

Before the U.S. House of Representatives
Committee on Natural Resources
Subcommittee on Water, Power and Oceans

Oversight Hearing Entitled
“Modernizing Western Water and Power Infrastructure in the 21st Century”

Testimony of
Andrew J. Colosimo
Colorado Springs Utilities

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Thank you Chairman Lamborn, Ranking Member Huffman, and Members of the House Subcommittee on Water, Power and Oceans for the opportunity to testify at this Oversight Hearing entitled “Modernizing Western Water and Power Infrastructure in the 21st Century”.

My name is Andrew Colosimo, the Government and Corporate Affairs Manager for Colorado Springs Utilities. For over a century, Colorado Springs Utilities has consistently delivered services to meet the needs of its residential, commercial, and industrial customers. As a community-owned, four service municipal utility, our focus is providing safe, reliable, competitively-priced electric, natural gas, water and wastewater services to our citizen owners and customers. I am also on the board of directors of the National Water Resources Association and believe that many of the comments I make today are reflective of issues faced by water and power providers throughout the west.

The Colorado Springs Utilities water system serves over 470,000 people across a 200 square mile service area, with an elevation change of nearly 2,000 feet from the lowest to highest service points. The water system includes 25 reservoirs, 38 storage tanks, 6 water treatment facilities and over 2,000 miles of water mains. Source water is diverted from over 100 miles outside the City.

Colorado Springs is not located on a major river, it must rely on water delivered from distant watersheds. Currently, between 60 and 70 percent of the Utilities’ water supply originates from the first use and subsequent reuse of water obtained from Colorado River headwaters through four transbasin diversions. These supplies are transported into the Arkansas River Basin and delivered to storage and treatment facilities via four raw water pipeline systems.

Providing and maintaining a dependable water supply for Colorado Springs residents and businesses is one of our community’s greatest challenges. Continuous, long-term water planning is the reason Colorado Springs has an excellent and reliable water system today that supports our economy and quality of life.

As we look to the future, I would like to bring my testimony back to the topic of this hearing and discuss how to modernize western water and power infrastructure. As Congress and the Administration consider an infrastructure package it is important that a strong commitment to water infrastructure is made. Water infrastructure is vital to provide safe secure domestic water supplies for human health and safety as well as for power generation, agriculture, and manufacturing.

Regulatory Reform

The federal regulatory regime that impacts the development, distribution and management of the nation's water resources is outdated and is difficult to apply to current on-the-ground realities. These regulations, while well intended, are often overly burdensome with little environmental or economic benefit.

An example of this regulatory burden is Colorado Springs Utilities' recent experience during the completion of our Southern Delivery System (SDS). The \$825 million Southern Delivery System is a regional project that brings water from Pueblo Reservoir to Colorado Springs and our partner communities, Fountain, Security and Pueblo West. The project included 50 miles of 66 inch diameter pipe, three pump stations, and a water treatment plant.

Before one shovel hit the ground, SDS required extensive permitting and approvals. Public involvement and communication efforts played a key role in securing the more than 200 permits and approvals needed to start construction. In addition to the EIS, required under the National Environmental Policy Act, SDS required dozens of other permits and approvals, including local land-use permits, a 404 permit required under the Clean Water Act, state water quality 401 certification, and a state fish and wildlife mitigation plan.

Eight years and roughly \$17 million were required to complete the NEPA process and related negotiations with the Bureau of Reclamation, while an additional \$25 million was spent on meeting other permitting mandates. Over \$160 million was devoted to mitigation and permit commitments, many local in nature. It required an additional six years to build the project. While we were successful in completing our project, we need to improve the permitting process from both a time and cost perspective. It is important to recognize that we did not use any state or federal taxpayer dollars to pay for SDS – we used a combination of issuing municipal bonds and raising our utility rates to pay for the project.

We applaud the efforts of Congress to improve the permitting process as was demonstrated by the bipartisan support and passage of the FAST Act which seeks to improve the permitting process for major infrastructure projects. Improving coordination between federal agencies and non-federal government agencies, increasing transparency, and enhancing early stakeholder engagement are all improvements to the regulatory regime. While many of the elements in the FAST Act are in the early stages of implementation, we need to see this process continue at a more accelerated pace and expanded to include water resources development projects. Further, the recent Executive Order by President Trump entitled "Expediting

Environmental Reviews and Approvals for High Priority Infrastructure Projects” places increased recognition on the importance of federal agencies completing environmental reviews in a timely manner.

We encourage Congress to build on these successes and pursue additional legislative remedies to further streamline the process for upgrading and replacing infrastructure, with particular emphasis on realizing efficiencies in the regulatory oversight and permitting processes. This could be done by: requiring a cost/benefit analysis in the establishment and implementation of regulatory requirements; promoting greater delegation of NEPA management and implementation to the states; requiring a single lead federal agency on projects requiring NEPA review – but we need to make sure it is the right agency leading the review and that the agency has adequate resources to complete the job in a timely manner – some agencies are lacking the expertise to oversee large infrastructure projects; further timelines need to be required for federal agency review and decision making, while limiting sequential agency reviews of projects; and ensuring enhanced data collection, analysis and sharing processes, with efficient utilization of all existing data, in the completion of permit related studies.

Watershed Health

Protecting the headwaters of the West and securing favorable water flows are foundational purposes of the National Forest System. Unfortunately, today the unhealthy state of these forests has led to catastrophic wildfires that threaten the sustainability and quality of drinking water for tens of millions of residents of the western United States. Current laws and regulations must be improved to reflect the urgency of reducing fire risk in western forests and to recognize that catastrophic wildfire is the greatest risk to forest ecosystems and species, as well as to water quality and water supplies originating from our headwaters. Wildfire events create erosion, sedimentation, and water quality problems that negatively impact water storage and delivery infrastructure.

It is imperative that Congress address both funding and regulatory forest health challenges. Congress must provide adequate and stable funding to the federal agencies to support sustained development and implementation of programs that improve the condition, trend, and resiliency of federally managed headwaters and to allow an end to the current practice of “fire borrowing” that annually diverts funds originally destined toward the needed management activities. Millions of acres of national forests in the West are overgrown and in need of immediate large scale tree harvesting to prevent catastrophic wildfire and its costly impacts to municipal watersheds. For post-fire forest restoration actions, time is of the essence to protect the natural and manmade infrastructure of our watersheds. Regulations should be streamlined and weigh the overall long-term health of the landscape against any short-term impacts of mitigation actions. Lastly, we need to expand collaboration on all environmental reviews, not just the large infrastructure projects. The current structure fails to provide a venue to promote solutions.

Developing Resilience to Natural Environmental Challenges

Changing natural conditions present an extreme challenge to western water providers. Drought, floods, fire, extreme weather events, warming water temperatures and other such variations in environmental conditions are occurring with increased frequency and unpredictability.

Because water supply in the West depends on runoff from snowmelt, water providers are being forced to rethink the way their systems operate. The runoff season is already beginning and ending earlier in the year, and system yields can fluctuate dramatically. Each new flood event demonstrates the vulnerability of existing infrastructure designed in reliance on historic hydrology, which is no longer a dependable predictor of the future. Increased storage to meet demands in times of shortage is essential, as is adequate funding to insure that existing infrastructure is properly maintained to insure its continued reliable functioning.

To address these challenges, water providers will need to ensure that their water supply planning, infrastructure and operational decisions are more resilient to change. Assistance from the federal government in the form of risk management, research and shared resources is essential. Federal adaptation strategies, plans and investments should be developed in close consultation and in partnership with western water providers. Congress needs to encourage the federal water agencies to evaluate existing reservoirs for storage opportunities including full utilization of excess capacity, reallocation of existing space, and enlargement. Federal regulatory programs need to be flexible enough to accommodate such strategies, and to do so at a cost that beneficiaries can afford. Federal agencies must foster these strategies with a sense of urgency, increase transparency and engage in timely and thoughtful revision of policies and regulations.

Building and Rebuilding Water System Infrastructure

Much of our nation's water infrastructure is nearing the end of its design life. An estimated 240,000 water main breaks occur each year in the United States. Assuming that each of those pipes would need to be replaced, the cost over the coming decades could reach more than \$1 trillion. Capital investment needs for the nation's wastewater and stormwater systems are also estimated to total \$298 billion over the next 20 years. The construction of water infrastructure will generate economic growth and jobs, but necessitates significant "up-front" monies to meet capital and permitting costs. Further, regulatory requirements can both drive infrastructure investments that may not be warranted from a risk or cost/benefit perspective, e.g., certain enhanced treatment techniques, while impeding progress on the construction, repair and replacement of infrastructure that are required.

A variety of mechanisms are needed to pay for the costs of necessary infrastructure. Congress needs to ensure that tax-exempt financing continues to be available for municipalities and other governmental entities. We also need to explore the expanded use of low interest federal loans, and direct contributions through federal appropriation to help pay for key infrastructure

projects. Lastly, I would strongly encourage Congress to include the needs of the western water and power community in any infrastructure legislation.

Cost is an important consideration because it is tied to the delivery of water, one of the most basic resources necessary for human and community health. We are responsible members of the regulated community and recognize the need for reasonable regulation. However, a thoughtful effort to improve the current regulatory regime is necessary.

That said, Colorado Springs Utilities and other water providers are prepared to partner with the federal agencies and Congress to address the water and power infrastructure needs. Preserving safe, reliable and affordable water supplies for consumers requires a strategy that respects local water resource management decisions; provides regulatory flexibility consistent with the realities of changing environmental conditions; bolsters technical and financial resources; and achieves an appropriate cost/benefit balance. We look forward to working with you on these important issues.