

Testimony of Leslie James, Executive Director
Colorado River Energy Distributors Association (CREDA)

On the Radanovich-Napolitano Bill (H.R. ____)

House Water and Power Subcommittee

Thursday, September 7, 2006

Mr. Chairman, Members of the Subcommittee, I am Leslie James, the Executive Director of the Colorado River Energy Distributors Association (CREDA). I am pleased to appear before you today to testify in support of the Radanovich-Napolitano bill (H.R. _____), a bill to amend the Reclamation Safety of Dams Act to include express authorization, oversight and cost sharing by water and power customers of the costs of site security. I would also like to express my appreciation to you, Mr. Chairman, for working with Ranking Member Napolitano to introduce this important, bi-partisan legislation. H.R. _____ was introduced on _____.

CREDA is a non-profit organization representing consumer-owned electric systems that purchase federal hydropower generation of the Colorado River Storage Project (CRSP). CREDA was established in 1978, and serves as the "voice" of CRSP power customers in dealing with resource availability and affordability issues. CREDA represents its members in working with the Bureau of Reclamation (Reclamation), as the owner and operator of the CRSP, and the Western Area Power Administration, (WAPA), as the marketing agency of the CRSP. CREDA members are all non-profit organizations, serving over four million electric consumers in the six western states of Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming. Through long-term power contracts with WAPA, CREDA members purchase over 85 percent of the CRSP hydropower generation and ensure repayment of the federal investment in the CRSP.

Mr. Chairman, the safety and security of the facilities operated by the Bureau of Reclamation (Reclamation) are critical to millions of Americans. The issue of how to pay for the costs of post 9/11 security measures at multi-purpose dams owned and operated by Reclamation is not a new one.

Immediately following the September 11, 2001 terrorist attacks, Reclamation initiated an aggressive program to protect its dams against terrorist attacks. Based on World War II precedent and internal legal analysis by the Department of the Interior, the Commissioner of Reclamation in April 2002 issued an administrative determination that the costs of increased security measures should be a federal obligation, non-reimbursable by project beneficiaries. Beginning in Fiscal Year 2005, however, the Administration's position shifted, and Reclamation began to assign a significant portion of the security costs to water and power customers.

CREDA and virtually all other water and power customers objected to this change in policy, on several grounds. One was the deviation from historical precedent. Other important concerns, however, included the lack of cost controls on the security program, its lack of transparency and the fact that Reclamation assigned reimbursable costs only to water and power users, not to other project beneficiaries. In fact, approximately 94 percent of the reimbursable costs were allocated to power customers in our region. We did not think this was fair and do not believe Reclamation's allocation of costs was based on any objective, fair allocation of the costs and associated benefits of the security measures.

Our efforts to modify Reclamation's policy on reimbursable costs peaked at the oversight hearing this Subcommittee held on June 22, 2006. At that time, an array of witnesses representing Reclamation water and power customers from virtually all regions testified, with one voice, about the need to expressly authorize the site security program to provide: 1) effective Congressional oversight; and 2) an equitable, durable allocation of costs.

Following that hearing, CREDA and other power and water interests worked to develop a consensus on legislation that would be clear, fair and consistent with existing Reclamation policy. Although we discussed other alternatives, the power and water representatives jointly decided that amending the Reclamation Safety of Dams Act to authorize the site security program made good policy sense. The approach embodied in the Radanovich-Napolitano bill (H.R. _____), and the principles (see attachment) on which the legislation is based, are supported by organizations representing over 80 million Americans.

The Reclamation Safety of Dams program was first authorized in 1978, following the Teton Dam failure. It

authorized modifications needed as a result of new hydrologic or seismic information or changes in state of the art dam technology. The safety and the security of these facilities are critical, regardless of the cause. Therefore, we think the site security program fits nicely into the existing policy and legal framework of the Safety of Dams program.

We also think the 15 percent cost share, which was added to the Safety of Dams program in 1984 and has been reaffirmed by Congress since then, is reasonable, appropriate and fair. The remaining site security costs would remain a non-reimbursable, federal obligation.

CREDA endorses the Radanovich-Napolitano bill (H.R. _____) because it contains the following:

- An express authorization of the site security program, as part of the Safety of Dams program;
- Application of the existing Safety of Dams 15 percent cost share for water and power users for all site security costs, including capital and O&M costs; and
- A requirement that Reclamation report annually to Congress on site security activities undertaken for each fiscal year. Those reports shall include information relating to a five year planning horizon for the program and will show both pre 9/11 and post-9/11 costs for building and site security activities.

CREDA believes that the Radanovich-Napolitano bill (H.R. _____) represents a “win-win” for the American public, for water and power customers and other beneficiaries at multi-purpose Reclamation projects and for the federal government. We urge its swift passage.

Thank you for the opportunity to present these comments.