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Testimony
Before the Subcommittee on Water, Power, and Oceans
Committee on Natural Resources
United State House of Representatives

H.R. 5468—Legislation to Direct the Secretary of Interior to allow for prepayment of repayment obligations under Repayment Contracts between the United States and the Weber Basin Water Conservancy District

June 23, 2016

Chairman Fleming, Ranking Member Huffman, members of the Subcommittee, my name is Darren Hess and I am the Assistant General Manager of the Weber Basin Water Conservancy District (District). I appreciate Cong. Rob Bishop's leadership on this issue and for introducing **H.R. 5468**, which directs the Secretary of the Interior to allow the prepayment of the District's repayment contracts for the Weber Basin Project.

Congress authorized the U.S. Bureau of Reclamation to build the Weber Basin Project in 1949 and the Weber Basin Water Conservancy District was formed in 1950 and serves as the Project sponsor. Today, the Weber Basin Project delivers 220,000 acre-feet of water for municipal, agricultural, and industrial customers across five counties in northern Utah. The project covers 2,500 square miles and is comprised of six major dams, three major hydropower plants, and hundreds of miles of aqueducts, pipelines, canals, and irrigation and drainage systems—all delivering water supplies to agricultural, industrial, and municipal customers.

In 1952, the District entered into a repayment contract with the United States to pay for the original Weber Basin Project construction costs for irrigation and municipal and industrial water facilities. The District still owes approximately \$19.5 million on the repayment contracts, which will not be paid in full until 2034. Funding for this repayment and the development of other water sources is from water sales and the original voter-approved property tax placed on all lands of the District.

Recognizing the economic benefits available from prepayment of its federal debt, the District approached the Bureau of Reclamation about the possibility of prepaying the repayment contracts for the Weber Basin Project instead of waiting until 2034 to complete its obligation.

Prepayment will reduce the burden on local resources, which will be needed to finance future water infrastructure investment and repair and replacement costs.

Congress has supported this before by passing legislation (Public Law 107-366) to enable the Central Utah Water Conservancy District to prepay elements of the Central Utah Project's Bonneville Unit. Congress also passed similar legislation for the Uintah Water Conservancy District, which used the same prepayment requirements to prepay its federal obligation on the Jensen Unit of the Central Utah Project (Public Law 112-52). **H.R. 5468** models the precedent set in both of these laws.

H.R. 5468 directs the Secretary of the Interior to allow for prepayment of the repayment contracts between the United States and the Weber Basin Conservancy District. The prepayment terms for the Project's municipal and industrial and irrigation water delivery facilities are similar to those enacted on behalf of the Central Utah Water Conservancy District and the Uintah County Water Conservancy District. The bill also provides that the prepayment: (1) shall result in the United States receiving net present value of all repayment contracts; (2) may be provided in several installments to reflect substantial completion of the delivery facilities being prepaid; (3) may not be adjusted on the basis of the type of prepayment financing utilized by the District; (4) shall be made so that total repayment is completed by September 30, 2026. We estimate that **H.R. 5468** will bring in \$14 million in early federal revenues.

Prepayment of repayment contracts has been successful in Utah and benefits the federal budget. This legislation makes fiscal sense and it is important to the Weber Basin District. Thank you for the opportunity to testify in support of **H.R. 5468** and I will be happy to respond to any questions.