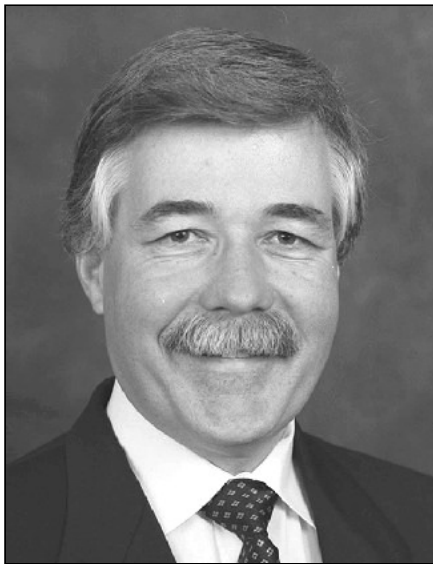


Monthly Briefing

A Summary of the Alliance's Recent and Upcoming Activities and Important Water News

President Nominates Johnson As New Reclamation Commissioner

President George W. Bush on July 21 nominated long-time Bureau of Reclamation employee Robert W. (Bob) Johnson as the successor to John Keys III as Commissioner of Reclamation.



Robert W. Johnson

Johnson is currently the Regional Director of the Bureau of Reclamation's Lower Colorado Region, where he has served since 1995. Johnson also serves as Water Master of the Lower Colorado River on behalf of the Secretary of the Interior.

Interior Secretary Dirk Kempthorne praised Johnson's nomination. "He brings all the essential tools we need to continue to develop consensus solutions to the West's diverse water supply needs," Kempthorne said.

JOHNSON HAD PREVIOUSLY worked at Reclamation's Mid-Pacific Regional Office in Sacramento (CALIFORNIA), and later served in a management position in the Office of the Commissioner in Washington (D.C.).

He has received numerous awards during his career, including the President's Meritorious Executive Award for superior accomplishment and management of federal programs. The

award recognized his long-term contributions in the management of water supplies for a multi-state and international region served by the lower Colorado River.

WESTERN WATER USERS praised the President's choice.

"Robert Johnson will be a great Commissioner. He has had an outstanding and honored career with the Bureau of Reclamation during which he has consistently earned the respect of the water, power and environmental communities for his vision, integrity and willingness to listen to all parties before making the tough decisions," said Robert Stackhouse (CALIFORNIA), Executive Director of the Central Valley Project Water Association.

"We look forward to working with Commissioner Johnson in his new leadership role."

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'MANAGING FOR EXCELLENCE'

Bureau Takes Long-Term Planning On The Road

The Bureau of Reclamation (Reclamation) last month in Las Vegas began the first in a series of public meetings intended to gain stakeholder input on the action plan identified in its *Managing for Excellence* report.

That report is Reclamation's response to *Managing Construction and Infrastructure in the 21st Century Bureau of*

Reclamation, a comprehensive report completed earlier this year by the National Research Council (NRC) of the National Academy of Sciences (NAS). Executing the action plan is a primary initiative for Reclamation this year.

Reclamation hosted its first public stakeholder meeting

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Alliance Backs Measure Addressing Reclamation's Site Security Concerns

The Family Farm Alliance and other Bureau of Reclamation (Reclamation) customers are supporting pending legislation that would cap rising reimbursable site security costs that western water and power users are paying for.

The Alliance and others are working with Congress to make legislative changes intended to create a fair payment system, with certainty that costs will remain reasonable, stable and appropriate.

Following the terrorist attacks of September 11, 2001, Reclamation embarked on an aggressive program of anti-terrorism and site security measures at multi-purpose federal dams.

Initially, Reclamation determined that the costs for increased security at federal dams would remain the financial responsibility of the federal government, consistent with legislative precedent established during World War II. However, in FY 2005, Reclamation shifted position and allocated costs of increased guards and patrols to water and power customers for reimbursement.

Water and power customers opposed this effort, citing the security program's lack of cost controls, congressional oversight and transparency.

They also objected to Reclamation's decision to recover costs *only* from water and power users, despite the fact that the multi-purpose projects provide benefits (such as flood control, recreation, and fish and wildlife mitigation) that benefit other entities.

In a February 2006 report to Congress, Reclamation expanded its definition of reimbursable costs to include not only guards and patrols, but also costs of upgrades to facility fortifications.

"This report once again advanced a policy to recover these costs *only* from water and power customers, not from other project beneficiaries," said Leslie James, with the Colorado River Energy Distributors Association.

In June 2006, the House Resources Water and Power Subcommittee held an oversight hearing on the site security program and heard testimony from Reclamation and from Western water and power customers.

The Alliance was invited to participate in this hearing and endorsed the inclusion of Russ Harrington of the Central Valley Project Water Association (CALIFORNIA) on the witness panel.

"We urged the Subcommittee to expressly authorize the agency's site security program to ensure appropriate Congressional oversight," said Harrington. "Congress needs to provide certainty to the funding stakeholders in terms of a fair, durable and equitable allocation of costs."

Leading up to, and since the hearing, the Family Farm Alliance has been working closely with Western and national

Organizations in Support of Site Security Legislation

- American Public Power Association
- Arizona Westside Irrigation & Electrical Districts
- Central Valley Project Water Association
- Colorado River Energy Distributors Association
- Family Farm Alliance
- Four Upper Colorado River Basin States
- Mid-West Electric Consumers Association
- National Rural Electric Coop Association
- National Water Resources Association
- Northern California Power Agency
- Northwest Public Power Association
- Sacramento Municipal Utility District
- Washington Public Utility Districts Association

water and power associations (*please see inset box above*) on proposed legislation that would amend the 1978 *Safety of Dams Act* to:

- Authorize the Secretary of the Interior to undertake site security measures as part of the Safety of Dams program.
- Require reimbursement of 15% of all site security costs (including capital, operation and maintenance costs, costs of guards and patrols and upgrades to fortifications) by water and power customers.
- Require the Secretary to consult with project beneficiaries on the planning, design and construction of site security measures, as the Safety of Dams Act requires for dam modifications.
- Require an annual report to Congress by Reclamation on site security program expenditures, as well as a five-year spending plan for the program.

In July, Rep. George Radanovich (CALIFORNIA), House Water and Power Subcommittee Chairman, agreed to sponsor the security costs legislation and Rep. Grace Napolitano (CALIFORNIA) agreed to cosponsor. Napolitano is the panel's ranking minority member.

Alliance Testifies On Rural Water Bill

The Family Farm Alliance on July 27 testified before the House Subcommittee on Water and Power on a rural water bill that has some rural water users scratching their heads.

Alliance Executive Director Dan Keppen (OREGON) told the Subcommittee that the Alliance supports the general goals of the Rural Water Supply Act but has concerns about how those goals will be met.

“Unless improvements are made to the original bill, the Family Farm Alliance will not support it,” Keppen said.

The Rural Water Supply Act (S.895), authored by Senator Pete Domenici (NEW MEXICO), passed the Senate late last year.

A companion bill – H.R. 4418 – was introduced in the House last December by Reps. Chris Cannon (UTAH) and Dennis Cardoza (CALIFORNIA).

The proposed rural water legislation would apply consistent engineering and economic standards to Congressionally-proposed rural water supply projects, and make federal loan guarantees available to irrigation districts to help them pay for extraordinary operations and maintenance (O&M) at existing Reclamation facilities.

However, some western irrigators see the bill as a mechanism to divert Reclamation funding away from agriculture and toward rural municipal and industrial needs.

Others would like to see the loan guarantee program expanded so that a wider group of water users could benefit from it.

The Alliance is working with the Department of the Interior and congressional staffers to amend S. 895

and make the bill more accessible to a wider group of western water users.

These issues included:

- Expansion of the bill’s loan guarantee program to include financing for improvement of distribution works owned by irrigation and water districts.
- Identification of impediments to title transfers.
- Limitations on how much money and personnel Reclamation could devote to the newly-created program to review rural (non-irrigation) water supply projects.

The Alliance’s amendments may be considered by the House committee as the bill works its way forward, or some of them could be included in a new House rural water supply bill. The outlook at this point is not clear.

Resources Panel Passes ESA Transparency Bill

The House Resources Committee on July 19 favorably reported H.R. 4857, Rep. Cathy McMorris’ “Endangered Species Compliance and Transparency Act of 2006.”

This bill requires the federal agencies selling federal power to be more transparent in how they list costs associated with Endangered Species Act (ESA) compliance. Most consumers are not aware of how the ESA is affecting their electricity bills. A recent poll in the Pacific Northwest found that 70% of consumers either didn’t know how much they paid for salmon recovery or believe that less than 5% of their monthly bills go toward salmon recovery.

The Family Farm Alliance has formally supported H.R. 4857, and Advisory Committee member Chris Voigt (WASHINGTON) testified at a recent field hearing in Pasco (WASHINGTON) on this bill.

“The long, grinding and frustrating saga of implementing the ESA on the Upper Snake and Columbia Rivers is beginning to seriously impact the desire of key food processors to maintain operations in this region,” Voigt testified. “In recent



Rep. Cathy McMorris

years, processors have been relocating plants and moving operations to other regions to mitigate the potential risk of being unable to continue to source adequate raw product supplies in the region due to curtailment in water supplies.” This trend is being exacerbated by the rising cost of power, said Voigt.

“What was once a huge economic incentive to Northwest processors is no longer a competitive advantage,” he told the audience at the hearing.

The Family Farm Alliance Board of Directors formally supported H.R. 4857.

The House Resources Committee a few weeks later favorably reported the bill out of committee. The bill, which passed by a roll call vote of 17-10, was considered and reported without amendment. The bill now awaits consideration by the full House of Representatives.

Reclamation Holds Sessions On ‘Managing For Excellence’

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regarding its *Managing for Excellence* plan July 10-11 in the Nevada city.

Alliance Director Mark Ricks (IDAHO), Advisory Committee members Jim Broderick (COLORADO), Gary Esslinger (NEW MEXICO) and Bob Stackhouse (CALIFORNIA), and Executive Director Dan Keppen (OREGON) traveled to Las Vegas to participate.

Assistant Secretary of the Interior Mark Limbaugh kicked off the Las Vegas event by focusing on the “pressure points” driving Reclamation’s action plan:

- An aging workforce, in which a significant “brain drain” is sapping Reclamation’s institutional memory, and recruiting and training new employees is becoming more challenging;
- An economic reality that will force Reclamation and its customers to find ways to curtail costs, improve accountability, and more towards a more efficient way of doing business; and
- Erosion of Reclamation’s historic technical expertise.

“A new vision for Reclamation must be developed,” Limbaugh, former Family Farm Alliance President, told the audience.

Reclamation Deputy Commissioner Larry Todd provided an overview and status report on the *Managing for Excellence* project.

Several audience members urged Reclamation to open up the action teams to provide customer involvement. Todd also delivered a presentation that focused on the Technical Services Center (TSC), the focus of considerable customer concern. Reclamation is currently evaluating historical and near-term employee workloads at the TSC.

Alliance representatives in the audience suggested that Reclamation’s analysis should also consider the age of those

employees, since a large portion of Reclamation’s workforce is nearing retirement.

The results of such an analysis could form the basis for developing a succession policy that will allow transfer of senior expertise and knowledge and also allow a relatively “painless” downsizing to occur at the TSC, with potentially more opportunities for local water users to outsource work at a lower cost.

On the workshop’s second day, Reclamation held a series of breakout sessions on priority areas, including title transfers, project management for construction projects, and use of federal and non-federal laboratory services.

The Alliance is working with other water and power interests, including Rio Grande water users, National Water Resources Association, Colorado River Energy Distribution Association, Metropolitan Water District of Southern California, and the American Public Power Association to find areas of common interest in the Reclamation process.

“We want to make sure that senior level Reclamation policy officials are clear as to what water and power customers hope to achieve out of this process,” said Keppen. “We intend to work with other customer organizations to formalize what our collective expectations are, put those to paper, and formally transmit to Reclamation leadership prior to the next public workshop.”

The next *Managing for Excellence* public meeting is scheduled for September 19-20 in Salt Lake City.

At that meeting, Reclamation intends to provide “tutorials” in those areas where it appears there are questions.

One such tutorial will be conducted on the TSC. Reclamation will also share with customers concept papers intended to provide a quick overview of how the *Managing for Excellence* action items are being addressed.

New Commissioner

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On July 12, Stackhouse (who also serves on the Family Farm Alliance Advisory Committee) and Alliance Executive Director Dan Keppen (OREGON) visited Hoover Dam, and were fortunate to have Johnson as their guide. Keppen and Stackhouse were in Las Vegas attending Reclamation’s “Managing for Excellence” public workshop, where the positive processes established by Johnson and his staff to improve customer relations were pointed to as potential successful templates that could be employed elsewhere in the West.

Bill Rinne will continue to serve as interim Commissioner until Johnson’s nomination is confirmed by the U.S. Senate, which will likely not occur before September.

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