



**TESTIMONY OF BERNIE RHINERSON
MEMBER OF THE BOARD OF DIRECTORS
SAN DIEGO COUNTY WATER AUTHORITY
ON BEHALF OF THE
U.S. DESALINATION COALITION
BEFORE THE SUBCOMMITTEE ON WATER & POWER
COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES
MAY 24, 2005**

Chairman Radanovich and Members of the Subcommittee, my name is Bernie Rhinerson. I am before the Committee this morning representing the U.S. Desalination Coalition, where I serve as a member of the Board of Directors and am the immediate past Chairman. I also serve as a member of the Board of Directors of the San Diego County Water Authority as a representative of the City of San Diego. I very much appreciate having the opportunity to testify today in support of H.R. 1071, the Desalination Drought Prevention Act of 2005.

The San Diego County Water Authority serves as the wholesale water supplier to more than 2.95 million people and 23 member agencies in San Diego County. The Authority's charge is to provide a safe and adequate supply of high quality water to the communities, businesses, and residents that we serve.

Like water resource managers throughout the United States, we are struggling to address the long-term challenges posed by drought, increasing population, and competing demands from business, agriculture, and the environment. These challenges led us to join together with water agencies and utilities from other States including Florida, Texas, Hawaii, and New Mexico to form the U. S. Desalination Coalition, a group dedicated to advocating an increased Federal role in advancing desalination, both seawater and brackish groundwater, as a viable long term tool for meeting our Nation's water supply needs.

The goal of the U.S. Desalination Coalition is to encourage the Federal government to create a new program to provide financial assistance to water agencies and utilities that successfully develop desalination projects that treat both seawater and brackish water for municipal and industrial use. The Desalination Drought Prevention Act of 2005, introduced by Representative Jim Davis and Representative Jim Gibbons, will achieve this goal in a fiscally responsible way. Similar legislation has been introduced in the United States Senate by Senator Mel Martinez of Florida. I am delighted to be here today

in support of this legislation and tell you how it will positively affect the San Diego County Water Authority.

Despite the tremendous advances in desalination technology that have reduced the costs of desalinating water, energy costs remain quite high and are responsible for more than 30% of the overall cost of desalinated water. H.R. 1071 directs the Secretary of Energy to provide incentive payments to water agencies or utilities that successfully develop desalination projects. This would be a competitive, performance-based program that will help to offset the costs of treating seawater and brackish water. Under the proposed program, qualified desalination facilities would be eligible to receive payments of \$0.62 for every thousand gallons of fresh water produced for the initial ten years of a project's operation. The legislation would also insure that there is a balance in the amount of money going to seawater and brackish water projects in any one year.

The rationale for this approach is that while the cost of desalinating water has dropped dramatically over the last decade, the energy costs associated with desalination are still quite high. Most experts believe that these costs will continue to come down over time and that desalination will eventually be widespread. But waiting for this to occur is a luxury that, in my opinion, we cannot afford. A modest investment to jump-start the development of these projects today is the smart thing to do.

It is true that the approach suggested in H.R. 1071 to encourage the development of seawater and brackish groundwater desalination projects is different from the traditional approach of providing construction grant funds. That difference is by design. First, while the availability of energy assistance grants will encourage the development of desalination projects, these grants will be performance based. In other words, the Federal government will not be betting "on the come" that these projects will be technically and economically sound and will actually get built. Only the very best projects will get built by local sponsors and only those will receive financial support.

San Diego County is literally at the end of the pipeline. In order to ensure water supply reliability for our region, we have instituted a multi-faceted water supply diversification strategy that includes imported water, increased conservation, water recycling, agriculture to urban water transfers and the development of a new, drought-proof, local water supply – the Pacific Ocean. Toward that goal, the Water Authority has instituted one of the most ambitious seawater desalination programs in the country. Our water supply diversification plan calls for the development of up to 125 million gallons per day of seawater desalination capacity over the next 20 years. We expect that by 2020, six to fifteen percent of our water supply will come from the ocean. Environmental review is expected to be completed this year for a 50 million gallon per day seawater desalination plant in Carlsbad, California.

Development of this high quality reliable water supply will address two vital federal interests; it will ensure that the economic health of a \$142 Billion a year economy is

maintained, and it will offset the need to provide water to a growing population by seeking additional imported supplies from environmentally sensitive sources in Northern California such as the San Francisco- San Joaquin Bay Delta.

Mr. Chairman, as you and the Subcommittee consider this legislation, I would respectfully suggest two modifications to improve the legislation.

First, we would encourage the Committee to consider establishing a “one stop shop” to coordinate the environmental review process required for these projects similar to the process used in highway construction and embodied in statute at 23 U.S.C. 109. This would help public water agencies address one of the biggest problems we face in developing desalination facilities, navigating through an overly complex, time consuming and expensive permitting process involving numerous Federal and State agencies.

Second, we would encourage the Subcommittee to include language that would require the Secretary of Energy in the evaluation of applications for assistance under the Act to give priority to projects that utilize the best available technologies to conserve energy or utilize renewable energy in the desalination process.

In conclusion, thank you again for holding this hearing on this important legislation. We very much appreciate your leadership on this important issue.

###