

**Statement of John Keys, III**  
**Commissioner, Bureau of Reclamation**  
**Department of Interior**  
**Senate Committee on Energy and Natural Resources**  
**Subcommittee on Water and Power**  
**Hearing on S.1882**  
**To Amend the Small Reclamation Projects Act of 1956 and for Other Purposes**

My name is John Keys and I am the Commissioner of the Bureau of Reclamation (Reclamation). I am pleased to appear before this Subcommittee to provide the Department's views on S. 1882.

S. 1882 would amend the Small Reclamation Projects Act (SRPA) to authorize \$1.3 billion for three new programs: a revised and expanded grant and loan program within the Bureau of Reclamation; a Small Reclamation Water Resources Management Partnership Program; and a 10-year loan guarantee program.

The Department recognizes the realities of an aging federal and nonfederal water infrastructure that will need rehabilitation during the next several decades, and understands the many other future needs involving ecosystem restoration efforts, new water supplies for increasing demands, and improvements in the quality of our rivers and streams. The Department supports ongoing environmental restoration programs, as well as water reclamation and reuse and has programs that contribute to these areas. The Department is also interested in workable, effective ways to protect water quality and quantity, including aquatic habitats. However, the programs authorized by this bill would strain Reclamation's financial and administrative resources, and if enacted would make it even more difficult to meet our many other obligations. Therefore, the Department cannot support S. 1882.

I note that the provisions in S. 1882 are nearly identical to those approved by the House Resources Committee on November 11, 2001. As you are aware, last July Secretary Norton testified before the House Subcommittee on Water and Power on H. R. 1985, Small Reclamation Water Resources Project Act of 2001. The Secretary expressed a number of concerns with the SRPA provisions of H.R. 1985: Those concerns remain true for S. 1882.

First, it would be a very costly program, requiring new and significant funding resources to implement. It also would compete with other Departmental priorities for funding.

Second, the bill would greatly expand Reclamation's authority and jurisdiction to include not only projects in the 17 Western states and Hawaii, but also those located in the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, and the Territory of the Pacific Islands. Given the number of other demands on Reclamation's budget and the number of already authorized but unfunded projects, we have concerns about adding any additional projects to Reclamation's current workload.

Finally, establishment of a ALoan Guarantee@ Program would require much lead time, and also require additional staffing. The program would need to be developed in a manner that meets the principles and standards set forth in OMB Circular No. A-129, "Policies for Federal Credit Programs and Non-Tax Receivables," and the requirements of the Federal Financial Management Improvement Act of 1996. It also would put Reclamation in the role of a commercial loan officer for developers of projects, a role Interior=s Inspector General criticized in a 1991 audit report.

Although the SRPA Program is currently inactive and has not accepted new loans since 1993, there continues to be public interest in the program, with staff occasionally receiving inquiries about possible loan/grant funding for non-Federal small projects. The Department supports efforts to provide technical assistance to non-Federal water user entities in constructing and rehabilitating their water resource projects and in carrying out restoration efforts. However, the combined financial and administrative burdens imposed by this bill are such that we cannot support this approach. Therefore, the Department cannot support S. 1882. The Department welcomes the opportunity to work with Subcommittee members to find workable solutions to address Reclamation's aging water infrastructure and restoration needs

Thank you again for this opportunity to comment on S. 1882. I would be happy to try and answer any questions you may have.