affect the responsibilities of the Bureau of Reclamation and the Western Area Power Administration regarding all matters relating to all Colorado River Storage Project power functions, including all matters affecting the use of power revenues, power rates and ratemaking.”.
- (c) MUNICIPAL AND INDUSTRIAL WATER.—Section 202(a)(1)(B) of the Central Utah Project Completion Act (106 Stat. 4608) is amended in the last sentence by inserting “and municipal and industrial water” after “basin”.
- (d) USE OF UNEXPENDED BUDGET AUTHORITY.—Section 202(c) of the Central Utah Project Completion Act (106 Stat. 4611) is amended—
 - (1) in the first sentence—
 - (A) by striking “in this title up to \$60,000,000” and inserting “for units of the Central Utah Project”; and
 - (B) by inserting “including use of reverse osmosis membrane technologies, water recycling, and conjunctive use, to stabilize high mountain lakes and appurtenant facilities, to develop power,” after “conservation measures”; and
 - (2) in the last sentence strike “section 202(a)(1)” and insert “sections 202(a)(1), 205(b), and Title VI”.
- (e) PREPAYMENT OF REPAYMENT.—Section 210 of the Central Utah Project Completion Act (106 Stat. 4624) is amended—
 - (1) in the second sentence—
 - (A) by inserting “or any additional or supplemental repayment contract” after “1985,”; and
 - (B) by inserting “of the Central Utah Project” after “water delivery facilities”; and
 - (2) by striking “The District shall exercise” and all that follows through the end of that sentence.

PURPOSE OF THE BILL

The purpose of H.R. 4129 is to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment.

BACKGROUND AND NEED FOR LEGISLATION

The Central Utah Project (CUP) was authorized in 1956 as part of the Colorado River Storage Project Act. Construction began by the Bureau of Reclamation (Reclamation) in 1964 and continues presently. CUP develops Utah’s share of Colorado river water for use in 10 counties in central Utah.

In 1992 legislation known as the Central Utah Project Completion Act (CUPCA) was enacted. CUPCA reauthorized appropriations for CUP with over \$900 million to complete the project over the next several decades. The 1992 legislation gave the planning and construction responsibilities for the project to the Central Utah

Water Conservancy District rather than Reclamation. CUPCA also established a federal commission charged with the responsibility of providing environmental mitigation and enhancement for the project.

This legislation amends section 201(e) of CUPCA to clarify that the Secretary of the Interior continues to retain full responsibility for CUP even after the construction phase is completed. The amended legislation allows for the construction of facilities for municipal and industrial water uses within the Bonneville Unit of CUP. The legislation also allows for the use of unexpended budget authority for reverse osmosis membrane technologies, water recycling and conjunctive use. The legislation also provides the opportunity to prepay additional repayment obligations, which will be associated with new municipal and industrial features being constructed. The legislation does not increase the total amount authorized to be expended to complete CUP.

COMMITTEE ACTION

H.R. 4129 was introduced on April 10, 2002, by Congressman Chris Cannon (R-UT). The bill was referred to the Committee on Resources, and within the Committee to the Subcommittee on Water and Power. The Subcommittee held a hearing on the bill on April 24, 2002. On May 22, 2002, the Full Resources Committee met to consider the bill. The Subcommittee on Water and Power was discharged from further consideration of the bill by unanimous consent. Mr. Cannon offered an amendment to provide for the use of water for municipal and industrial use. The amendment was adopted by unanimous consent. No further amendments were offered and the bill as amended was ordered favorably reported to the House of Representatives by unanimous consent.

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 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 tax expenditures. According to the Congressional Budget Office, enactment of this bill would result in a loss of offsetting receipts (a credit against direct spending) beginning in 2005.

3. General Performance Goals and Objectives. This bill does not authorize funding and therefore, clause 3(c)(4) of rule XIII of the Rules of the House of Representatives does not apply.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 1, 2002.

Hon. JAMES V. HANSEN,
*Chairman, Committee on Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4129, a bill to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Julie Middleton.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

H.R. 4129—A bill to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment

Summary: H.R. 4129 would make several amendments to the Central Utah Project Completion Act (CUPCA). These amendments include provisions that would make certain federal planning and development costs nonreimbursable and remove a deadline for the prepayment of water project construction costs under existing authority.

Based on information from the Department of the Interior, CBO estimates that enacting this bill would result in a loss of offsetting receipts (a credit against direct spending) of nearly \$1 million each year, totaling about \$43 million over the 50-year period beginning

in 2005. Enacting H.R. 4129 would affect direct spending; therefore, pay-as-you-go procedures would apply.

H.R. 4129 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 4129 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—					
	2002	2003	2004	2005	2006	2007
CHANGES IN DIRECT SPENDING ¹						
Estimated budget authority	0	0	0	1	1	1
Estimated outlays	0	0	0	1	1	1

¹ The costs of enacting the bill would continue at about \$1 million a year for 50 years.

Basis of estimate: For this estimate, CBO assumes that H.R. 4129 will be enacted in fiscal year 2002. Two provisions of the bill could impact the federal budget. First, it would make certain federal planning and development costs for the Central Utah Project nonreimbursable. It also would remove the current 2020 deadline for the project beneficiaries to prepay certain construction costs for a portion of the Central Utah Project that is not yet completed. The other provisions of H.R. 4129 would have no significant impact on the federal budget.

Based on information from the Department of the Interior, CBO estimates that about \$26 million in previously expended investigative costs would become nonreimbursable by project beneficiaries under this bill. For this estimate, CBO assumes that the loss of these receipts would occur over a typical 50-year repayment period starting in 2005. Including both principal and interest payments, CBO estimates that this provision would result in the loss of \$43 million in receipts over that period.

H.R. 4129 also would change the date that the federal government would receive the final payment for a water project contract under CUPCA. Under current law, the local water district is required to pay the final installment of the contract of about \$270 million by the end of fiscal year 2002. The construction of the water project, however, is only two-thirds complete. The Department of the Interior expects that the water project will be completed in 2005, assuming adequate funds are appropriated each year to complete construction. Because construction of the water project is not complete, the district cannot generate operating income to make the final payment. CBO does not expect the final project payment will be made in 2002 under current law. Extending the deadline would not cause the payment to occur later because that payment is contingent upon completion of the project (which, in turn, depends on the availability of appropriated funds).

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in

the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects through 2006 are counted.

	By fiscal year, in millions of dollars—										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Changes in outlays	0	0	0	1	1	1	1	1	1	1	1
Changes in receipts						Not applicable					

Intergovernmental and private-sector impact: H.R. 4129 contains no intergovernmental or private-sector mandates as defined in the UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal costs: Julie Middleton; impact on state, local, and tribal governments: Majorie Miller; impact on the private sector: Cecil McPherson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

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

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

CENTRAL UTAH PROJECT COMPLETION ACT

* * * * *

SEC. 201. AUTHORIZATION OF ADDITIONAL AMOUNTS FOR THE COLORADO RIVER STORAGE PROJECT.

(a) * * *

(b) UTAH RECLAMATION PROJECTS AND FEATURES NOT TO BE FUNDED.—Notwithstanding the Act of April 11, 1956 (70 Stat. 110; 43 U.S.C. 105), the Act of August 10, 1972 (86 Stat. 525; 43 U.S.C. 620k note), the Act of October 19, 1980 (94 Stat. 2239; 43 U.S.C. 620), and the Act of October 31, 1988 (102 Stat. 2826), funds may not be made available, obligated, or expended for the following Utah reclamation projects and features:

(1) * * *

(2) Water development projects and features:

(A) * * *

* * * * *

Counties in which the projects and features described in this subsection were proposed to be located may participate in the local development projects provided for in section 206. *All amounts previously expended in planning and developing the projects and features described in this subsection including amounts previously ex-*

pended for investigation of power features in the Bonneville Unit shall be considered non-reimbursable and non-returnable.

* * * * *

(e) SECRETARIAL RESPONSIBILITY.—The Secretary is responsible for carrying out the responsibilities as specifically **identified in this Act** *identified in this title and the Act of April 11, 1956 (chapter 203; 70 Stat. 110 et seq.), popularly known as the Colorado River Storage Project Act, relating to the Bonneville Unit of the Central Utah Project including oversight for all phases of the Bonneville Unit, the administration of all prior and future contracts, operation and maintenance of previously constructed facilities and may not delegate [his responsibilities under this Act] such responsibilities to the Bureau of Reclamation[.], except through the pilot management program hereby authorized. The pilot management program will exist for a period not to exceed 5 years and shall provide a mechanism for the Secretary and the District to create a mutually acceptable organization within the Bureau of Reclamation to assist the Secretary in his responsibilities for the long-term management of the Bonneville Unit. Such pilot management program may be extended indefinitely by mutual agreement between the Secretary and the District. The District at its sole option may use the technical services of the Bureau of Reclamation for engineering and construction work on any project features. These provisions shall not affect the responsibilities of the Bureau of Reclamation and the Western Area Power Administration regarding all matters relating to all Colorado River Storage Project power functions, including all matters affecting the use of power revenues, power rates and rate-making.*

SEC. 202. BONNEVILLE UNIT WATER DEVELOPMENT.

(a) Of the amounts authorized to be appropriated in section 201, the following amounts shall be available only for the following features of the Bonneville Unit of the Central Utah Project:

(1) IRRIGATION AND DRAINAGE SYSTEM.—(A) * * *

(B) The authorization to construct the features provided for in subparagraph (A) shall expire if no federally appropriated funds to construct such features have been obligated or expended by the District in accordance with this Act, unless the Secretary determines the District has complied with sections 202, 204, and 205, within five years from the date of its enactment, or such longer time as necessitated for—

(i) * * *

* * * * *

Provided, however, That in the event that construction is not initiated on the features provided for in subparagraph (A), \$125,000,000 shall remain authorized pursuant to the provisions of this Act applicable to subparagraph (A) for the construction of alternate features to deliver irrigation water to lands in the Utah Lake drainage basin and municipal and industrial water, exclusive of the features identified in section 201(b).

* * * * *

(c) The Secretary is authorized to utilize any unexpended budget authority provided **in this title up to \$60,000,000** *for units of the Central Utah Project and such funds as may be provided by the*

Commission for fish and wildlife purposes, to provide 65 percent Federal share pursuant to section 204, to acquire water and water rights for project purposes including instream flows, to complete project facilities authorized in this title and title III, to implement water conservation measures, *including use of reverse osmosis membrane technologies, water recycling, and conjunctive use, to stabilize high mountain lakes and appurtenant facilities, to develop power*, and for the engineering, design, and construction of Hatchtown Dam in Garfield County and associated facilities to deliver supplemental project water from Hatchtown Dam. The District shall establish a viable minimum conservation pool in Hatchtown dam and shall ensure maintenance of viable instream flows in the Sevier River between Hatchtown dam and the Piute dam with the concurrence of the Commission and in consultation with the Division of Wildlife Resources of the State of Utah. The District shall comply with the provisions of [section 202(a)(1)] *sections 202(a)(1), 205(b), and Title VI* with respect to the features to be provided for in this subsection.

* * * * *

SEC. 210. JORDAN AQUEDUCT PREPAYMENT.

Under such terms as the Secretary may prescribe, and within one year of the date of enactment of this Act, the Secretary shall allow for the prepayment, or shall otherwise dispose of, repayment contracts entered into among the United States, the District, the Metropolitan Water District of Salt Lake City, and the Salt Lake County Water Conservancy District, dated May 16, 1986, providing for repayment of the Jordan Aqueduct System. The Secretary shall allow for prepayment of the repayment contract between the United States and the Central Utah Water Conservancy District dated December 28, 1965, and supplemented on November 26, 1985, *or any additional or supplemental repayment contract* providing for repayment of municipal and industrial water delivery facilities *of the Central Utah Project* for which repayment is provided pursuant to such contract, under terms and conditions similar to those contained in the supplemental contract that provided for the prepayment of the Jordan Aqueduct dated October 28, 1993. The prepayment may be provided in several installments to reflect substantial completion of the delivery facilities being prepaid and may not be adjusted on the basis of the type of prepayment financing utilized by the District. [The District shall exercise its right to prepayment pursuant to this section by the end of fiscal year 2002. Nothing in this section authorizes or terminates the authority to use tax exempt bond financing for this prepayment.]

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