

TESTIMONY OF JOHN STEELE, PRESIDENT
OGLALA SIOUX TRIBE

SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
MAY 27, 2008 HEARING
SIOUX FALLS SOUTH DAKOTA

Mr. Chairman, my name is John Steele, and I am president of the Oglala Sioux Tribe. I am pleased that you extended an invitation to present testimony on the status of rural water projects. I am representing the Oglala Sioux Rural Water Supply System, which was created pursuant to the Mni Wiconi Project Act of 1988, Pub.L.100-516.

The Oglala Sioux Rural Water Supply System serves as the backbone of the Mni Wiconi Project. It diverts raw water from the Missouri River near Fort Pierre, South Dakota, treats the water in a state-of-the-art processing facility manned by members of the Oglala Sioux Tribe and delivers water through 4,200 miles of pipeline, when completed, to the Lower Brule, Rosebud and Pine Ridge Indian Reservations and parts of nine counties in southwestern South Dakota served by the West River/Lyman-Jones Rural Water System (See Exhibit 1). It is the largest rural water project in the world. Each of these interconnecting systems will present testimony separately.

History of the Geographical Area Served

The Oglala Sioux Tribe and other Sioux tribes fought a war called the Potter River War (Red Cloud's War) from 1866-1868, which culminated in the signing of the 1868 Fort Laramie Treaty, 15 Stat. 635. Article II of the Fort Laramie Treaty of 1868 established the area west of the "east bank" of the Missouri River as the Great Sioux Reservation, a permanent reservation for the signatory tribes. This was the homeland of the Lakota people. Our leadership recognized the importance of the Missouri River and embraced both banks and the full course of the stream within our Treaty area. Our water treatment plant, 200 miles east of the Pine Ridge Indian Reservation, relies on this source of water that was so important to our forefathers.

In 1876, Congress attempted to purchase the Black Hills portion of the Reservation but could not obtain the requisite number of signatures needed from the Indian people to constitute a cession by agreement. Congress resolved its perceived impasse by enacting the agreement into law as the 1877 Act, 19 Stat. 254. Under Article 5 of the 1877 Act, Congress promised all aid to civilization to the signatory tribes as part of the *quid pro quo* for the confiscated territory. We view the Mni Wiconi Project as a part of this promise. It will, when fully implemented, provide a safe supply of water to the Oglala and other Sioux project sponsors.

In 1889, Congress admitted South Dakota as a new member of the United States. Congress also created smaller reservations out of the Great Sioux Reservation, including the Pine Ridge, Lower Brule and Rosebud Reservations. 25 Stat. 888. Settlement by non-Indians was permitted west of the Missouri River.

When the Mni Wiconi Project Act was signed into law in 1988, five generations of the Lakota and white settlers had coexisted in the project area, but great prejudices existed between the two peoples. Our people had existed in deep poverty, and bad feelings predominated with the farmers and ranchers outside the Reservation. Our people initially refused to accept the Project, suspicious of the intentions of the United States and skeptical that the benefits of the project as proposed would ever reach the Pine Ridge Indian Reservation. Many felt that the Tribe was being used to deliver water to people off the Reservation, and water would never reach us.

The poverty has not abated. The Pine Ridge Indian Reservation remains the lowest per capita income region in the Nation, but the Mni Wiconi Project has brought an element of hope and faith in the future. Through the Mni Wiconi Project we have had to meet our neighbors, settle age-old differences with them and pull together for a common purpose of building a magnificent project that will improve the quality of life for everyone in Western South Dakota, non-Indian and Indian alike.

From the standpoint of the Office of Management and Budget (OMB), the project must conform to all federal regulations and be built as efficiently and cost-effectively as possible within a constrained budget and without consideration of the social benefits. But from our standpoint, great divides have been crossed, and a reconciliation of social differences between peoples with vastly different backgrounds has been achieved. This is not to say that differences do not exist, but the Mni Wiconi Project has brought a mutual level of respect between the Indian and non-Indian water users. The Oglala Sioux Tribe has demonstrated that it can operate the common facilities beginning at the Missouri River and deliver the water of life to non-Indian neighbors within the West River/Lyman-Jones service area and to our relations on the Lower Brule and Rosebud Indian Reservations. Oglala Lakota tribal members have developed and demonstrated the skills, qualifications and competence to operate a highly sophisticated engineering project for the mutual benefit of everyone. This is a great honor to the people of the Pine Ridge Indian Reservation.

Extended Schedule of Construction

While there is pride in the project and hope for the future, we have been afflicted by an inadequate level of funding appropriated by Congress. This problem begins with a chronically low allocation from OMB for the rural water program of the Bureau of Reclamation in the President's annual budget proposals. Congress has consistently worked to increase the level of funding for our project, but the funds have been inadequate to advance at the rate of construction contemplated in the authorizing legislation and within the sponsors' capability. Our original statutory completion date was 2003. In 2000, Congress extended the completion date through 2008, and last year Congress extended the completion date through 2013. These amendments have been necessary because Congress has not been able to provide funds that would permit us to complete the project on schedule. Congress needs an adequate budget request from which to work. It has consistently worked hard to enact funding as much as possible over the requests, but with a higher floor from the President, it could be able to achieve enacted levels much closer

to the level of annual need. Rather than completion in one decade, the project has been extended through two full decades, and the benefits have been delayed.

The Pine Ridge Indian Reservation is the furthest location from our water treatment plant on the Missouri River. The Oglala Sioux Tribe will not receive Missouri River water until late in fiscal year 2008, 15 years after the start of construction. All of our effort prior to FY 2008 has been to build the intake, water treatment plant and pipelines used for the common benefit of the Lower Brule, Rosebud, Pine Ridge and West River/Lyman-Jones service areas. As those common pipelines have been constructed westward, the Bureau of Reclamation has authorized the building of the distribution systems that could receive Missouri River water. It did not, however, authorize the building of the distribution systems on the Pine Ridge Indian Reservation in advance that would receive Missouri River water. We have been able to deliver all water requirements to the Lower Brule Sioux Indian Reservation. Likewise, the Rosebud Sioux Indian Reservation has been able to connect to our pipelines and receive Missouri River water. The West River/Lyman-Jones service area now receives Missouri River water in most areas except its far western portion. (See Exhibits II and III for examples of constructed facilities).

Most of the remaining construction will and must focus on the distribution system on the Pine Ridge Indian Reservation. The remaining 40% of the population to be served by the Missouri River water treatment plant resides on the Reservation. Missouri River water will finally be delivered to the northeast corner of the Pine Ridge Indian Reservation and the community of Wanblee in late 2008. While we are pleased that it is coming, much work remains before we can provide water to our people throughout our Reservation. We continue to haul water by truck to hundreds of households on the Reservation (See Exhibit III, for example).

Delay in delivering Missouri River water to the Pine Ridge Indian Reservation has created great anxiety among the Oglala Lakota membership. Old suspicions have been renewed that water will never reach us, that Congress will withdraw its support for the project when the non-Indian service area has been largely completed. These concerns were elevated this winter by the drastic cut in the President 's Budget which reduced the Bureau-wide Rural Water Program from \$55 million in FY 2008 to \$28 million in FY 2009. The cut for the Mni Wiconi Project was severe. If not restored by Congress, the project cannot be completed by 2013. The delivery of water to the Oglala Lakota will be delayed, anxiety levels will rise and confidence in the project and the United States will diminish.

Health Benefits of Mni Wiconi Project

The project area was formerly occupied by an ancient, inland sea. Dinosaurs surrounded its shores. Over many eons, salts accumulated in the sediments that were deposited. To the west in the Yellowstone Park area, volcanism contributed arsenic and uranium to the sediments carried by the streams reaching the ancient sea. When this ancient sea receded, the sediments were eroded and are now visible in the Badlands area of the Pine Ridge Indian Reservation. As wells were developed during the last century, the first problem was obtaining an adequate supply of water. The second problem was the poor quality of the meager supply. The high concentration of chemicals makes the water unfit for drinking in all but the southeastern portion of the Reservation.

The high chemical content of the water and its general lack of suitability have made sanitation and ingestion a health issue for our tribal members. Before the Mni Wiconi Project enabled us to develop and distribute higher-quality groundwater from the southeastern portion of our Reservation,¹ the Indian Health Service attributed high incidence of shigellosis, gastroenteritis, hepatitis C and other diseases to poor water quality.

The Mni Wiconi Project was designed to develop 50% of our future supply from high quality groundwater sources. The remaining 50% will be derived from the Missouri River. The diseases listed above are rare since the replacement of individual wells and development and redistribution of our higher-quality groundwater sources. The remaining water supply from the Missouri River will vastly improve water quality and reliability, and these former diseases will be eliminated.

There are other more indirect health benefits associated with the project. The Oglala Sioux Tribe has previously requested OMB and the White House to form a task force to gather and analyze mortality data in South Dakota among the Indian and non-Indian populations and the associated costs of healthcare to be borne by the Treasury in the future. Poverty on the Pine Ridge Indian Reservation has an additional health-care cost, relative to the population not in poverty, estimated at \$1.2 billion for each 24,000 members of our population over the next 50 years. Mortality rates among the Indian people are shockingly high compared with the rest of the population.

Death rates in the Indian population due to diabetes are 10 times the number of deaths in non-Indian regions for ages over 35 years. Similarly, deaths due to heart disease in the Indian population are 1.67 times the number in the non-Indian population for those under 35 years of age. Indian deaths attributed to heart disease were 2.10 times the number in the non-Indian population for persons between 35 and 59 years of age. Cancer deaths of Indians greatly exceed those of the non-Indian population for persons aged 60 and over.

Extra annual health-care costs for the Indian population were estimated using the national costs of health care as set out in the table below. Extra health-care costs are for mortality levels above that experienced in the non-Indian population of our region. For example, 1.25% of the Indian population over 60 died from diabetes between 1989 and 1997 as compared with 0.1% of the regional non-Indian population.

NATIONAL HEALTH COST INFORMATION

Disease	National Deaths	National Indirect Costs (billion \$)	National Direct in Costs (billion \$)	National Total Costs (billion \$)	Cost Per Death
Diabetes	72,112	\$45.2	\$46.4	\$ 91.6	\$ 1,270,246
Heart	959,227	--	--	286.5	298,678
Cancer	539,533	\$37.0	70.0	107.0	198,320

¹ Ancient winds deposited sand over the seabed sediments in this area, and the Tribe inherited more suitable water quality in the southeastern regions of the Reservation

Mortality is inversely correlated with income levels or directly correlated with poverty. As income levels decline, mortality increases. Other factors, such as genetics, clearly have an influence; but income level was shown to explain much of the difference in mortality rates between Indian and non-Indian people living in the same area.

The Mni Wiconi Project is a part of the solution to these significant healthcare issues. The project is a foundation. It is intended to not only bring safe drinking water to our people, but commercial and industrial development and much needed employment. This will assist in raising income levels on the Reservation, a step toward bringing our people out of poverty. This will, in turn, bring a significant improvement in the health of the Oglala Lakota people, thereby reducing future health-care costs and, most of all, the agony of the families affected.

Completing the project will have the effect of lowering mortality and health-care costs on our Reservation. To the degree that income levels have been raised, mortality and associated healthcare costs can be expected to decline. We need the appropriations necessary to complete the project in 2013 so that the Tribe, its members and can realize these benefits and the federal government can realize a savings in health care costs.

The *extra* health-care cost estimates are of so great a magnitude that there is a pressing need to (1) fully evaluate and quantify differences in mortality between Indians and non-Indians; (2) correlate mortality with income levels; and (3) determine the impact of the Mni Wiconi Project on improving the economy of the Pine Ridge Indian Reservation and its role thereby in lowering health-care costs. These tremendous health-care costs in such a relatively small population of our Nation stand as an ongoing human tragedy which demands compassion to rectify. Moreover, these costs foretell a considerable drain on the federal Treasury that cries out for remedy.

Construction Costs

Costs of inflation and delays in funding have greatly increased the appropriations required to complete the project. Costs have risen from \$257 million in 1993 dollars to \$452 million in 2007 dollars. Much of the remaining project costs are for polyvinylchloride (PVC) pipe, which is manufactured from oil products that have risen from \$35 to \$130 per barrel over the past year. This has a dramatic impact on the price of pipe. The full level of inflation has not yet been realized.

As shown in the table below, the project will be 81% complete at the end of FY 2008. Construction funds remaining to be spent after FY 2008 will total \$87.691 million within the current authorization (in October 2007 dollars). PL 110-161 extended the project authorization from FY 2008 through FY 2013. Additional administrative and overhead costs of extending the project, additional construction costs, and accelerated inflation over the next 5 years are expected to increase remaining project costs to \$137.167 million.

Total Federal Construction Funding (Oct 2007 \$)	\$ 451,707,000
Estimated Federal Spent Through FY 2008	\$ 364,016,000
% Spent Through FY 2008	80.59%
Amount Remaining after 2008	
Total Authorized (Oct 2007 \$)	\$ 87,691,000
Overhead Adjustment for Extension to FY 2013 and Other	\$ 109,851,000
Adjusted for Annual Inflation	\$ 137,167,000
Completion Fiscal Year (Statutory FY 2013; PL 110-161)	2,013
Years to Complete	5
Average Annual Required for Finish	\$ 27,433,000

Cost indexing over the last five years has averaged 7.89% for pipelines. Pipelines are the principal components yet to be completed (see chart below). Assuming an average 7.89% inflation in construction costs in the remaining five years to complete the project, average annual funding of \$27.433 million for construction is required to complete by 2013, the new completion date established just last year. The President's budget of \$16.24 million is grossly inadequate, departs significantly from recent budgets and threatens an undetermined delay in completing the project by 2013.

Section 2(a)(5) of the Mni Wiconi Project Act specifically finds that the United States has a trust responsibility to ensure that adequate and safe water supplies are available to meet the economic, environmental, water supply and public health needs of the Pine Ridge, Lower Brule and Rosebud Indian Reservations. We respectfully request that the United States remain mindful of this responsibility and ensure the project receives the funds necessary to finish by 2013.

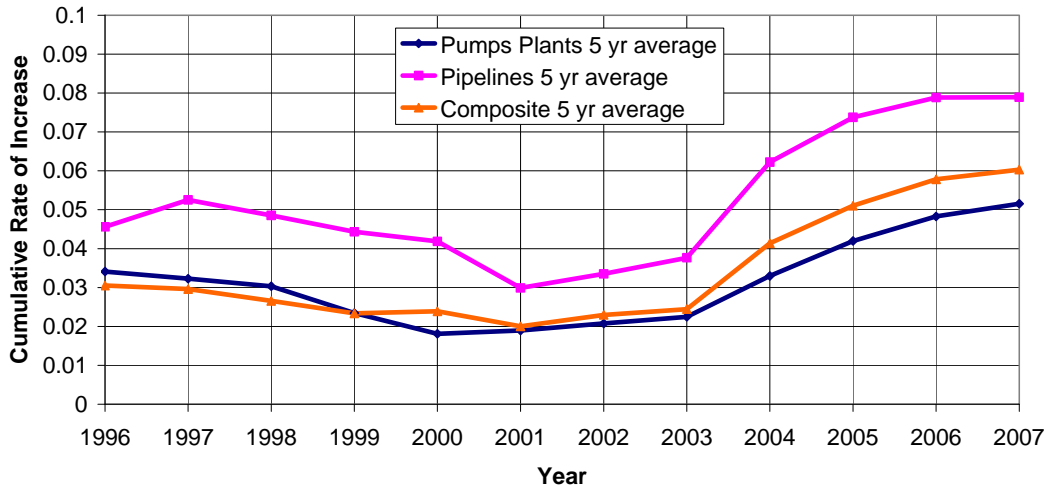
Rural Water Supply Act of 2006

Our understanding of the intent of Rural Water Supply Act of 2006 was that the Secretary would prepare a plan on completion of projects, including the Mni Wiconi Project, that were authorized but not completed prior to 2006 (see extract below). The Oglala Sioux Tribe is anxious to work with the Bureau of Reclamation on that plan. We are not aware of any progress to date. Before the authorization of new projects, including the Red River Valley Project in North Dakota, we are hopeful that existing projects can be prioritized and completed.

Conclusion

Thank you for the opportunity to present testimony. I would be happy to answer any questions.

**RATE OF CONSTRUCTION COST INCREASE
FOR ANNUAL AND 5-YEAR RUNNING AVERAGES SINCE 1992,
US BUREAU OF RECLAMATION**



SEC. 104. RURAL WATER PROGRAMS ASSESSMENT.

(a) **IN GENERAL.**—In consultation with the Secretary of Agriculture, the Administrator of the Environmental Protection Agency, the Director of the Indian Health Service, the Secretary of Housing and Urban Development, and the Secretary of the Army, the Secretary shall develop an assessment of—

(1) the status of all rural water supply projects under the jurisdiction of the Secretary authorized but not completed prior to the date of enactment of this Act, including appropriation amounts, the phase of development, total anticipated costs, and obstacles to completion;

(2) the current plan (including projected financial and workforce requirements) for the completion of the projects identified in paragraph (1) within the time frames established under the provisions of law authorizing the projects or the final engineering reports for the projects;



Mni Wiconi Rural Water Supply Project



"Water Is Life"



Mni Wiconi Rural Water Supply

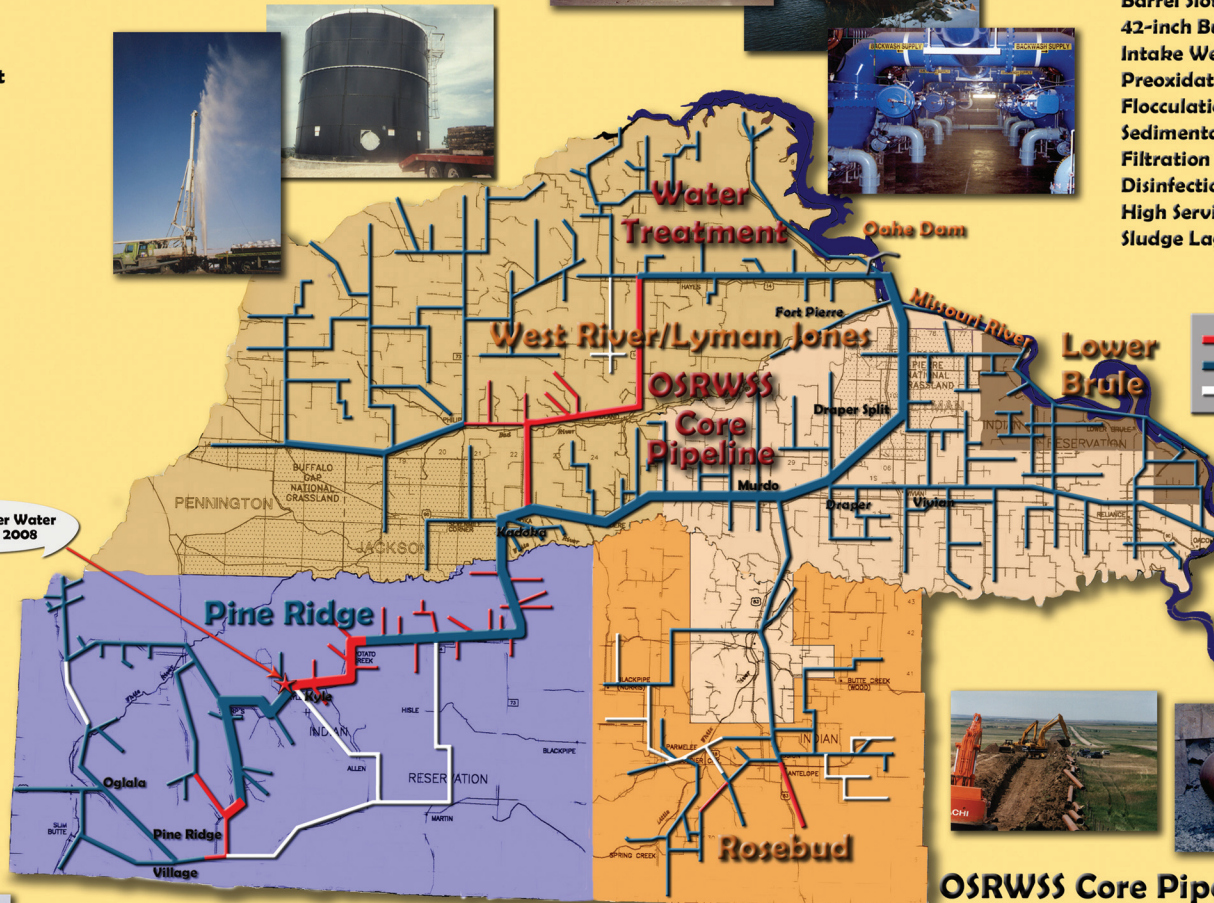
Service Area: 12,500 Square Miles
 Total New Pipeline Miles: 4,200 Miles
 Population Served: 52,000
 Planning Through Construction: 1988 - Present
 Project Sponsors:
 Oglala Sioux Tribe
 Rosebud Sioux Tribe
 West River/Lyman Jones, Inc.
 Lower Brule Sioux Tribe

Common Service Facilities
 14 MGD Water Intake and Pump Facilities
 13.4 MGD Water Treatment Plant
 185 Miles OSRWSS Core Pipeline
 Supervisory Control and Data Acquisition System (SCADA)

Operation Unit Facilities for:
 Rosebud Indian Reservation
 West River/Lyman Jones, Inc.
 Lower Brule Indian Reservation

Main Distribution Pipeline
 Service Pipelines
 Service Connections
 Wells
 Water Storage Reservoirs
 Pump Stations

Missouri River Water to Kyle in 2008



Intake and Water Treatment Plant

Water Supply: Missouri River
 Below Oahe Reservoir
 Intake Capacity: 14 MGD
 Treated Water Capacity: 13.4 MGD
 Major Unit Process:
 Barrel Slotted Intake Screens
 42-inch Buried Intake Pipeline
 Intake Wetwell and Pump Station
 Preoxidation
 Flocculation
 Sedimentation
 Filtration
 Disinfection
 High Service Pumping
 Sludge Lagoons



— FY 2009 Construction
 — Pipeline Completed or Under Construction
 — Future Pipeline Construction



210 Miles of Main Distribution Pipeline 3" - 14"
 189 Miles of Service Pipeline 2"
 1,056 Service Connections
 15 Water Supply Wells 50 gpm - 300 gpm
 10 Steel Water Storage Reservoirs 90,000 gal - 500,000 gal
 6+ Pump Stations 100 gpm - 1,400 gpm



OSRWSS Core Pipeline

12-inch to 24-inch High-Pressure Pipe
 (coated metallic pipe and PVC)
 95 Miles Designed and Constructed
 90 Mile Future
 Corrosion Protection
 SCADA System
 Pump Stations



EXHIBIT I

Pipe Trenching



OSRWSS Water Treatment Plant



Water Hauling



OSRWSS Reservoir

