

## Calendar No. 475

104TH CONGRESS }  
2d Session }

SENATE

{ REPORT  
{ 104-300

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### TO AMEND THE CENTRAL UTAH PROJECT COMPLETION ACT

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JUNE 27, 1996.—Ordered to be printed

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Mr. MURKOWSKI, from the Committee on Energy and Natural  
Resources, submitted the following

### REPORT

[To accompany H.R. 1823]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 1823) to amend the Central Utah Project Completion Act to direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and the Central Utah Water Conservancy District dated December 28, 1965, and November 26, 1985, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

#### PURPOSE OF THE MEASURE

The purpose of H.R. 1823 is to authorize the Central Utah Water Conservancy District to prepay amounts due under a 1965 repayment contract, as supplemented, on terms and conditions similar to those contained in the 1993 supplemental contract that provided for prepayment of the Jordan Aqueduct feature.

#### BACKGROUND AND NEED

Section 210 of the Reclamation Projects Authorization and Adjustment Act of 1992 (P.L. 102-575) authorized the Secretary to negotiate the prepayment of the Jordan Aqueduct component of the Central Utah Project (CUP). On October 28, 1993, the Secretary and the local water users signed a supplemental repayment contract which quantified the amount of the prepayment for that project feature based on a present value calculation of the District's future repayment obligation.

H.R. 1823 authorizes additional prepayments under terms and conditions similar to those contained in the Jordan Aqueduct, such as the interest rate and other provisions. Some flexibility is needed, however, to allow for the timing of prepayment and to allow for the prepayment of Bonneville unit M&I costs which have been incurred but for which repayment block notices have not been issued and a final cost allocation for project features has not been completed. The District used its authorities as a subdivision of the State of Utah to use tax exempt bonding to prepay the Jordan Aqueduct debt and H.R. 1823 is explicit that the prepayment authorized by this legislation “may not be adjusted on the basis of the type of prepayment financing utilized by the District”. The District will likely use whatever sources of financing are available to it and the legislation is also explicit that nothing in the legislation itself “authorizes or terminates the authority to use tax exempt bond financing for this prepayment”. That language had been worked out with representatives of the Office of Management and Budget during negotiations on the “Balanced Budget Act of 1995” which was vetoed for other reasons. Whatever authority the District has as a subdivision of the State of Utah is unaffected by the legislation.

Passage of this legislation is necessary to enable the District to prepay the balance of its repayment obligation and to permit the Secretary to make the necessary cost allocations with respect to various features of the CUP that have not yet been constructed.

#### LEGISLATIVE HISTORY

H.R. 1823 was introduced on June 13, 1995 and was ordered reported by the House Resources Committee on March 13, 1996 with an amendment that substituted language negotiated with the Administration during budget discussions. The measure passed the House on April 30, 1996 and was referred to the Committee on May 1, 1996. A companion measure, S. 900, was introduced by Senator Bennett on June 8, 1995. A similar measure was included by the House in H.R. 2491, the Balanced Budget Act of 1995, and was agreed to in conference. That legislation was vetoed for other reasons. The Committee considered and ordered H.R. 1823 favorably reported at its business meeting on June 19, 1996.

#### COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business session on June 19, 1996, by a unanimous vote of a quorum present recommends that the Senate pass H.R. 1823 without amendment.

#### SECTION-BY-SECTION ANALYSIS

The measure is self explanatory.

#### COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs and intergovernmental and private sector mandates of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, June 26, 1996.*

Hon. FRANK H. MURKOWSKI,  
*Chairman, Senate Committee on Energy and Natural Resources,  
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1823, an act to amend the Central Utah Project Completion Act to direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and the Central Utah Water Conservancy District dated December 28, 1965, and November 26, 1985, and for other purposes.

Enactment of H.R. 1823 would affect direct spending and receipts; therefore, pay-as-you-go procedures would apply to the legislation.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM  
(For June E. O'Neill, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 1823.
2. Bill title: An act to amend the Central Utah Project Completion Act to direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and the Central Utah Water Conservancy District dated December 28, 1965, and November 26, 1985, and for other purposes.
3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources on June 19, 1996.
4. Bill purpose: H.R. 1823 would allow the Central Utah Water Conservancy District to prepay the present value of amounts due under construction repayment contracts for the Central Utah Project (CUP). The district would be authorized to pay for each portion of the project as it is completed. The authority to make such payments would expire at the end of fiscal year 2002.
5. Estimated cost to the Federal Government: Based on information provided by the Bureau of Reclamation and the Central Utah Water Conservancy District, CBO estimates that H.R. 1823 would result in gross receipts to the federal government of about \$77 million in 1997, \$147 million in 1998, and \$39 million in 2001. These receipts would be partially offset by a loss of offsetting receipts totaling about \$5 million in 1997 and \$13 million annually from 1998–2002. Additional amounts averaging \$15 million a year would be forgone over the 2003–2048 period. The following table summarizes the estimated budgetary impact of H.R. 1823 from 1996 through 2002.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
DIRECT SPENDING							
Spending under current law:							
Estimated budget authority .....	2	2	2	2	2	2	2
Estimated outlays .....	4	-2	-10	-10	-10	-10	-10
Proposed changes:							
Estimated budget authority .....	0	-72	-134	13	13	-26	13
Estimated outlays .....	0	-72	-134	13	13	-26	13
Spending Under H.R. 1823:							
Estimated budget authority .....	2	-70	-132	15	15	-24	15
Estimated outlays .....	4	-74	-144	3	3	-36	3

The budgetary effects of H.R. 1823 fall within budget function 300.

6. Basis of estimate: CBO's estimates of repayment streams and prepayment amounts are based on current cost allocations and construction costs incurred up to September 30, 1994. Changes to the existing cost allocations and newly incurred construction costs may affect these amounts. (The Bureau of Reclamation expects to complete an updated cost allocation for this project later this year.)

#### PREPAYMENT AMOUNTS

CBO estimates that a prepayment for already completed segments of the CUP would total roughly \$77 million in 1997. Prepayments for the remaining segments, the Jordanelle Unit and the Diamond Fork System, would occur in fiscal years 1998 and 2001, respectively, when construction on these two sets of facilities is completed.

The Central Utah Water Conservancy District would choose to prepay amounts due because that action would create room for additional borrowing under the district's voter-approved debt ceiling. By prepaying the discounted value of outstanding debt owed the federal government, the district could borrow new funds without exceeding its debt ceiling and thus have available for spending the difference between the undiscounted amount of CUP debt and the discounted amount reflected by any prepayments. In addition, if the district is able to use tax-exempt financing for any new borrowing, its annual debt payments after prepayment could be lower than its current annual costs.

#### LOSS OF THE CURRENT REPAYMENT STREAM

Prepayment of CUP repayment contracts also would result in a loss of the existing repayment stream. This stream is made up of offsetting receipts totaling about \$5 million in 1997, \$13 million annually over the following 10 years, and an additional \$12 million to \$17 million a year through 2048. About \$2 million a year out of these amounts represents collections that are spent annually without appropriation for mandatory payments to the Ute Indian Tribe. CBO assumes that payments to the tribe would continue after prepayment even though the receipts that currently cover such payments would not continue.

7. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or re-

ceipts through 1998. CBO estimates that enactment of H.R. 1823 would affect direct spending by changing the stream of payments received by the U.S. Treasury under existing federal contracts. Therefore, pay-as-you-go procedures would apply to the legislation. The estimated pay-as-you-go effects are shown below.

[By fiscal year, in millions of dollars]

	1996	1997	1998
Change in outlays .....	0	-72	-134
Change in receipts .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Not applicable.

8. Estimated impact on State, local, and tribal governments: H.R. 1823 contains no intergovernmental mandates as defined in Public Law 104-4 and would impose no direct costs on state, local, or tribal governments. The repayments authorized by H.R. 1823 would be voluntary on the part of the Central Utah Water Conservancy District and we assume that the district would prepay only if it would benefit from doing so.

9. Estimated impact on the private sector: H.R. 1823 would impose no new private-sector mandates as defined in Public Law 104-4.

10. Previous CBO estimate: On April 18, 1996, CBO provided an estimate for H.R. 1823 as ordered reported by the House Committee on Resources on March 13, 1996. The two versions of H.R. 1823 are identical, as are the estimates.

On November 16, 1995, CBO provided an estimate for the conference report on H.R. 2491, the Balanced Budget Act of 1995. H.R. 2491 included a provision that was similar to H.R. 1823 as ordered reported by the House Committee on Resources and the Senate Committee on Energy and Natural Resources. At that time, CBO estimated that enactment would result in additional offsetting receipts to the Treasury totaling \$190 million over the 1996-2000 period and \$219 million over the 1996-2002 period. Our current estimate, which varies slightly from the original estimate, reflects new interest rate assumptions and revised projections of receipts under current law.

11. Estimate prepared by: Federal Cost Estimate: Gary Brown. State and Local Government Impact: Marge Miller. Private Sector Impact: Amy Downs.

12. Estimate approved by: Robert A. Sunshine, for Paul N. Van de Water, Assistant Director for Budget Analysis.

#### REGULATORY IMPACT EVALUATION

The bill is not a regulatory measure in the sense of imposing Government established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the measure. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of H.R. 1823.

## EXECUTIVE COMMUNICATIONS

On May 1, 1996, the Committee on Energy and Natural Resources requested legislative reports from the Department of the Interior and the Office of Management and Budget setting forth executive views on S. 900, the companion measure to H.R. 1823. These reports had not been received at the time the report on H.R. 1823 was filed. When the reports become available, the Chairman will request that they be printed in the Congressional Record for the advice of the Senate.

## CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the act, H.R. 1823, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

[Public Law 102-575, 102d Congress]

AN ACT To authorize additional appropriations for the construction of the Buffalo Bill Dam and Reservoir, Shoshone Project, Pick-Sloan Missouri Basin Program, Wyoming.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Reclamation Projects Authorization and Adjustment Act of 1992".

\* \* \* \* \*

**SEC. 210. JORDAN AQUEDUCT PREPAYMENT.**

Under such terms as the Secretary may prescribe, and within one year of the date of enactment of this Act, the Secretary shall allow for the prepayment, or shall otherwise dispose of, repayment contracts entered into among the United States, the District, the Metropolitan Water District of Salt Lake City, and the Salt Lake County Water Conservancy District, dated May 16, 1986, providing for repayment of the Jordan Aqueduct System [In carrying out this section, the Secretary shall take such actions as he deems appropriate to accommodate, effectuate, and otherwise protect the rights and obligations of the United States and the obligors under the contracts executed to provide for payment of such repayment contracts.] *The Secretary shall allow for prepayment of the repayment contract between the United States and the Central Utah Water Conservancy District dated December 28, 1965, and supplemented on November 26, 1985, providing for repayment of municipal and industrial water delivery facilities for which repayment is provided pursuant to such contract, under terms and conditions similar to those contained in the supplemental contract that provided for the prepayment of the Jordan Aqueduct dated October 28, 1993. The prepayment may be provided in several installments to reflect substantial completion of the delivery facilities being prepaid and may not be adjusted on the basis of the type of prepayment financing utilized by the District. The District shall exercise its right to prepay-*

*ment pursuant to this section by the end of fiscal year 2002. Nothing in this section authorizes or terminates the authority to use tax exempt bond financing for this prepayment.*

