



WESTERN STATES WATER COUNCIL

5296 South Commerce Drive, Suite 202 / Murray, Utah 84107 / (801) 685-2559 / Fax (801) 685-2559

Web Page: www.westgov.org/hswc

Position #322

March 23, 2010

Senator Jeff Bingaman, Chairman
Energy and Natural Resources Committee
United States Senate
SD-364 Dirksen Senate Office Building
Washington, DC 20510

Senator Lisa Murkowski, Ranking Member
Energy and Natural Resources Committee
United States Senate
SD-312 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators:

On behalf of the Western States Water Council, which represents eighteen states, I am writing to express our support for the implementation of programs and activities authorized by the Rural Water Supply Act of 2006. Much of the West is characterized by its aridity, and the continuing drought across much of the region highlights the fact that water availability is an ever present constraint defining our economic and environmental well being and quality of life. This is particularly true for many small rural communities struggling to comply with present federal mandates and meet future water supply needs.

The Western Governors' Association's June 2006 report, "Water Needs and Strategies for a Sustainable Future," specifically endorsed the legislation and referred to the need to assess rural water supply needs and authorize federal loan guarantees...to better enable non-federal project sponsors to obtain private financing for reimbursable extraordinary operation and maintenance, rehabilitation and replacement costs."

It is our understanding that under the prior Administration, the Office of Management and Budget determined that the authorized Title II loan guarantees must be backed, dollar-for-dollar, by appropriated funds. This position effectively negates the purpose for the guarantees, which is to leverage non-federal funding to ensure that water districts which operate and maintain facilities that are part of federal projects can access private sources of financing. This is problematic due to the fact that while they depend on these facilities for their livelihood, they do not own the projects. Given the low anticipated default rate for such loans, we believe the risk to the Federal Treasury is minimal. OMB's past position is a serious obstacle to fulfilling the intent of the Congress.

Under Title I, we look forward to continuing to work with the Bureau of Reclamation to compile a list of rural water needs, and look forward to collaborating with Reclamation, on the review of the status of rural water supply projects and the demand for new projects, as well as to

Position #322

further develop guidelines and criteria for determining program eligibility and establishing project priorities.

As the legislation specifically states, it is important that Reclamation "...consult and cooperate with appropriate Federal, State, tribal, regional, and local authorities" as it conducts appraisal investigations and feasibility studies, prepares feasibility reports, and identifies funding sources.

Moreover, again as recognized in the legislation, the program must be coordinated with "...existing federal and State rural water and wastewater programs to facilitate the most efficient and effective solution to meeting the water needs of the non-Federal project sponsors." Further, we appreciate the recognition that compliance with State water laws and interstate compacts is vital. Upgrading and replacing inadequate rural water systems may require finding new water supplies, which will entail acquiring necessary state water rights.

We would appreciate your help in addressing the prior Administration's position on Title II loan guarantees and look forward to working together to take appropriate actions to fund and implement the Title I program.

Sincerely,



Chairman
Western States Water Council