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Testimony before the Senate Water and Power Subcommittee
Committee on Energy and Natural Resources
on
S. 1080,
A Bill to Clarify the Jurisdiction of the Secretary of the Interior with Respect to the
C.C. Cragin Dam and Reservoir, and for Other Purposes.

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Chairwoman Stabenow, Ranking Member Brownback, and Members of the Subcommittee,

Thank you for the opportunity to testify in support of S. 1080, A Bill to Clarify the Jurisdiction of the Secretary of the Interior with Respect to the C.C. Cragin Dam and Reservoir, and for Other Purposes. My name is John F. Sullivan. I am the Associate General Manager, Water Group, of the Salt River Project (“SRP”), a large multi-purpose federal reclamation project embracing the Phoenix, Arizona metropolitan area. S. 1080 will simply clarify that since the C. C. Cragin Project is now being operated as a component of the Salt River Federal Reclamation Project, the Bureau of Reclamation is responsible for approval of all operation, maintenance and repair activities as is the case with all of the other federal reclamation projects, including all of the other Salt River Project facilities located on lands within the boundaries of the National Forests in Arizona. This clarification does not relieve either the Bureau or SRP from compliance with all requirements of federal law and has no cost to the federal government.

SRP is composed of the Salt River Valley Water Users’ Association (“Association”) and the Salt River Project Agricultural Improvement and Power District (“District”). Under contract with the federal government, the Association, a private corporation authorized under the laws of the Territory of Arizona, and the District, a political subdivision of the State of Arizona, provide water from the Salt and Verde

Rivers to approximately 250,000 acres of land and the raw water that serves over 2 million residents in the greater Phoenix area. Over the past century, most of these lands have been converted from agricultural to urban uses and now comprise the core of metropolitan Phoenix.

The Association was organized in 1903 by landowners in the Salt River Valley to contract with the federal government for the building of Theodore Roosevelt Dam on the Salt River, located some 80 miles northeast of Phoenix, and other components of the Salt River Federal Reclamation Project. SRP was one of the first multipurpose projects approved under the Reclamation Act of 1902.

Today, SRP operates six dams and reservoirs on the Salt and Verde Rivers in the Gila River Basin, one dam and reservoir on East Clear Creek in the Little Colorado River Basin, and 1,300 miles of canals, laterals, ditches and pipelines, groundwater wells, as well as numerous electrical generating, transmission and distribution facilities. The seven SRP reservoirs impound runoff from multiple watersheds, which is delivered via SRP canals, laterals and pipelines to municipal, industrial and agricultural water users in the Phoenix metropolitan area. SRP also operates approximately 250 deep well pumps to supplement surface water supplies available to the Phoenix area during times of drought. In addition, SRP provides power to nearly 900,000 consumers in the Phoenix area, as well as other rural areas of the State.

S. 1080 concerns the C.C. Cragin Project, which is located within the Coconino and Tonto National Forests in northern Arizona. The C.C. Cragin Project consists of a number of facilities including a 147-foot high dam, 15,000 acre-foot reservoir, diversion tunnel and pump shaft, pumping plant, priming reservoir, a 10 mile long pipeline, electrical transmission line, and small generating plant which supplies power to the Project's pumping plant. Originally known as Blue Ridge Project, the dam, reservoir, and associated facilities were constructed by Phelps Dodge in the 1960's to supply water to Phelps Dodge's Morenci Mine Complex through a water exchange with SRP. Phelps

Dodge was issued a certificate of water right by the State of Arizona for the Blue Ridge Reservoir to effectuate this exchange. In 2005, Phelps Dodge no longer needed the Blue Ridge Project for the exchange and consistent with the existing exchange agreement with SRP, Phelps Dodge transferred ownership of all of the Blue Ridge Project facilities to SRP. On June 8, 2007, the Arizona Department of Water Resources approved the transfer of the water right for the reservoir to SRP for municipal, irrigation and other beneficial uses within the Salt River Federal Reclamation Project.

In 2004, at the urging of SRP and with support from Phelps Dodge and the U.S. Bureau of Reclamation, and as part of the Gila River Indian Community Water Rights settlement, language was included in Section 213(i) of the Arizona Water Settlements Act, Public Law 108-451, 118 Stat. 3478, 3532, authorizing title transfer of the Blue Ridge Project from SRP to the Bureau of Reclamation (“Bureau”) to be operated and managed by SRP pursuant to its September 6, 1917 contract with the Bureau of Reclamation as part of, and for the exclusive use and benefit of, the Salt River Project Federal Reclamation Project. Section 213 also changed the name from the Blue Ridge Dam and Reservoir to C.C. Cragin Dam and Reservoir. On September 30, 2005, SRP officially transferred title to the C.C. Cragin Dam and Reservoir together with all of its associated facilities, including approximately 77 acres of fee land previously owned by Phelps Dodge, to the Bureau.

In accordance with the 1917 contract with the Bureau and as directed by Section 213 (i)(5) of the Arizona Water Settlements Act in 2005, SRP began operating and maintaining the C.C. Cragin Project. As part of its maintenance efforts, SRP identified numerous serious leaks present in the existing pipeline needing immediate repair. I have attached several photographs showing some of the leaks in the pipeline. Not only is the pipeline’s integrity important to the general operation of C.C. Cragin Project and SRP’s water supply for the Phoenix metropolitan area, but it also has special significance to the Town of Payson and neighboring communities in Northern Gila County who will rely on

the Project to supply municipal drinking water to their residents. As part of this effort, the Town of Payson was recently approved for an allocation of \$10.6 million from the State of Arizona's American Recovery and Reinvestment Act (ARRA) stimulus grant money to assist in paying for the repairs to the pipeline and other water-related projects.

Once SRP began working with the Bureau of Reclamation and the United States Forest Service on repairs and other operational needs for the C.C. Cragin Project, it became evident that the Bureau and the Forest Service disagreed as to who had responsibility for approving the requested operation, maintenance and repair functions associated with the Reclamation Project. The Forest Service asserted that the Bureau needed to obtain a special use permit from the Forest Service prior to Project operation by SRP and that all maintenance and repairs needed prior approval by the Forest Service. The Bureau and SRP maintain that under the terms of the Arizona Water Settlements Act, the C.C. Cragin Project is just like all of the other Salt River Federal Reclamation Project facilities located on Forest Service land. On those facilities, jurisdiction over approvals of work plans, maintenance, repairs, environmental compliance, and other permitting associated with Project operation and maintenance belongs to the Bureau, while jurisdiction over recreation, fire suppression and some additional management aspects is with the Forest Service. Not only is this approach consistent with the other Salt River Federal Reclamation Project facility agreements among the Bureau, the Forest Service and SRP applicable to the other six SRP dams and reservoirs located on National Forest lands in Arizona, it is also consistent with the existing approach for Reclamation Projects across the western United States pursuant to a 1987 Memorandum of Understanding between the Departments of Agriculture and Interior. I have attached a copy of this Memorandum of Understanding to my testimony.

Although SRP and the Bureau have attempted to resolve the jurisdictional dispute with the Forest Service over the past four years, such efforts have been unsuccessful. Despite the direction of section 213 of the Arizona Water Settlements Act and the 1987

Memorandum of Understanding between the Departments of Agriculture and Interior, the Forest Service has insisted on having ultimate approval authority for the operation, maintenance, and repair work necessary for the C.C. Cragin Project, notwithstanding that these facilities are components of the Salt River Federal Reclamation Project.

Meanwhile, the resulting dueling approval requirements between the two Departments have delayed and created uncertainty in planning much needed repairs to the Cragin facilities, increased repair costs, and placed a portion of the Town of Payson's \$10.6 million stimulus grant at risk.

The bill before you, S. 1080, would withdraw from entry and disposition approximately 512 acres of National Forest lands which comprise the Cragin Project and clarify that the Secretary of Interior shall have exclusive jurisdiction to manage the Cragin Project on these lands in accordance with the terms of section 213(i) of the Arizona Water Settlements Act. In managing the Cragin Project, the Secretary of Interior and SRP are required to ensure the compliance of their activities with all applicable federal laws, including regulations. The Secretary of Interior is authorized to enter into a contract with the Secretary of Agriculture to undertake the management of recreation, wildland fire activities, public conduct and law enforcement, cultural and other resources, and any other appropriate management activity, provided that the management of these activities does not conflict with, or adversely affect, the operation, maintenance or repair of the Cragin Project as determined by the Secretary of Interior. In addition, the employees of the Department of Interior and SRP are authorized to use all necessary roads under the jurisdiction of the Forest Service to carry out the operation, maintenance and repair of the Cragin Project without the necessity of obtaining any permit or license from the Forest Service. In summary, S. 1080 would clarify the jurisdiction over C.C. Cragin Project which would allow the needed pipeline repairs to proceed under the Bureau of Reclamation's oversight and in compliance with all applicable laws.

Chairwoman Stabenow and Members of the subcommittee, thank you once again for the opportunity to testify before you today. I would be happy to answer any questions.