

Testimony of Tom Davis

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Chairman Flake, Ranking Member King, Members of the Sub-Committee thank you for allowing me to provide testimony on:

S.930 Western Area Power Administration Transparency Act and
S.677 Water Supply Permitting Coordination Act

S.930 requires the Western Area Power Administration (Western) to establish within 120 days a publicly accessible database providing its' customers and the public transparency into Western's planning, budgeting, rate setting, purchasing, staffing and contracting processes. Western's core mission is the marketing and transmission of cost-based federal hydroelectric power generated at federal dams within a 15 state region of the Central and Western United States. Under the Reclamation Project Act and Flood Control Act, Western is **required** to market and transmit power **at the lowest possible rates** to its' customers consistent with **sound business practices**. Due to many of Western's recent practices, its' customers are concerned that Western has strayed from its' core mission requirements. As customer's rates have increased by as much as 30% over the past 5 years. I question if Western's rates are consistent with sound business practices. This legislation will give Western's customers, and the public, insight and oversight into Western's business processes to insure compliance with its' core mission.

The Yuma County Water Users' Association is a priority use power customer of Western. We are not a large customer nor do we have a large operational budget, but we are 100% dependent on federal power delivered by Western. Among other uses, we use this power to pump water into Sonora Mexico to satisfy the United States' obligations under the 1944 Treaty to provide Mexico its' annual portion of Colorado River Water. Our annual budget is significantly strained by Western's rate increases.

Western's customers are also concerned that in recent years Western has been the focal point for many renewable energy initiatives such as solar and wind. Western's hydropower customers would like to know if, through Western's increasing expenditures, they are subsidizing these renewable industries.

WAPA's Desert Southwest Office (DSW) customers have formed a Customer Technical Committee (CTC) to explore with the DSW office as to how customers can have transparency and meaningful input into all of DSW's spending and rate decisions. The DSW personnel and customers are striving to have an open and shared partnership in supporting Western in meeting its' **statutory** and **authorized** mission. The transparency afforded by S.930 will make that partnership possible and ensure Western and its' customers viability.

The Administration's 2018 Budget proposes the divestiture of the assets of the Department of Energy's Power Marketing Administrations (PMA's) to private interests. As you will recall, proposals to sell or re-purpose the PMA's have been proposed by every Administration except one since the 1980's. Each time Congress has rejected divestiture as being harmful to the PMA customers. I along with other PMA customers continue to oppose divestiture for a number of reasons. Primarily, the PMA customers have and continue to pay for all capital improvements and annual operation & maintenance of these government owned assets. Additionally, appraising the present value of these assets would be very difficult and there is a risk to the future reliability of the electrical system in rural areas if in private control. Lastly, the rate paying customers would lose the transparency and oversight opportunities, and cost control the WAPA Transparency Act will provide. I am convinced the energy costs of the customers will increase as a result. I encourage Congress to remove this proposed divestiture from the 2018 Budget.

In regards to S.677, the "The Water Supply Permitting Coordination Act." This legislation provides a critical first step towards addressing current regulatory and bureaucratic challenges that delay or even halt the development of new water supply and delivery projects in the Western United States.

I along with the entities I represent, are in full support of this bill and encourage this Sub-Committee to move the legislation forward to enactment.

This bill seeks to streamline the current multi-agency permitting processes that delay the construction of new water storage and delivery projects by creating a “one-stop-shop” permitting process through the Bureau of Reclamation (Reclamation). This bill sets a schedule and time lines for agencies to consult and cooperate to complete environmental compliance. This bill also allows third parties to pay into the costs of such permit processing.

Reclamation is directed to identify all federal agencies with permitting responsibilities or authority, notify them of pending applications, and set a schedule by which all cooperating agencies must complete and submit their reviews and permits. Cooperating agencies are **required** to adhere to the coordinated schedule and use one unifying document for all environmental review. This provision is intended to significantly reduce the time, cost, and inefficiencies associated with the current multi-track NEPA analyses in which each reviewing agency compiles its own data and reviews it separately in a vacuum.

This bill also takes significant steps to strengthen the voice of Western states in the review process by allowing willing states to participate as cooperating agencies. By allowing states to be involved at their discretion to contribute financially in a review process that could also allow states to assist in development of science, data, and technical materials. S.677 also requires that, consistent with existing law, all relevant project data and materials be made publicly available online in a timely manner.

I believe this bill could be improved by adding provisions that require the Reclamation to submit to the participating non-federal entity an estimate of the total cost of the federal administrative permitting process for the proposed projects and to provide a scheduled update on the actual administrative costs with an appropriate explanation of any major cost differences.

Water conservation and water transfers are important tools for improving management of increasingly scarce water supplies. However, it is well known that new storage delivery systems will be necessary for long term solutions to future water demands in the West. We must streamline the existing slow, burdensome and expensive federal regulation compliance process to allow this necessary infrastructure to be constructed within the next 10 to 25 years.

There is strong citizen support in the West for constructing new water storage and delivery projects. S.677 will streamline the existing federal permitting process and will still fully comply with the requirements of the National Environmental Policy Act (NEPA) and other federal laws.

Thank you for the opportunity to present my thoughts. I will be happy to answer any questions.