

Testimony of G. Keith Denos
General Manager
Provo River Water Users Association
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Good morning, my name is Keith Denos. I am currently serving as president of the Utah Water Users Association which represents all water users in the state of Utah including agriculture, municipal and industrial users. I am employed as general manager of the Provo River Water Users Association. The Provo River Water Users Association contracts with the United States Bureau of Reclamation to operate and maintain the Deer Creek Division of the Provo River Project, major features of which include Deer Creek Dam and Reservoir, the Weber-Provo Diversion Canal, the Duchesne Tunnel, and the Provo Reservoir Canal. The Provo River Project collects waters from the upper reaches of the Duchesne River, Weber River, and Provo River into Deer Creek Reservoir. The Provo River Project delivers municipal and industrial water supplies to nine cities in Utah and Salt Lake Counties through the Salt Lake Aqueduct and the Provo Reservoir Canal. Approximately one-third of Salt Lake City's water supply is developed by the Provo River Project. The Project also supplies irrigation water to approximately 35,000 acres of croplands, orchards and pasture.

The approximately 22 mile long Provo Reservoir Canal conveys water from the Murdock Diversion Dam on the Provo River at the mouth of Provo Canyon to the Jordan Valley water treatment plant, the new point of the mountain water treatment plant currently under construction, and various irrigation companies. From the time the Association assumed management of the Provo Reservoir Canal in May 1952 to the present, there has been significant conversion of adjacent lands from agriculture and open space to suburban housing developments along the entire reach of the Canal. As a result of increased population along the Canal, there have been some unfortunate tragedies, including a number of drownings. The Provo Reservoir Canal also suffered an embankment failure in 1988 in which adjacent farm fields and orchards were flooded. Today, a large upscale housing development has replaced the orchards and fields at that location. Last month, in June 2005, an excavation contractor working at the site of a Cabela's superstore undercut a portion of the Canal embankment. The Canal was shut down before a catastrophic failure occurred and emergency remediation measures are being undertaken to reinforce the Canal embankment. Needless to say, water deliveries to the Jordan Valley water treatment plant and many irrigators have been interrupted causing great financial harm. It is not known at this time when the Canal will be placed back in service to be able to deliver water to irrigators and to the Jordan Valley water treatment plant during the peak summer demand period later this month and through August.

The Association has been investigating the possibility of enclosing the Provo Reservoir Canal in a pipe or box culvert to address safety, water quality, stability and operation & maintenance concerns. In addition, the 22-mile long Canal right-of-way is proposed to be developed into a community trail, and the saved water from the enclosure project will provide instream flows in the Provo River for sport fish and the endangered June sucker. The canal enclosure project is truly a win-win-win project for water supply infrastructure, the local communities, and the environment. However, the estimated cost to enclose the Canal is approximately \$120 million.

The other major water delivery feature of the Provo River Project is the 69 inch diameter Salt Lake Aqueduct, a pipeline that runs approximately 42 miles from Deer Creek Dam to the Little Cottonwood water treatment plant and terminal reservoir. These facilities, operated and maintained by the Metropolitan Water District of Salt Lake and Sandy, have been integral components of the Salt Lake Valley's water supply infrastructure for over 50 years, but are also now in dire need of repair and rehabilitation. Metropolitan Water District estimates that the cost for repair and rehabilitation for the Salt Lake Aqueduct and terminal reservoir will be in the neighborhood of \$300 million.

We have found that the significant funds necessary to repair, upgrade, or replace Reclamation project facilities such as the Provo Reservoir Canal and Salt Lake Aqueduct are simply not available from Reclamation. It should be noted that the Association and the District were both successful in obtaining Water 2025 matching grants for worthy capital projects in 2004 and 2005, respectively, and are very grateful for the assistance from Reclamation. However, the \$150,000 and \$300,000 grants that were awarded do not go very far in addressing the hundreds of millions of dollars in infrastructure rehabilitation costs needed for just this one Reclamation Project.

We have experienced difficulty obtaining tax-favored financing to upgrade these facilities because of limitations in the Internal Revenue Code governing the financing of federally-owned facilities. It became apparent that in order to gain access to the tax-free bond market to obtain the necessary capital for improvements, the Association and the Metropolitan Water District needed to pursue Title Transfer of these facilities. We requested the support of Congressman Chris Cannon to sponsor title transfer legislation for the Provo Reservoir Canal and Salt Lake Aqueduct. With sponsorship by Rep. Cannon and Sen. Robert Bennett, the 108th Congress enacted HR 3391 authorizing transfer of title of the Salt Lake Aqueduct and the Provo Reservoir Canal to the Metropolitan Water District of Salt Lake and Sandy and the Provo River Water Users Association, respectively. President Bush signed this bill into law on October 30, 2004.

Title transfer of these facilities will now make it possible to apply for funding from the State of Utah and to access lower cost financing through private capital markets to repair and upgrade these facilities.

We are most grateful to the dedicated Bureau of Reclamation staff. We were assisted in our efforts by many good people in the local, regional, and national offices. From the local level up to Commissioner John Keys, Reclamation staff provided untiring support and guidance. We also received extensive and valuable assistance from Congressman Cannon and his staff, Senator Bennett and his staff, the Senate Energy and Natural Resources Committee and staff, the House Resources Committee and staff and the House Water and Power Subcommittee and staff.

I appreciate the opportunity to share these brief comments with you. I would be pleased to answer any questions you may have.

Thank you.

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