

**Statement of William E. Rinne, Acting Commissioner
Bureau of Reclamation
U.S. Department of the Interior
Before the
Resources Committee
Subcommittee on Water and Power
U.S. House of Representatives
on
H.R. 5079
To provide for the modification of an amendatory repayment contract between the
Secretary of the Interior and the North Unit Irrigation District, and for other
purposes
May 10, 2006**

Mr. Chairman and Members of the Subcommittee, I am William Rinne, Acting Commissioner of the Bureau of Reclamation. Thank you for the opportunity to testify on H.R. 5079. The Department supports H.R. 5079.

The North Unit Irrigation District receives water from the Bureau of Reclamation's Deschutes Project and the District's privately developed Crooked River pumping plant in Oregon. Over 900 small farm and ranch families in Oregon's Deschutes Basin rely upon the District for the delivery of irrigation water. Since the District's formation a century ago, these families have shifted from dryland wheat to alfalfa hay, grass seed, garlic seed, and carrot seed, as well as raising cattle, sheep, horses, and other livestock.

In the mid-1950s, Reclamation and the District renegotiated the District's repayment contract in accordance with section 7, subsection (a), of the Reclamation Project Act of 1939. Pursuant to the Act of August 10, 1954, Congress approved the contract along with an authorization for the construction of Haystack Dam and regulating reservoir. The contract established the maximum irrigable acreage that can receive Reclamation project water at 49,818 acres.

H.R. 5079 will resolve several limitations in the District's contract, enabling the District to more efficiently manage its water supplies. Because Congress approved the District's contract, changes to the contract which are beyond the scope of the Contracting Officer's authority must also be approved by Congress.

Oregon law requires irrigation districts that participate in a publicly financed "conserved water project" to dedicate a portion of conserved water resulting from the project to instream flows for fish, wildlife or other purposes (ORS 537.455 et seq.). The District has self-financed over \$8 million in conservation activities, and would like to consider participation in a publicly financed program. Unfortunately, the underlying Project authorization and the District's contract do not allow it to dedicate water to instream uses. H.R. 5079 amends the District's contract so the District can comply with State law if it chooses to participate in a conserved water project.

A related change to the District's contract would allow the District to deliver Deschutes Project water to families who are irrigating approximately 9,000 acres of land in the District with non-project water diverted by the District's Crooked River pumping plant. All of these lands are within the District's present boundary, have been irrigated for decades, and have appurtenant water rights issued by the State, but they exceed the current contract's ceiling of approximately 49,818 acres. Using Deschutes Project water on these lands will allow the District to divert less Crooked River water and leave more water instream.

H.R. 5079 will benefit fish and wildlife by enabling the District to use less water from the Crooked River, and participate in State conserved water projects that return a portion of the conserved water to the Deschutes River. The United States would also realize financial benefits in the form of accelerated repayment of Project construction costs through the annual participation of an additional 9,000 acres in Project repayment. The District's current contract is based on a variable repayment plan, which means that rather than paying fixed annual installments, the District's annual payments vary based on factors such as crop production. Thus it is difficult or impossible to predict when the District would pay out its contract if this bill is not enacted. This legislation not only increases the number of acres in Project repayment, but also requires the District to pay its remaining obligation of \$6,649,371 in fixed annual installments.

The Administration also supports the language that this bill inserts at the end of the bill, in section 4 to be inserted into the underlying act. This provision gives the Secretary the authority to renegotiate this contract upon mutually agreeable terms without having to have Congress approve of changes agreed upon between the District and the Secretary. This provision reflects the general rule that repayment contracts do not require Congressional approval.

The legislation is specific to the District; it would not affect any other district in the Deschutes Project, their patrons, or any others in Oregon. The District will continue to comply with all applicable state and federal laws including the Reclamation Reform Act of 1982.

On behalf of the Department, I would like to compliment the District on its proactive approach to addressing the water management issues it is facing, as well as obtaining the support of other interested parties in the local community. We are pleased to support this legislation.

I am happy to respond to any questions.