

**Statement of Dan Keil, Chairman**  
**North Central Montana Regional Water Authority**  
**In Support of H.R. 1946, A Bill To Authorize**  
**The Rocky Boys/North Central Montana Regional Water System**  
**Before The House Committee on Resources**  
**Subcommittee on Water & Power**

Mr. Chairman and members of the subcommittee, my name is Dan Keil. I am Chairman of the North Central Montana Regional Water Authority. Thank you for the opportunity to testify before the subcommittee in support of authorizing the Rocky Boys/North Central Montana Regional Water System. I would also like to thank Representative Rehberg for his strong and continuing support for this project.

The Rocky Boys/North Central Montana Regional Water System will provide a safe and dependable municipal, rural and industrial water supply for the Rocky Boy's Reservation and the public water supply systems that comprise the North Central Montana Regional Water Authority. Speaking on behalf of the off-Reservation portion of the project, I can assure you that the communities in north central Montana strongly support both the on-Reservation and off-Reservation components of the project.

**Need for the Water System**

The Rocky Boys Reservation and north central Montana are plagued by problems with water quality and supply. The off-Reservation public water supply systems are unable to meet the requirements of the Safe Drinking Water Act. According to the Montana Department of Environmental Quality (DEQ), three of the public water supply systems which would be served by the proposed regional system are out of compliance with the federal Act. Of these three, DEQ has issued an administrative order to one system requiring an alternative source of water and expects to bring enforcement actions against the other two systems in the near future.

The Montana DEQ prioritized the existing water systems according to their expected difficulty in meeting future regulatory requirements based upon current EPA proposals and the 1996 amendments to the Safe Drinking Water Act. As can be seen from the attached table, almost all of the existing systems are either out of compliance or will have difficulty meeting future regulatory requirements unless they upgrade their systems.

Many of the systems treat their water with chlorine which in turn may cause problems with elevated levels of disinfection by-products. Other systems have problems with bacterial contamination and elevated levels of total dissolved solids, iron, manganese, lead, copper, sulfate and sodium. Boil orders either have been or are presently in effect for a number of the systems.

Many area residents are not served by any public water system. Due to the limited availability and poor quality of groundwater, these residents must haul their own water. The available water supply fails to meet water quality standards and poses real health risks to the area's population.

Water quality problems are exacerbated by water supply issues. Because of the general lack of good quality groundwater, most of the area's larger public water systems use surface water supplies, including the Milk River. As recognized in the North Central Montana Regional Water System Planning/Environmental Report dated May 2000, the availability of direct flow supplies from the Milk River is limited by the loss of active storage due to the rapid rate of sedimentation, unused Canadian treaty rights and unquantified Indian reserved water rights. Public water systems relying on the Milk River have had to implement strict water rationing requirements.

The water availability problems have been aggravated by drought. In 2000 and 2001, the U.S. Department of Agriculture classified all 56 Montana counties under drought disaster status. A number of the counties which will be served by the proposed regional water system have received a drought disaster classification for the last five years. As of March 14, 2002, the National Oceanic and Atmospheric Administration predicted the drought in Montana is likely to persist. In recognition of the continuing drought, the U.S. Department of Agriculture has already granted Montana drought disaster status for 2002.

The poverty rate for all eight counties which will be served by the regional water system exceeds the national average. According to the U.S. Census Bureau, 19.8 percent of the people in Hill County and 17.4 percent in Toole County live in poverty. These are two of the counties which will be served by the regional water system. The Montana Department of Labor & Industry reports the unemployment rate on the Rocky Boys Reservation at 27 percent. According to the department, unemployment on the Rocky Boys Reservation is more than twice that on other Montana reservations and is the highest in the state. These statistics only reflect those persons actively looking for work and do not reflect the true situation on the Reservation where many have become discouraged and given up hope of finding a job. In 1999, this committee's report on the Rocky Boys Reservation's Indian reserved water rights settlement estimated unemployment on the Reservation at nearly 70 percent. A reliable source of safe drinking water is necessary to improve the low standard of living on the Reservation and in the surrounding area.

A dependable supply of water is also essential to ongoing efforts to attract new businesses to the area in order to provide for future economic growth. In addition to long term benefits, the regional water project will provide an immediate economic boost for north central Montana and the Rocky Boys Reservation. Assuming labor costs for the project at 25 percent of the total construction budget, the project will generate approximately \$38.75 million in wages via 1,242 construction man hours. These construction dollars will provide a much needed stimulus to the regional economy.

The North Central Montana Regional Water Authority, along with the Rocky Boys Reservation, the State of Montana, and the Bureau of Reclamation, has studied possible alternatives to supply water to the region. The option of updating existing public water supply systems to comply with the Safe Drinking Water Act was rejected due to the high cost. Another option, using Missouri River water, was rejected because it would introduce arsenic from the Missouri into the Milk River basin, thereby degrading the water quality of the receiving streams. Obtaining additional water from the Milk River was also studied but rejected due to the limited physical and legal availability of water. The use of additional groundwater sources was also investigated. This option was not feasible because there is very little groundwater physically available, and the groundwater that is available is of poor quality or is under the influence of surface water which according to the Safe Drinking Water Act requires treatment. Of all the alternatives reviewed, the proposed regional water project is the only one which provides a dependable water supply while offering the lowest capital project and life-cycle costs.

## **The Project**

Water for the Rocky Boys/North Central Montana Regional Water System will be diverted from Lake Elwell, a Bureau of Reclamation reservoir on the Marias River, which is located approximately 40 miles west of the Rocky Boys Reservation. As part of the Rocky Boys reserved water rights settlement, the Chippewa Cree Tribe was allocated 10,000 acre-feet per year from storage in Lake Elwell. The off-Reservation portion of the regional water system will contract with the Bureau of Reclamation for purchase of stored water from Lake Elwell. There is sufficient storage available in the reservoir to provide a reliable supply for the project while satisfying recreational and fishery needs.

A water treatment plant, using conventional filtration, will be located near the intake on Lake Elwell. The water will be treated to meet both the primary and secondary requirements of the Safe Drinking Water Act standards. A core pipeline will convey water from the treatment plant to the Rocky Boys Reservation. A series of transmission pipelines will also provide water to smaller distribution lines belonging to the area's off-Reservation public water supply systems. The regional water system will take advantage of the infrastructure of these existing systems. When completed, the regional water system will provide a safe and dependable water supply for a projected 30,000 people in 2045. Water will be provided to all or parts of eight counties including 10,700 square miles in north central Montana.

Without the proposed centralized water treatment plant, most of the participating systems would be required to build new or to significantly upgrade existing conventional water treatment plants. Due to the low population densities and limited income potential in north central Montana, individual communities, both on and off the Reservation, cannot afford their own treatment plants. The existing public water supply systems are also concerned about additional upgrades which may be necessary in the future to satisfy changing federal and state regulation. A central treatment plant will allow these existing systems to economically meet both the current and any future requirements of the Act.

The estimated total project cost is \$200 million, the Rocky Boys Reservation portion of which is \$120 million. The bill proposes the federal share of the off-Reservation construction to be 75 percent. The North Central Montana Regional Water Authority has worked with the State of Montana to secure funding for the non-federal share of the capital costs. A portion of the approximate \$20 million non-federal share of the project has already been set aside. The Authority will also be responsible for the cost of operating, maintaining and repairing the off-Reservation portion of the project.

The north central Montana communities and the Tribe have been working together on the project development since 1992, having formed an Ad Hoc Committee in 1993. Off-Reservation and Tribal communities worked with the 1999 Montana Legislature to enact legislation allowing establishment of regional water authorities and creating a state regional water system fund. This type of cooperation is needed to benefit all Montanans. Recognizing the area's need, the State of Montana, local entities and the Tribe agreed to seek federal authorization for the project. This joint commitment is evidenced in the reserved water rights compact negotiated between the Chippewa Cree Tribe, the State of Montana, and the federal government.

Sixteen rural water districts, two water users associations, and several Hutterite colonies originally expressed an interest in the project and paid preliminary fees to demonstrate their earnestness. I have attached to my testimony a list of the participating off-Reservation entities. In addition, more than 145 households not presently served by a water system have expressed interest in receiving water. All of the public water systems on the attached list are members of the North Central Montana Regional Water Authority.

The people of north central Montana and the Rocky Boys Reservation presently do not have a reliable source of water. The proposed regional water system will provide water to an area historically afflicted by water supply and quality problems. We ask this subcommittee's support in passing this important legislation to protect the social and economic future of our region.

Thank you again for the opportunity to testify in support of the Rocky Boys/North Central Montana Regional Water System. I would be pleased to answer any questions.

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