

House of Representatives Committee on Resources

Water and Power Subcommittee Hearing

On

H.R. 5079, the North Unit Irrigation District Act of 2006

Testimony of Richard Macy

Chairman, North Unit Irrigation District

Madras , Oregon

May 10, 2006

Introduction:

Mr. Chairman and members of the Subcommittee, thank you for scheduling today's hearing on H.R. 5079, the North Unit Irrigation District Act of 2006. I am Richard Macy, Chairman of the Board of Directors of the North Unit Irrigation District. I am joined today by our District General Manager, Bob Ringering.

I am pleased to testify in complete support of this legislation. The passage of H.R. 5079 will benefit nearly 900 family farm and ranch families in our District, as well as the fish and wildlife resources of the Deschutes and Crooked Rivers. The legislation will provide these benefits by removing two restrictions in North Unit's amendatory repayment contract with the United States. These restrictions prevent the District from participating in conserved water projects pursuant to Oregon State law and further prevent the District from providing Deschutes Project water to a limited number of lands within the present District boundary.

Collectively, these restrictions are a hurdle to water conservation activities and prevent the District from reducing its reliance on its Crooked River water supplies.

Background and History:

Located in Oregon's Deschutes Basin, the District lies southeast of Mt. Hood. It is east of the Deschutes River and north of the Crooked River, and it surrounds the cities of Madras, Culver, and Metolius. The District was first established in 1916 as the Jefferson Water Conservancy District, and later became the North Unit Irrigation District. Like other irrigation districts in Central Oregon, North Unit was formed to address the serious water shortages confronting individual farmers and ranchers around the turn of the century.

North Unit receives its irrigation water from the Deschutes and Crooked Rivers. This water is transported through the federal Deschutes Project's facilities. The District has an amendatory repayment contract with the Bureau of Reclamation (Reclamation) for its Deschutes Project supplies. Based upon the District's 1913 Deschutes River water rights, the District is entitled to approximately 406,000 acre-feet of water, when such water is available. In 1955, the District obtained Crooked River water rights to supplement those acres irrigated under its Deschutes River water right. In 1968, the District developed additional water rights to irrigate certain lands, referred to as the Crooked River lands. Through these two Crooked River water rights, the District is entitled to 200 cfs right during the irrigation season. During the past ten years, the District has diverted an average of 23,000 acre-feet per year from the Crooked River. Despite these water rights and supplies, the District's water supply shortage continues to be a problem for its patrons.

The District supplies water to nearly 900 family farmers and ranchers who irrigate 59,000 acres. Roughly 9,000 acres of these lands are irrigated primarily with our Crooked River supplies. The Crooked River lands are covered by State of Oregon Water Right Certificates (Certificate Nos. 72283 and 72284). Since the District's formation nearly a century ago, local farmers and ranchers have shifted from primarily dry land wheat to irrigated alfalfa hay, carrot seed, garlic seed, and grass seed. They also raise cattle, sheep, horses, and other livestock. Because of serious conveyance losses, due to a 26-mile long main canal that passes through volcanic soils, local farmers and ranchers rely on less than 2 acre-feet of water per acre. This amount of water is inadequate for competitive agricultural production in today's international markets.

Congressional Authorization:

In the mid-1950s, Reclamation and North Unit renegotiated North Unit's repayment contract. In 1954, Congress authorized Reclamation to execute the contract, and more importantly, Congress actually approved the contract, along with an authorization for the construction of the Haystack Dam and regulating reservoir (Act of August 10, 1954, ch. 663, 68 Stat. 679). For nearly 50 years, the contract has served the United States and the District relatively well.

Now, the District needs to amend its contract in order to improve its water efficiency. The overriding limitation on the ability of the farmers and ranchers in the District to compete in the international marketplace is a shortage of water. For our District, conservation is the most efficient means to alleviate this shortage so our farmers and ranchers can continue to succeed in the market.

After self-financing over \$8 million in canal lining and other conservation measures, the District would like to participate in a State of Oregon publicly cost-shared, conserved water project. Unfortunately, the District's contract prevents it from doing so, because the District's contract with the United States does not allow it to dedicate a portion of the savings to instream use, which is a requirement of State law. This point was confirmed in a January 11, 2006 letter from Reclamation's Pacific Northwest Regional Director, J. William McDonald, to Congressman Greg Walden, and Senators Gordon Smith and Ron Wyden. Accordingly, North Unit's contract must be amended. Because Congress actually authorized the District's contract in 1954, however, Congress must amend our contract to remove these restrictions.

#### Specific Contract Amendments:

H.R. 5079 proposes specific amendments to North Unit's contract. First, it authorizes the District to comply with Oregon law with regard to conserved water projects authorized by State statute. Under Oregon's conserved water statute, an irrigation district that participates in a conserved water project is required to dedicate a minimum of 25 percent of its "saved" water to instream purposes, such as fish and wildlife needs. Regardless of whether North Unit implements its own conserved water project or leases conserved water from another district to serve its existing lands, it must comply with these requirements.

Reclamation has stated that North Unit's contract, and the underlying authorization for the Deschutes Project, preclude the District from dedicating water to instream flow purposes - even if such dedications are for the purpose of facilitating compliance with the State law governing conserved water projects. A specific amendment to the District's contract to authorize the District to dedicate water to instream flow purposes as required by a State conserved water project will remove these restrictions.

The second amendment will authorize the District to provide Deschutes Project water to the Crooked River lands. The District's present contract allows it to deliver Deschutes Project water to a maximum of 50,000 acres within the District's boundary. Approximately 9,000 acres of land, known as the Crooked River lands, are irrigated with Crooked River water supplies by way of the District's own diversion facilities, pursuant to existing and valid water rights issued by the State of Oregon. The legislation will authorize the District to also provide Deschutes Project water to the Crooked River lands, for a total of 59,000 acres, instead of 50,000 acres, eligible to receive Deschutes Project water. All of the Crooked River lands are within the District's existing boundary, have been irrigated for decades, and have appurtenant water rights issued by the State of Oregon.

These amendments to North Unit's contract will not increase the District's allocation of Deschutes Project water. The changes only authorize the District to comply with State instream flow requirements, if it chooses to participate in an Oregon State conserved water project, and to supply Deschutes Project water to all of its lands including the Crooked River lands. North Unit must implement a conserved water project or otherwise secure conserved water from another district if more District lands are to be irrigated with Deschutes Project water.

#### Economic and Environmental Benefits:

Amending the District's contract will result in real benefits to our patrons and the environment. District participation in a State conserved water project will improve water efficiency for local farmers and ranchers, and lead to a dedication of a portion of the District's Deschutes Project water for Deschutes River's fisheries. With the passage of this legislation, and the implementation of a successful water conservation project, the District also plans to diminish its reliance on the use of Crooked River water - leaving more instream for the Crooked River's fisheries resources and recreation purposes.

These amendments may also benefit the federal government. Under this legislation, all of the District's patrons who are eligible to receive Deschutes Project water will be charged equally for the capital repayment portion of North Unit's obligations to the United States for the Deschutes Project. The legislation will also increase the District's annual per acre charge, accelerating its capital repayment obligation of approximately \$6.6 million to the United States. North Unit will continue to

comply with all applicable state and federal laws, including the Reclamation Reform Act, National Environmental Policy Act, and Endangered Species Act in its pursuit of any given conserved water project.

The District is pleased that H.R. 5079 is supported by the State of Oregon's Water Resources Department, Jefferson County Board of Commissioners, Oregon Farm Bureau, Deschutes River Conservancy, Oregon Water Resources Congress, Central Oregon Irrigation District, Ochoco Irrigation District, Swalley Irrigation District, Three Sisters Irrigation District, and Tumalo Irrigation District.