Statement of
Patricia Mulroy, General Manager
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before the
Senate Energy and Natural Resources Committee

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Introduction

Chairman Wyden, Senator Murkowski and members of the committee, I appreciate the opportunity to testify on this important topic. My name is Patricia Mulroy, and I am the General Manager of the Southern Nevada Water Authority, a regional agency that manages water resources for 2 million residents and nearly 40 million annual visitors. In addition to my role with the Water Authority, I serve as the lead negotiator for the State of Nevada in all interstate and international matters on the Colorado River. I am here today on behalf of water utilities throughout the United States. I am currently the President of the Association of Metropolitan Water Agencies and a Trustee of the Water Research Foundation, as well as being an active member of the American Water Works Association and a founding member of the Water Utility Climate Alliance.

Around the world water utilities are finding themselves on the front line of extreme weather and climate events. Ours is not an abstract discussion of future impacts. Nowhere have the effects of a severe and prolonged drought been more apparent than in the desert southwest, particularly in Southern Nevada. Due to the arid

nature of the Mojave Desert and our virtually exclusive reliance on the Colorado River, we yearly adopt a 50-year resource plan. In 2002, after only 2 years of this now-13-year drought, we went from having a reliable 50-year plan to facing a reality of immediate severe and debilitating shortages.

My experience reflects the challenges facing the American Southwest where the flows of the Colorado River support more than 30 million people and irrigate 15 percent of the nation's crops. Since 2000, the seven states that share the Colorado have witnessed cumulative flows drop 13 trillion gallons below average. The latest 24-month projection for the next year forewarns possibly the lowest releases into Lake Mead since the filling of Lake Powell. Other regions are also seeing effects of drought, particularly the farming communities along the Mississippi and Missouri System.

Adaptation

The most critical consequence of such prolonged droughts is developing a quick and lasting adaptation strategy. The obvious first reaction is to reduce customer consumption. In the new environment in which we find ourselves, however, this plan has to reflect a permanent change in water use habits, not a short-term drought response. My agency adopted one of the nation's most aggressive water conservation programs, having paid our customers nearly $200 million to remove grass and replace it with desert vegetation. This has resulted in reducing our annual water use by approximately 29 billion gallons even as our population swelled by 400,000 inhabitants.

Today the residents of Southern Nevada can proudly claim a net water use of 75 gpcd in the driest city in America. Next, we immediately began to build a new intake deeper within Lake Mead at a cost of almost $1 billion, paid for entirely by our customers. Finally, not knowing how long or how severe this drought will be, we are developing a water supply that is hydrologically independent of the Colorado River.

As a river community sharing a resource with six neighbors in the United States and the country of Mexico, the impacts are being felt by all of us. In California, officials are not only grappling with these worsening Colorado River conditions, but a drought in the Sierra Nevada watershed and restricted use of in-state supplies. For all of us, the need to cooperate has never been greater. Therefore, the importance of the Interim Shortage Agreement, signed by the States in 2007, and Minute 319, signed with Mexico last November, cannot be ignored. Seven States and one foreign country have agreed to set aside their differences and cooperatively work to protect all the users of this river and the environment as well. Further, the Metropolitan Water District of Southern California, the Central Arizona Water Conservation District, and the SNWA are banking water together and funding projects to extend the resources of this fragile river. Today Lake Mead is ten feet higher than it would normally be because of the efforts of these three agencies and Mexico.

Financing Water Infrastructure

Even the most thoughtful and prudent strategies won't work if they cannot be implemented. Adapting to challenges ranging from severe drought to heavy precipitation or rising sea levels requires investment in water infrastructure. As stated earlier, our new Lake Mead intake, which will cost nearly $1 billion, is only one project in one community. Considering all of the water agencies that will likely be affected by extreme weather events, the financial implications are staggering.

Senator Merkley's "Water Infrastructure Finance and Innovation Act," which is based on the Transportation Infrastructure Finance and Innovation Act, is an avenue for financing water infrastructure that would provide municipal water agencies the necessary capital to enact adaptation strategies. This legislation would create a $500 million federal loan guarantee program to provide low-interest loans, loan guarantees, or other credit for larger projects that would be funded by the U.S. Treasury.

To be clear, I feel strongly that water agencies should be financially self-sufficient. These funds would be subject to repayment by municipal water agencies, which historically are among the country's most secure borrowers. I urge the Senate to pass S. 335, which was also included as part of the Water Resources Development Act of 2013 (S. 601) that just passed the Senate Environment and Public Works Committee in March.

Similar legislation has also been introduced in the House by Congresswoman Lois Capps – the Water Infrastructure Resiliency and Sustainability Act of 2013 (H.R. 765). The principles encompassed in this legislation represent pragmatic solutions to a

complex problem. The legislation would authorize a new Environmental Protection Agency program that prioritizes funding for those utilities facing immediate and significant negative impacts from extreme changes in hydrology. Also, it offers competitive matching funds to water, wastewater, and stormwater agencies for water conservation and efficiency projects, water quality improvement, and rebuilding or relocation of threatened infrastructure.

Having highlighted several pieces of legislation that would be helpful, I find I must point to measures being considered that will make funding critical projects even more difficult. We know that ratepayers in all of our communities will face significant rate increases even if the identified legislation passes. That burden becomes that much more onerous if municipal bonds lose their tax-exempt status. The impact on residents and small businesses will be staggering and cannot help but negatively impact job growth in this country. We urge you to resist any attempt to remove this exemption.

Research

I cannot come before you today without addressing the critical need for research – focused, applied research. The development of adaptation strategies requires actionable research that explores the full range of impacts to water utilities, both in the water supply and water quality realms. To that end, we recommend the federal government partner with the Water Research Foundation to optimize the value of research investments. For the past two years, Congress has funded an extramural

research competitive grant program though the EPA, which is focused on applied drinking water and wastewater research. I ask that the Senate continue to fund the grant in FY 2014. This applied research will help provide information that water managers need to make sound policy decisions.

Americans have a remarkable ability to overcome adversity. Southern Nevada and the larger community have proven that with courage, resilience and tenacity. We in the water industry respectfully ask that you support our efforts to adapt to and surmount the challenges we are facing due to dramatically shifting climate conditions. Thank you for your time.