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United States Department of the Interior

BUREAU OF RECLAMATION
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**Statement of Brenda Burman, Commissioner
U.S. Bureau of Reclamation
Before the
Subcommittee on Energy and Water Development
Committee on Appropriations
U.S. House of Representatives
on the President's Fiscal Year 2020 Budget
March 27, 2019**

Thank you, Chairwoman Kaptur, Ranking Member Simpson, and members of the Subcommittee for the opportunity to discuss with you the President's Fiscal Year (FY) 2020 Budget for the Bureau of Reclamation. I am Brenda Burman, Commissioner of the Bureau of Reclamation.

The Bureau of Reclamation's FY 2020 Budget provides the foundation to support Reclamation's mission to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. The FY 2020 Budget supports the Administration's and Department of the Interior's (Department) goals to provide secure, reliable water supplies for irrigation, people, and the environment; ensure the efficient generation of energy to meet our economic needs; ensure outdoor recreation opportunities; and fulfill 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.

In fulfilling these Department priorities, the FY 2020 Budget promotes economic prosperity in the West and ensures that the Nation's natural resources are used for multiple, beneficial purposes. Reclamation will continue to deliver water and generate hydropower in FY 2020, consistent with applicable State and Federal law. Reclamation plans to focus on enhancing water supply reliability by paying attention to local water conflicts, making investments in modernizing infrastructure, and providing support for water development benefiting Native Americans and rural America. The 2020 Budget addresses these priorities by allocating funds to implement Reclamation's management responsibilities in the most cost-effective manner.

Reclamation is requesting \$1.1 billion in Federal discretionary appropriations, which is anticipated to be supplemented by over \$1.0 billion in other Federal and non-Federal funds in FY 2020. Of the total discretionary appropriations, \$962.0 million is for the Water and Related Resources account, which is Reclamation's largest account; \$60.0 million is for the Policy and Administration account; and \$33.0 million is for the California Bay Delta Restoration account. A total of \$54.8 million is requested for the Central Valley Project Restoration Fund, to be offset by expected discretionary receipts in the same amount. We will continue to seek to optimize non-Federal contributions to accomplish more with limited federal dollars.

Reclamation is 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 basins throughout the United States. Reclamation manages water for agricultural, municipal and industrial use, and provides flood control and recreation for millions of people. This includes water for 1 out of 5 (or, 140,000) Western farmers irrigating more than 10 million acres of farmland, which yields approximately 25 percent of the nation's fruit and nut crops, and 60 percent of the vegetable harvest. We deliver 10 trillion gallons of water to more than 31 million people each year.

With respect to hydropower, Reclamation owns 76 hydroelectric power plants, of which it operates 53, that account for 15 percent of the hydroelectric capacity and generation in the United States. Annually, Reclamation generates on average 40 billion kilowatt hours of electricity, enough to meet the annual needs of over 3.8 million households and collects over \$1.0 billion in gross power revenues for the Federal government.

Many Reclamation projects provide multi-purpose water resource benefits, including recreation. Reclamation's recreation areas represent some of the most popular areas for water-based outdoor recreation activities in the nation. Reclamation projects include approximately 7.8 million acres of land and water and 289 recreation and wildlife areas (42 of which are directly managed by Reclamation), 550 campgrounds and over 1,300 miles of hiking trails available to the public resulting in approximately 34 million visits annually.

According to *the Department of the Interior's Economic Report FY 2017*, Reclamation's activities support nearly \$62.6 billion in economic activity annually, and support approximately 458,000 jobs.

Reclamation has several major issues and areas of focus requiring considerable attention in the past year to which I would like to bring your attention. These include Reclamation's infrastructure, and dam safety; the Colorado River and the effects of the long-term drought; and California water and power reliability.

Reclamation's dams and reservoirs, water conveyance systems, and power generating facilities are integral components of the Nation's infrastructure. This infrastructure is key to Reclamation's continued success. We operate 492 dams throughout the 17 Western States, impounding 338 reservoirs with a total storage capacity of 140 million acre-feet. Approximately 50 percent of Reclamation's dams were built between 1900 and 1950, and approximately 90 percent of the dams were built before adoption of currently used, state-of-the-art design and construction practices. Effectively managing the modernization of this infrastructure and the benefits that these structures provide is among the significant challenges facing Reclamation in the next several years. The reliability, safety, efficiency, and cost effectiveness of Reclamation's infrastructure to ensure water deliveries and power generation is a high priority. The FY 2020 Budget proposes an increase in funding for extraordinary maintenance, including dam safety, to modernize infrastructure.

The Department and Reclamation have worked continuously over the past several years with the Colorado River Basin states, key water districts, non-governmental organizations and Tribes to develop Drought Contingency Plans (DCPs) that provide a framework to reduce the risk of Lake Powell and Lake Mead reaching critically low elevations. Given the ongoing 19-year period of drought, Lake Powell and Mead's combined storage sits today at 40 percent, which is the lowest

level since 1966 when Lake Powell was initially filling and reducing downstream water deliveries. Lake Mead projections show that shortage conditions could be declared as early as 2021. There is real risk of further rapid declines in reservoir elevations, particularly at Lake Mead, in the very near future. When implemented, the DCPs will result in water demand reduction and water management flexibility through 2026 to help protect critical elevations in Lake Mead and Lake Powell.

In California, great progress has been made to help balance the needs of farms, cities and the environment. Reclamation renegotiated critical water operational agreements with the State of California that will help balance the share of contributions toward environmental flows between the State Water Project (SWP) and Reclamation's Central Valley Project. In addition to updating this critical operational agreement, Reclamation and partners made progress toward voluntary agreements that help provide water and habitat for fish and wildlife in the Sacramento-San Joaquin river basins, while finding reasonable solutions to mitigate impacts to farms and cities that contribute to increased environmental flows. The progress made in 2018 and early 2019 toward voluntary agreements may be the building blocks of solutions that strike a balance between farms, cities and the environment as Central Valley stakeholders continue to work towards a sensible solution.

Reclamation continues to prioritize hydropower as a core mission component that not only adds value to the western grid and economy, but helps allow for the delivery of reliable and cost-effective water supplies across the West. Reclamation's hydropower has a long history of success, and that success is a result of partnership and investment with our power customers. Reclamation continues to evaluate economical capital upgrades at our hydropower facilities; we partner with WAPA, BPA and power customers to fund them. An example of Reclamation-wide actions is the deployment of hydropower optimization software, which has shown efficiency gains of almost one percent without any capital upgrades. Reclamation's efforts to improve efficiencies and capacity resulted in an increase of generating capacity by more than 45 MW between 2016 and 2018.

Changing demographics and competing demands are increasingly impacting already strained systems. 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 2020 budget. Reclamation continues to use appropriated resources to address challenges faced in water resources management and to improve the way it does business.

Account Level Details

The FY 2020 budget allocates funds to projects and programs based on objective, performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for its water and power infrastructure in the West.

Following is additional information on the FY 2020 Budget for Reclamation by appropriations account.

Water and Related Resources - \$962,000,000

The FY 2020 Budget for Water and Related Resources provides funding for five major program activities – Water and Energy Management and Development (\$249.8 million), Land Management and Development (\$43.0 million), Fish and Wildlife Management and Development (\$141.9 million), Facility Operations (\$297.3 million), and Facility Maintenance and Rehabilitation (\$230.0 million). The funding proposed in Reclamation’s FY 2020 Budget supports key programs important to the Department and in line with Administration objectives.

Reclamation’s Dam Safety Program has identified 363 high and significant hazard dams. Through constant monitoring and assessment, Reclamation strives to achieve the best use of its limited resources to ensure public safety and to maintain our ability to store and divert water and to generate hydropower. Our Dam Safety Program utilizes the latest information and technology to evaluate and address the most pressing safety risks. The program helps ensure the safety and reliability of Reclamation dams to protect the downstream public. Reclamation evaluates dams and monitors performance to ensure that risks do not exceed current Reclamation public protection guidelines. The Dam Safety Program continues to be one of Reclamation’s highest priorities. The FY 2020 budget request includes \$92.8 million for the Dam Safety Program.

The proposed budget also includes appropriations for specific projects for Extraordinary Maintenance (XM) activities across Reclamation. This request is central to mission objectives of operating and maintaining projects to ensure delivery of water and power benefits. Reclamation’s XM request is part of its overall Asset Management Strategy that relies on condition assessments, condition/performance metrics, technological research and deployment, and strategic collaboration to better inform and improve the management of its assets and deal with its infrastructure maintenance challenges. The FY 2020 budget includes \$114.1 million for XM related activity. Additional XM items are directly funded by revenues, customers, or other Federal agencies (e.g., Bonneville Power Administration).

Reclamation’s budget includes a substantial request for enacted Indian water rights settlements that support the Secretary’s trust and treaty obligations. The FY 2020 Budget includes third-year funding to support the Blackfeet Water Rights Settlement, which by statute requires full funding by the enforcement date of January 21, 2025. The FY 2020 Budget also continues funding to keep implementation of other water settlements on track for completion consistent with legislated schedules. These include the Navajo-Gallup Water Supply Project, part of the Navajo-San Juan settlement, the Aamodt litigation settlement, and Crow Tribe settlement. Funding is also included for the Ak-Chin, San Carlos Apache, Colorado Ute (through the Animas-La Plata project), and Nez Perce (through the Columbia/Snake River Salmon Recovery Program) settlements. The FY 2020 Budget includes \$132.9 million for Indian water rights settlements.

The Native American Affairs Program budget of \$11.7 million continues support for Reclamation activities with Indian Tribes. These activities include providing technical support for Indian water rights settlements, and to assist tribal governments to develop, manage, and protect their water and related resources. The office also provides policy guidance for Reclamation’s work with Tribes throughout the organization in such areas as the Indian trust responsibility, government-to-government consultation, and Indian self-governance and self-determination.

Reclamation’s efforts to support water supplies for tribal nations are long standing and extend beyond water rights settlement implementation. This includes \$27.8 million in the FY 2020

Budget for certain rural water projects in Montana, North Dakota, and South Dakota. Examples of other activities that benefit Tribes include Klamath, Trinity River Restoration Program within the Central Valley Project, Yakima River Basin Water Enhancement Project, and the Rio Grande Pueblos Project.

Reclamation's mission objective of continued water delivery and power generation cannot be accomplished without meeting our legal and environmental responsibilities. Reclamation meets these responsibilities on its projects through a large number of activities, including Reclamation's Endangered Species Act recovery programs, and other programs that contribute towards these efforts, such as the Columbia/Snake River Salmon Recovery Program, the Middle Rio Grande Project Collaborative Program, the San Juan River Recovery Implementation Program, the Upper Colorado Recovery Implementation Program, and the Multi-Species Conservation Program within the Lower Colorado River Operations Program, among many others.

Among other efforts, Reclamation helps address the West's water challenges through the WaterSMART competitive grant program. This program helps local water stakeholders address current and future water shortages, including drought; degraded water quality; increased demands for water and energy from growing populations; environmental water requirements; and the potential for decreased water supply availability due to drought, population growth, and increased water requirements for environmental purposes. The FY 2020 Budget includes \$19.9 million for WaterSMART programs.

Within our research and development program, Reclamation has identified several key areas for investment where coordination with other Department bureaus will leverage results to more effectively achieve mission outcomes. Reclamation's FY 2020 budget for research and development (R&D) programs include both Science and Technology, and Desalination and Water Purification—both of which focus on Reclamation's mission of water and power deliveries.

The Science and Technology program supports engineering innovation that promotes economic growth, supports maintaining and improving our water and power infrastructure, and enhances continued generation of energy. Program outcomes also enable reliable water and power delivery to our customers, improve safety, limit the impacts of invasive species, and ensure that Reclamation can meet its environmental compliance responsibilities. These activities support the Administration's priorities for the FY 2020 Budget, by supporting technology transfer activities that may lead to new business opportunities for private industry. The program also supports Administration priorities related to maintaining and improving our water and power infrastructure by partnering with the U.S. Army Corps of Engineers to foster research projects to develop technologies that extend the operating life and reduce maintenance costs of Reclamation's structures. The Administration priority related to energy from all sources is supported by hydropower research that ensures that Reclamation is maximizing reliability, reducing maintenance costs, and exploring new energy development opportunities. Research on safety is ensuring our workers can perform their jobs safely and securely.

The Desalination and Water Purification program priorities include development of improved and innovative methods of desalination and reducing costs to develop new water supplies. The research and testing funded from this program supports the Administration's priorities for the FY 2020 Budget by supporting innovative new solutions that spur the creation of new businesses by entrepreneurs and by advancing Reclamation's competitive edge in water treatment and desalination.

Central Valley Project Restoration Fund (CVPRF) - \$54,849,000

This fund was established by the Central Valley Project Improvement Act, Title XXXIV of P.L. 102-575, October 30, 1992. The budget of \$54.8 million is expected to be offset fully by discretionary receipts collected from project beneficiaries under provisions of Section 3407(d) of the Act. The discretionary receipts are adjusted on an annual basis to maintain payments totaling \$30.0 million (October 1992 price levels) on a three-year rolling average basis. The FY 2020 Budget represents an administrative decision to “reset” the three-year rolling average to stabilize the year-to-year variability in discretionary receipts. Reclamation identified the reset of the three-year rolling average as a prudent decision to reduce the variability in annual funding that was created in the first three years of the fund’s establishment, which resulted in high, middle, and low funding years. The reset will allow stable collections targeting \$30.0 million (October 1992 price levels) each year, resulting in more stability in annual payments from water and power customers and for restoration and mitigation programs funded by the Restoration Fund.

California Bay-Delta Restoration Fund - \$33,000,000

The CALFED Bay-Delta Restoration Act (P.L. 108-361), as amended, authorized multiple federal agencies to participate in the implementation of the CALFED Bay-Delta Program as outlined in the August 28, 2000, Record of Decision (ROD) for the CALFED Bay-Delta Program Programmatic Environmental Impact Statement and Environmental Impact Report. The legislation directed the implementing agencies to undertake a set of broadly described programmatic actions identified in the ROD to the extent authorized under existing law. In addition, the Act authorized \$389.0 million in Federal appropriations for new and expanded authorities. Reclamation is requesting an extension of the CALFED Bay-Delta Authorization Act through FY 2020.

The FY 2020 Budget of \$33.0 million implements priority activities pursuant to P.L. 108-361. Six Federal agencies – the Department of the Interior, Department of Commerce, Department of Agriculture, Department of the Army, Environmental Protection Agency, and the Council on Environmental Quality — work together to ensure that the Federal actions and investments the Administration is undertaking are coordinated in a fashion to help address California’s current water supply and ecological challenges. This budget supports actions under the following program activities: \$1.7 million for Renewed Federal State Partnership, \$2.3 million for Smarter Water Supply and Use, and \$29.1 million to address the Degraded Bay Delta Ecosystem.

Policy and Administration - \$60,000,000

The \$60.0 million budget will be used to: 1) develop, evaluate, and directly implement Reclamation-wide policy, rules, and regulations, including actions under the Government Performance and Results Act; and 2) manage and perform functions that are not properly chargeable to specific projects or program activities covered by separate funding authority.