

Statement of J. William McDonald

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Department of the Interior

On

Klamath Project Operations and Implementation of Public Law 106-498

Before the

Senate Subcommittee on Water and Power

Committee on Energy and Natural Resources

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Thank you for the invitation to participate in today's oversight hearing on Klamath Project operations and implementation of Public Law 106-498. I appreciate the opportunity to be here today on behalf of the Department of the Interior (Interior).

Klamath Project Operations

Interior has been working with the constituents in the Klamath Basin for several years to develop a long-term management plan for Klamath Project (Project) resources. While this plan is being prepared, the Bureau of Reclamation (Reclamation) has prepared annual operating plans explaining how competing project demands will be met. As part of the long-term project operation planning process, Reclamation is consulting with the Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS) regarding impacts of the project operations on endangered suckers and threatened coho salmon. FWS and NMFS recently provided Reclamation with draft biological opinions, an important step forward in developing the long term plan. Reclamation will continue to work with FWS, NMFS, project beneficiaries, Indian Tribes and others regarding completion of the biological opinions. The management alternatives in the biological opinions will help Reclamation develop alternatives to consider in the long-term project operation environmental impact statement.

The 2001 Operations Plan is scheduled to be issued in early April. The operation of the Project includes delivery of water to irrigation contractors and waterfowl refuges and providing water consistent with trust obligations to Klamath, Hoopa Valley, Yurok and Karuk Indian Tribes and the requirements of the Endangered Species Act (ESA). To assure that project operation is consistent with requirements of the Endangered Species Act, Reclamation is engaged in Section 7 ESA consultations with the Fish and Wildlife and National Marine Fisheries Services regarding effects to endangered Lost River and shortnose suckers, threatened coho salmon, and steelhead salmon that have been proposed for listing.. Interior is committed to continue working closely with the irrigators, Klamath Basin Indian Tribes, and other stakeholders in developing the 2001 Operations Plan. While final decisions have not yet been made, it will be very difficult to fully meet the competing demands for water this year.

Facing such limited water supply, Reclamation is using important new tools in an effort to enhance the water supply. A pilot water acquisition program is adding flexibility to the planning process and should help Reclamation achieve the goal of reasonable, though limited, allocations to non-ESA and non-tribal uses. It is important to note that Reclamation has received considerable assistance from the Klamath Water Users Association and has coordinated closely with state and local government agencies in implementing this water acquisition program.

Implementation of Public Law 106-498

Now I would like to report Interior's progress in Implementation of Public Law 106-498, the Klamath Basin Water Supply Enhancement Act (Act).

Recognizing the importance of enhancing water resources in resolving the difficult Klamath water conflicts, Reclamation in 1997 entered into a partnership with the States of Oregon and California and the Klamath River Compact Commission to begin a Water Supply Initiative. Based on information collected through sustained public outreach efforts, Reclamation has identified 95 potential projects.

Reclamation has subsequently requested and received funding to begin appraisal level studies to identify projects meriting further feasibility investigation. Expanding availability of groundwater, and increasing storage in existing project reservoirs were given priority under this program. An appraisal study was completed for raising Upper Klamath Lake. In addition, Reclamation initiated groundwater investigations in partnership with Oregon and California, and began a water marketing study in cooperation with the Klamath Water Users Association.

Public Law 106-498 provides Interior important authority and direction to advance efforts begun under the Initiative, and authorizes additional important feasibility studies. Representatives of Oregon and California are very interested in expanding the partnerships initiated with the Water Supply Acquisition Program by participating in the feasibility studies authorized in Public Law 106-498. Reclamation will be working closely with the States over the next few months to develop a comprehensive strategy for full implementation of the Act.

The Act authorized and directed the Secretary of the Interior to study the feasibility of:

- Increasing the storage capacity and/or yield of the Klamath Project facilities while improving water quality, consistent with the protection of fish and wildlife.
- Developing additional Klamath Basin groundwater supplies; and,
- Finding innovative solutions in the use of existing resources, or market-based approaches, consistent with state law.

Using funding previously provided for the Water Resources Initiative, Reclamation has been able to initiate partial implementation of the Act as follows:

Increasing Klamath Project Storage Capacity/Yield: In December 2000, Reclamation released an appraisal level report examining the desirability of raising the Upper Klamath Lake as much as two feet to elevation 4145.3 feet. The report considered two alternatives: 1) construction of new dikes and sea walls, and modification of existing dikes to contain the lake within its current boundaries, and 2) acquisition of lands inundated by raising the lake without structural construction or modification to contain the lake within its

current boundaries. Option 1 is estimated to cost \$125 million and option 2 is estimated at \$129 million; the cost of either option is approximately \$800 an acre-foot. A feasibility study would consider environmental impacts and costs and benefits of raising the lake. The study is expected to begin on a limited basis during Fiscal Year 2001, using existing funding from the Water Resources Initiative.

Reclamation also has completed a cursory review of existing information to determine if it is feasible to increase the storage capacity by raising Gerber Dam an additional three feet. Feasibility of this project is considered likely, and collection of engineering data has begun. A plan of study is in preparation during Fiscal Year 2001, using existing funding from the Water Resources Initiative.

Developing Groundwater Supplies: In Fiscal Year 1999, Reclamation entered into a cooperative agreement with the Oregon Water Resources Department to study the potential of obtaining supplemental groundwater supplies in the Klamath and Lost River Basins in Oregon. Preliminary results indicate good potential for high production wells in the aquifer underlying lands irrigated by Shasta View Irrigation District. These wells should have a low impact on other wells in the area. In the 2001 irrigation season, an existing well will be pump-tested. If long term pumping appears feasible, a plan of study will be prepared regarding the potential to drill additional test and production wells.

Reclamation also entered into a cooperative agreement in Fiscal Year 1999 with the California Department of Water Resources (CDWR) to examine groundwater in the California portion of the Klamath and Lost River Basins. Since the Fall 1999, CDWR has performed semiannual water level measurements on 35 wells. Data will be collected over a three year period to assess the potential for groundwater augmentation.

In addition, Reclamation provided funding for a cooperative study by the Oregon Department of Geology and Mineral Industries and the U. S. Geological Survey (USGS) to determine the geologic potential for additional groundwater availability in the Wood, Sprague and Williamson River valleys. Information gained from that study could be used to initiate a full feasibility study.

Innovative Solutions: Reclamation recently initiated a one-year pilot Klamath Basin Irrigation Demand Reduction Program to determine irrigators' interest in receiving a payment in lieu of applying surface water to their irrigated lands. Results of the program will aid in development of a long-term demand reduction program. Reclamation received approximately 550 proposals from irrigators willing to forgo surface water on their irrigated lands in exchange for a combined total exceeding \$20 million. Reclamation's Fiscal Year 2001 budget for implementation of this program is approximately \$4 million.

Reclamation also initiated a groundwater acquisition program to purchase well water from willing sellers. Of 15 proposals received, 10 were selected at a combined cost of approximately \$1.2 million. The acquired water will provide up to 37,000 acre feet for use in meeting Klamath Project needs in 2001.

Public Law 106-498 directed the Secretary to complete ongoing hydrologic surveys in the Klamath Basin conducted by the USGS. The study is scheduled to be completed in Fiscal Year 2005. The Act also authorized the Secretary to compile information on native fish species in the Upper Klamath River Basin, upstream of Upper Klamath Lake. A compilation of existing information is currently underway, and will be used to determine the necessity of further studies.

Interior is committed to continuing implementation of the Act in partnership with the States. As soon as feasibility reports are completed, Reclamation will forward them to the Congress.

The legal obligations associated with Klamath Project operations, including the need to operate the Project consistent with the Endangered Species Act (ESA) and the federal trust responsibility to the Basin's tribes prior to diverting water for irrigation, have been confirmed by the courts in Klamath Water Users Protective Association v. Patterson, cert. denied.

The Department currently faces various legal challenges asserting that Project operations violate ESA standards. Commercial fishermen and environmental plaintiffs have sued Reclamation regarding instream flows for the threatened coho salmon in the Klamath River in Pacific Coast Federation of Fishermen's Ass'n. v. U.S. Bureau of Reclamation, asserting Reclamation violated section 7 of the ESA because it operated the Project without a biological opinion from the National Marine Fisheries Service (NMFS). In the midst of another lawsuit, NMFS must make a final decision whether to list Klamath Mountains Province steelhead as threatened under the ESA by April 1 pursuant to a federal district court order in Federation of Fly Fishers v. Daley. Finally, the Department recently received separate 60-day notices of intent to sue from Klamath Tribes and environmental groups for asserted violations of the ESA regarding the endangered sucker species in Upper Klamath Lake, and the threatened bald eagle. All of these legal actions could affect Project operations significantly.

This concludes my prepared testimony. I am pleased to answer any questions you may have.