

Statement of Robert N. Broadbent, Commissioner, Bureau of Reclamation of the Department of the Interior, Representing the Department, before the Senate Committee on Energy and Natural Resources, Subcommittee on Water and Power, on S. 448 to authorize rehabilitation of the Belle Fourche irrigation project and for other purposes.

March 24, 1983

Mr. Chairman and members of the subcommittee, I am pleased to appear here today to testify on S. 448.

With enactment of this legislation, the general plan of the existing Belle Fourche Project, previously authorized for construction in 1904, would be modified and reauthorized as the "Belle Fourche Unit" of the Pick-Sloan Missouri Basin Program. Such reauthorization would allow surplus Pick-Sloan Missouri Basin Program power revenues to be used for repaying costs assigned to irrigation that are above the water users' ability to pay.

The bill would authorize an appropriation of \$42 million (January 1981 price levels), plus or minus amounts justified by reason of fluctuations in construction cost indexes for the types of construction involved. These expenditures would be made for construction activities associated with the development of new facilities and rehabilitation of existing works to provide water conservation, recreation, and fish and wildlife benefits.

We are opposed to this legislation because it is contrary to the Administration's policy of requiring that direct beneficiaries of Federal projects pay for the costs of the benefits they receive. We do not believe that this program would be in the best

interests of the Federal taxpayer, nor should we require the power customers of the Pick-Sloan Missouri Basin Program to repay 70 percent or more of these rehabilitation and betterment costs.

Section 2 of the bill would require the Secretary of the Interior to negotiate a repayment contract which would fix the obligation to be repaid by the water users within 40 years from its execution. Our policy is to have an executed contract prior to construction with a repayment period running from the time that the project is substantially complete. However, the bill would reduce the time for the water users to repay project costs since repayment cannot begin until benefits accrue to the water users. This could result in a 30-year payback period if construction took 10 years. Our estimate shows that at least \$30.3 million of future net power revenues would be required to assist in the repayment of the proposed work, exclusive of any miscellaneous revenues.

The majority of the expenditures under the bill would be assigned to irrigation. Under Reclamation law irrigation costs are interest-free except for excess landholders. The cost of the program would have to be financed through tax revenues and/or by public debt instruments. Such financing carries real interest costs for the general taxpayer and would not be returned by the local beneficiaries or power customers.

Mr. Chairman, thank you for the opportunity to appear before this subcommittee. I will be pleased to respond now to questions that you or other subcommittee members may have.