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NEBRASKA WATER SERVICE EXTENSION

OCTOBER 27, 2005.—Ordered to be printed

Mr. DOMENICI, from the Committee on Energy and Natural Resources, submitted the following

R E P O R T

[To accompany S. 891]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 891) to extend the water service contract for the Ainsworth Unit, Sandhills Division, Pick-Sloan Missouri Basin Program, Nebraska, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE MEASURE

The purpose of S. 891 is to extend the water service contract for the Ainsworth Unit, Sandhills Division, Pick-Sloan Missouri Basin Program, Nebraska.

BACKGROUND AND NEED

The water service contract between the Ainsworth Irrigation District (AID or District) and the Department of the Interior's Bureau of Reclamation (Bureau or Reclamation) for the Ainsworth Unit, Sandhills Division, Pick-Sloan Missouri Basin Program, Nebraska, is set to expire on December 31, 2006. AID receives its project water from Merritt Dam and Reservoir, which is located on the Snake River, a tributary of the Niobrara River. The AID provides irrigation water to approximately 34,500 acres of farmland in Brown and Rock Counties.

With passage of a formal resolution in November 2002, the District decided to discontinue its water service contract with the Bureau and instead seek title transfer of the Ainsworth project facilities from Federal ownership. Until early in 2005, AID worked with Reclamation in accordance with the Bureau's Title Transfer Framework process to facilitate the title transfer. However, on February

16, 2005, AID adopted a second resolution to terminate the title transfer process in favor of renewing its water service contract with the Bureau. The enactment of S. 891 will extend AID's existing water service contract in order to provide sufficient time to complete the contract renewal process.

LEGISLATIVE HISTORY

S. 891 was introduced by Senator Hagel on April 22, 2005, and referred to the Committee on Energy and Natural Resources. The Water and Power Subcommittee held a hearing on S. 891 on July 12, 2005. At the business meeting on September 28, 2005, the Committee on Energy and Natural Resources ordered S. 891 favorably reported without amendment.

H.R. 1197, an identical bill, was introduced by Representative Osborne (R-NE) on March 9, 2005 and referred to the House Resources Committee.

COMMITTEE RECOMMENDATION

The Committee on Energy and Natural Resources, in open business session on September 28, 2005, by unanimous vote of a quorum present, recommends that the Senate pass S. 891.

SECTION-BY-SECTION ANALYSIS

Section 1 directs the Secretary of the Interior to extend the existing water service contract between the Ainsworth Irrigation District and Reclamation for an additional four years. The existing water service contract is set to expire on December 31, 2006.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office.

S. 891—A bill to extend the water service contract for the Ainsworth Unit, Sandhills Division, Pick-Sloan Missouri Basin Program, Nebraska

S. 891 would authorize the Bureau of Reclamation to extend the water contract for the Ainsworth Unit of the Pick-Sloan Missouri River Basin Program in Nebraska. This bill would extend the contract for four years beyond the current expiration date of December 31, 2006. CBO estimates that enacting S. 891 would not have a significant effect on the federal budget.

Under current law, the contract results in an annual average payment to the federal government of about \$20,000. If this contract expires, the bureau has the authority to enter into annual interim contracts with the water users under terms similar to the present contracts. Consequently, payments to the federal government under the bill are likely to be similar to the payments that would be received under current law. Such payments are recorded in the budget as offsetting receipts (a credit against direct spending).

S. 891 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. Enacting this

bill would benefit the Ainsworth Irrigation District by extending the existing water service contract for an additional four years.

The CBO staff contact for this estimate is Mike Waters. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 891.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 891, as ordered reported.

EXECUTIVE COMMUNICATIONS

The testimony provided by the Department of the Interior at the Subcommittee hearing on S. 891 follows:

STATEMENT OF JOHN W. KEYS, III, COMMISSIONER, U.S. BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Madam Chairman, I am John W. Keys, III, Commissioner of the Bureau of Reclamation. I am pleased to present the views of the Department of the Interior in support of S. 891.

The Ainsworth Unit, a part of the Pick-Sloan Missouri Basin Program, is operated and maintained by the Ainsworth Irrigation District, Ainsworth, Nebraska. The District receives its project water from Merritt Dam and Reservoir, located on the Snake River, which has its confluence with the Niobrara River just southwest of Valentine, Nebraska. The Ainsworth Irrigation District and Reclamation have an existing water service contract that will expire on December 31, 2006.

In November, 2002, the Ainsworth Irrigation District Board of Directors adopted a resolution to request title transfer of the Ainsworth project facilities from Federal ownership to the District. The District worked with Reclamation following the process outlined in the Title Transfer Framework document. However, on February 16, 2005, the District adopted a subsequent additional resolution requesting renewal of its existing water service contract and discontinuation of the title transfer process.

Reclamation encourages water districts to explore title transfer as the Ainsworth Irrigation district did. However, due to the unique circumstances that it faces, the District determined after a comprehensive analysis that title transfer was not the appropriate action for it at this time. Because the District anticipated title transfer for more than two years it was not, at the same time, preparing for con-

water service contract for an additional 4 years to provide time for the current water service contract renewal process to be completed. Reclamation law requires us to have a contract in place in order to deliver water. That is why we support S. 891.

I am happy to answer any questions.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill S. 891, as ordered reported.

