

FINISH THE ARKANSAS VALLEY CONDUIT ACT

JULY 10, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WESTERMAN, from the Committee on Natural Resources,
submitted the following

R E P O R T

[To accompany H.R. 131]

The Committee on Natural Resources, to whom was referred the bill (H.R. 131) to make certain modifications to the repayment for the Arkansas Valley Conduit in the State of Colorado, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Finish the Arkansas Valley Conduit Act”.

SEC. 2. ARKANSAS VALLEY CONDUIT, COLORADO.

Public Law 87-590 (76 Stat. 389; 123 Stat. 1320) is amended—

(1) in the first section—

(A) in subsection (c), in the second sentence, by striking “or in the case of the Arkansas Valley Conduit, payment in an amount equal to 35 percent of the cost of the conduit that is comprised of revenue generated by payments pursuant to a repayment contract and revenue that may be derived from contracts for the use of Fryngpan-Arkansas project excess capacity or exchange contracts using Fryngpan-Arkansas project facilities,”; and

(B) by adding at the end the following:

“(d) ARKANSAS VALLEY CONDUIT.—

“(1) REPAYMENT CONTRACT.—To provide domestic water supplies to communities and households that do not have reliable access to domestic water supplies, the contract for the Arkansas Valley Conduit shall provide for payment in an amount equal to 35 percent of the cost of the conduit, notwithstanding the reclamation laws or any other provision of this Act. The contract payments shall consist of—

“(A) funding provided during construction from any entity other than the Secretary; and

“(B) based on a demonstration of financial hardship, as determined by the Secretary, repayment of the balance not covered under subparagraph (A) for a period of not more than 75 years with simple interest at a rate that is equal to 50 percent of the interest rate determined by the Secretary of the Treasury under section 2(c), including revenue derived from contracts

for the use of excess capacity or exchange contracts using Fryingpan-Arkansas project facilities.

“(2) OPERATIONS AND MAINTENANCE.—The contract for the Arkansas Valley Conduit shall provide for the assumption by the contracting parties of the care, operation, maintenance, and replacement of the conduit.”; and

(2) in section 2(b)(3)(A), by striking “this section” and inserting “subsection (d) of the first section”.

PURPOSE OF THE LEGISLATION

The purpose of H.R. 131 is to make certain modifications to the repayment for the Arkansas Valley Conduit in the State of Colorado.

BACKGROUND AND NEED FOR LEGISLATION

In 1962, President John F. Kennedy signed the Fryingpan-Arkansas Project Act (P.L. 87–590) into law.¹ This legislation authorized the construction of the Fryingpan-Arkansas project in Colorado “for the purposes of supplying water for irrigation, municipal, domestic, and industrial uses, generating and transmitting hydroelectric power and energy, and controlling floods.”² The authorized infrastructure included the Arkansas Valley Conduit (AVC), a series of pipelines that would provide roughly 7,500 acre-feet of water per year, serving as many as 50,000 people.³

According to the Bureau of Reclamation (Reclamation), “the AVC was not constructed with the original project, primarily because AVC beneficiaries were unable to repay all construction costs as required in the original authorizing legislation.”⁴ The Omnibus Public Land Management Act of 2009 (P.L. 111–11) amended the project’s cost share to provide 100 percent federal construction financing, and 35 percent nonfederal repayment over a 50-year period, starting after project completion.⁵ Additionally, the economic challenges faced across the country in recent years due to inflation have caused the total cost of this project to nearly double from \$640 million to \$1.3 billion.⁶ H.R. 131, as amended, addresses these challenges by cutting in half the interest payments for the nonfederal costs and increasing the repayment period from 50 years to 75 years.

COMMITTEE ACTION

H.R. 131 was introduced on January 3, 2025, by Representative Lauren Boebert (R–CO). The bill was referred to the Committee on Natural Resources. On June 25, 2025, the Committee on Natural Resources met to consider the bill. Representative Lauren Boebert (R–CO) offered an Amendment in the Nature of a Substitute designated Boebert_024 ANS. The Amendment in the Nature of a Substitute was agreed to by unanimous consent. The bill, as amended,

¹ U.S. Bureau of Reclamation. Missouri Basin and Arkansas-Rio Grande-Texas Gulf—Eastern Colorado Area Office. Arkansas Valley Conduit. <https://www.usbr.gov/gp/eca/avc/>.

² P.L. 87–590.

³ U.S. Bureau of Reclamation. Missouri Basin and Arkansas-Rio Grande-Texas Gulf—Eastern Colorado Area Office. Arkansas Valley Conduit. <https://www.usbr.gov/gp/eca/avc/>.

⁴ U.S. Bureau of Reclamation, Testimony before the Senate Committee on Energy and Natural Resources, September, 11, 2024. <https://www.doi.gov/sites/default/files/documents/2024-09/91124-pending-legislation-touton-hnr.pdf>.

⁵ *Id.*

⁶ “Rep. Boebert Introduces Bill to Complete the Arkansas Valley Conduit.” Congresswoman Lauren Boebert. September 10, 2024. <https://boebert.house.gov/media/press-releases/rep-boebert-introduces-bill-complete-arkansas-valley-conduit>.

was ordered favorably reported to the House of Representatives by unanimous consent.

HEARINGS

For the purposes of clause 3(c)(6) of House rule XIII, the following hearing was used to develop or consider this measure: hearing in the 118th Congress by the Subcommittee on Water, Wildlife and Fisheries held on November 20, 2024.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 1 names the legislation the “Finish the Arkansas Valley Conduit Act”.

Section 2. Arkansas Valley Conduit, Colorado

Section 2 amends the underlying law by cutting in half the interest payments for the nonfederal costs and increasing the repayment period from 50 years to 75 years.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources’ oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII AND CONGRESSIONAL BUDGET ACT

1. *Cost of Legislation and the Congressional Budget Act.* Pursuant to clause 3(c)(2) of House rule XIII and section 308(a) of the Congressional Budget Act of 1974, and pursuant to clause 3(c)(3) of House rule XIII and section 402 of the Congressional Budget Act of 1974, the Committee has requested but not received from the Director of the Congressional Budget Office a budgetary analysis and a cost estimate of this bill.

2. *General Performance Goals and Objectives.* As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to make certain modifications to the repayment for the Arkansas Valley Conduit in the State of Colorado.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

UNFUNDED MANDATES REFORM ACT STATEMENT

An estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act was not made available to the Committee in time for the filing of this report. The Chair of the Committee shall cause such estimate to be printed in the Congressional

Record upon its receipt by the Committee, if such estimate is not publicly available on the Congressional Budget Office website.

EXISTING PROGRAMS

Directed Rule Making. This bill does not contain any directed rule makings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95-220, as amended by Public Law 98-169) as relating to other programs.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

Any preemptive effect of this bill over state, local, or tribal law is intended to be consistent with the bill's purposes and text and the Supremacy Clause of Article VI of the U.S. Constitution.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

ACT OF AUGUST 16, 1962

(Public Law 87-590)

AN ACT To authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of supplying water for irrigation, municipal, domestic, and industrial uses, generating and transmitting hydroelectric power and energy, and controlling floods, and for other useful and beneficial purposes incidental thereto, including recreation and the conservation and development of fish and wildlife, the Secretary of the Interior is authorized to construct, operate, and maintain the Fryingpan-Arkansas project, Colorado, in substantial accordance with the engineering plans therefor set forth in House Document Numbered 187, Eighty-third Congress, modified as proposed in the September 1959 report of the Bureau of Reclamation entitled "Ruedi Dam and Reservoir, Colorado", with such minor modifications of, omissions from, or additions to the works described in

those reports as he may find necessary or proper for accomplishing the objectives of the project. Such modifications or additions as may be required in connection therewith shall not, however, extend to or contemplate the so-called Gunnison-Arkansas project; and nothing in this Act shall constitute a commitment, real or implied, to exportations of water from the Colorado River system in Colorado beyond those required for projects heretofore or herein authorized. In constructing, operating, and maintaining the Fryingpan-Arkansas project the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902; 32 Stat. 388, and Acts amendatory thereof or supplementary thereto).

(b) A reservoir at the Ruedi site on the Fryingpan River with an active capacity of approximately one hundred thousand acre-feet shall be constructed in lieu of the reservoir on the Roaring Fork River at the Aspen site contemplated in House Document Numbered 187, Eighty-third Congress. The Secretary shall investigate and prepare a report on the feasibility of a replacement reservoir at or near the Ashcroft site on Castle Creek, a tributary of the Roaring Fork River above its confluence with the Fryingpan River with a capacity of approximately five thousand acre-feet, but construction thereof shall not be commenced unless said report, which shall be submitted to the President and the Congress, demonstrates the feasibility of said reservoir and is approved by the Congress. The Secretary shall expedite completion of his planning report on the Basalt project, Colorado, as a participating project under the Act of April 11, 1956 (70 Stat. 105), and said report shall have the priority status of the reports to which reference is made in section 2 of said Act.

(c) No part of the single purpose municipal and industrial water supply works involved in the Fryingpan-Arkansas project shall be constructed by the Secretary in the absence of evidence satisfactory to him that it would be infeasible for the communities involved to construct the works themselves, singly or jointly. In the event it is determined that these works, or any of them, are to be constructed by the Secretary, a contract providing, among other things, for payment of the actual cost thereof, [or in the case of the Arkansas Valley Conduit, payment in an amount equal to 35 percent of the cost of the conduit that is comprised of revenue generated by payments pursuant to a repayment contract and revenue that may be derived from contracts for the use of Fryingpan-Arkansas project excess capacity or exchange contracts using Fryingpan-Arkansas project facilities,] with interest as hereinafter provided, as rapidly as is consistent with the contracting parties' ability to pay, but in any event, within fifty years from the time the works are first available for the delivery of water, and for assumption by the contracting parties of the care, operation, maintenance, and replacement of the works shall be a condition precedent to construction thereof.

(d) ARKANSAS VALLEY CONDUIT.—

(1) REPAYMENT CONTRACT.—*To provide domestic water supplies to communities and households that do not have reliable access to domestic water supplies, the contract for the Arkansas Valley Conduit shall provide for payment in an amount equal to 35 percent of the cost of the conduit, notwithstanding the reclamation laws or any other provision of this Act. The contract payments shall consist of—*

(A) *funding provided during construction from any entity other than the Secretary; and*

(B) *based on a demonstration of financial hardship, as determined by the Secretary, repayment of the balance not covered under subparagraph (A) for a period of not more than 75 years with simple interest at a rate that is equal to 50 percent of the interest rate determined by the Secretary of the Treasury under section 2(c), including revenue derived from contracts for the use of excess capacity or exchange contracts using Fryingpan-Arkansas project facilities.*

(2) *OPERATIONS AND MAINTENANCE.—The contract for the Arkansas Valley Conduit shall provide for the assumption by the contracting parties of the care, operation, maintenance, and replacement of the conduit.*

SEC. 2. (a) Contracts to repay the portion of the cost of the frying-arkansas project allocated to irrigation and assigned to be repaid by irrigation water users (exclusive of such portion of said cost as may be derived from temporary water supply contracts or from other sources) which are entered into pursuant to subsection (d), section 9, of the reclamation project act of 1939 (53 stat. 1187, as amended, shall provide for a basic repayment period of not more than fifty years after completion of construction and shall not provide for any development period. such contracts shall be entered into only with organizations which have the capacity to levy assessments upon all taxable real property located within their boundaries.

(b) *RATES.—*

(1) *IN GENERAL.—Rates charged for commercial power and for water for municipal, domestic or industrial use or for the use of facilities for the storage and/or delivery of such water shall be designed to return to the United States, within not more than fifty years from the completion of each unit of the project which serves those purposes, those costs of constructing, operating and maintaining that unit which are allocated to said purposes and interest on the unamortized balance of said construction allocation and, in addition, within the period fixed by subsection (a) of this section, so much of the irrigation allocation as is beyond the ability of the water users and their organizations to repay.*

(2) *RUEDI DAM AND RESERVOIR, FOUNTAIN VALLEY PIPELINE, AND SOUTH OUTLET WORKS AT PUEBLO DAM AND RESERVOIR.—*

(A) *IN GENERAL.—Notwithstanding the reclamation laws, until the date on which the payments for the Arkansas Valley Conduit under paragraph (3) begin, any revenue that may be derived from contracts for the use of Fryingpan-Arkansas project excess capacity or exchange contracts using Fryingpan-Arkansas project facilities shall be credited towards payment of the actual cost of Ruedi Dam and Reservoir, the Fountain Valley Pipeline, and the South Outlet Works at Pueblo Dam and Reservoir plus interest in an amount determined in accordance with this section.*

(B) EFFECT.—Nothing in the Federal reclamation law (the Act of June 17, 1902 (32 Stat. 388, chapter 1093), and Acts supplemental to and amendatory of that Act (43 U.S.C. 371 et seq.)) prohibits the concurrent crediting of revenue (with interest as provided under this section) towards payment of the Arkansas Valley Conduit as provided under this paragraph.

(3) ARKANSAS VALLEY CONDUIT.—

(A) USE OF REVENUE.—Notwithstanding the reclamation laws, any revenue derived from contracts for the use of Fryingpan-Arkansas project excess capacity or exchange contracts using Fryingpan-Arkansas project facilities shall be credited towards payment of the actual cost of the Arkansas Valley Conduit plus interest in an amount determined in accordance with **[this section]** *subsection (d) of the first section*.

(B) ADJUSTMENT OF RATES.—Any rates charged under this section for water for municipal, domestic, or industrial use or for the use of facilities for the storage or delivery of water shall be adjusted to reflect the estimated revenue derived from contracts for the use of Fryingpan-Arkansas project excess capacity or exchange contracts using Fryingpan-Arkansas project facilities.

(c) The interest rate on the unamortized balance of the commercial power and municipal, domestic, and industrial water supply allocations shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which construction is initiated, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations, which are neither due nor callable for redemption for fifteen years from the date of issue.

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