ORAL HISTORY INTERVIEWS

Robert (Bob) W. Johnson

♦♦♦♦♦♦

STATUS OF INTERVIEWS:
OPEN FOR RESEARCH
BEGINNING JANUARY 3, 2014

♦ ♦ ♦ ♦ ♦ ♦

Interviews Conducted and Edited by:
Brit Allan Storey
Senior Historian
Bureau of Reclamation

♦ ♦ ♦ ♦ ♦ ♦

Interviews conducted–1994-2008
Interviews edited and published–2011

Oral History Program
Bureau of Reclamation
Denver, Colorado

SUGGESTED CITATION:

JOHNSON, ROBERT (BOB) W., ORAL HISTORY INTERVIEWS. Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Story, Senior Historian, Bureau of Reclamation, from1994 to 2008, in Boulder City, Nevada, and Washington, D.C.. Edited by Brit Allan Storey. Repository for the record copy of the interview transcript is the National Archives and Records Administration in College Park, Maryland.

Record copies of this transcript are printed on 20 lb., 100% cotton, archival quality paper. All other copies are printed on normal duplicating paper.

Table of Contents

Table of Contents. i

Brief Chronology. lxxxix

Statement of Donation. xc

Introduction. xciii

Oral History Interviews. 1
Born and Raised in Lovelock, Nevada, where he graduated from high school in 1969. . . 1
Attended the University of Nevada 1969-1973, Went to Work for Reclamation in 1975, and Completed His Masters Degree in Agriculture and Resource Economics in 1977. 1
Had Planned to Go to the University of California at Davis to Earn a Ph.D. and Then Teach in a University. 1
Had Filled out a SF-171 and Was Offered a Job at Reclamation. 1
"Out of the blue, the Bureau of Reclamation . . . gave me a call and offered me a job in Sacramento, and so I went to work for them, rather than going on for my Ph.D., and I've been there ever since. . . ". 1
Born in 1951. 2
Family Left Missouri During the Depression, Stopped in Lovelock on the Way West–Dad Eventually Owned a Car Dealership and Then a Ranch in Lovelock 2
The Ranch Used Water from the Humboldt Project. 2
Father Owned 160 Acres and Leased Another 480 Acres. 3
". . . you always had little chores. . . . I was an active 4-H'er and an FFA'er [Future Farmers of America] and was pretty active in those activities. And so, you know, I had livestock. He also . . . always kept cattle. . . ." 3
". . . I just grew up there . . . I suppose with chores from the time we lived there . . . I think I actually really started working in the summer and actually helping with the crops and the farming and everything, when I was . . . about twelve or thirteen . . .". 3
". . . I watched the water, did the irrigation. I usually did the night irrigating, stayed out all night . . . we worked twelve-hour shifts. . . . stayed out with the water all night with the pickup, and changed the water when it was down to the end of the field, into the next land. It's a flood irrigation system. . . .". 4
". . . putting up the alfalfa hay, my job was to run the swather, initially, so I ran the swather, actually cut the hay, which was a *miserable* job, by the way. . . . it was dirty! I mean, it was *bugs* and . . . The swather has the reel in front of it, and as it goes through the hay, it pulls the alfalfa, and all the dust and all the bugs that are in the alfalfa hay, floats up into the air, and then *you* drive through. . . ".. 4

The Variety of Jobs on the Ranch. 4
". . . I basically grew up on a Reclamation project on a Reclamation farm, and I did not know who the Bureau of Reclamation was until I went to work for them. . . ".. 5
Irrigation on the Ranch. 5
". . . you watched the ditch. Had to keep your eye on the ditch all the time to make sure that you weren't getting any gopher leaks. If you got gopher leaks, then you got down in the ditch with a bale of straw and some manure, and you always piled bales of straw and manure around, and you'd stamp the straw and manure down in the gopher hole to stop the leak. . . ". 6
"My dad was always very careful, he had all of his fields leveled so that the water ran evenly and smoothly across the field. He had his ditches and his headgates set in at the right levels. He always ordered a good-sized head of water so that you had enough water to push it through in a relatively short period of time. . . ". 6
"If you just got a little bit of water, it doesn't have enough push, and it never gets down to the end of the field, and you end up *wasting* a lot of water . . ." 7
"When you had *full* water supply, you got three acre feet of water. And your crops would use that much, or could use more, so that there was an incentive to be efficient in your use of your water, and make sure that you didn't run it off the end of the field . . ". 7
"My dad used to get frustrated . . . There were farmers in our valley there that weren't efficient . . . weren't very responsible about watching the water, their ditches would wash out because they didn't watch their gopher leaks, or they wouldn't pace off and cut the water off before it got to the end of the field, and they'd pile a whole bunch of water up down at the tail end and you'd end up with what's called lots of tailwater running out into the . . . drainage ditches and that sort of thing. . . ". 7
How His Dad Learned to Irrigate.. 8
"He actually won, a couple of years, the award for what they called the Conservationist of the Year Award, for his management. He was a pretty progressive farmer in the valley, and was looked up to by most of the other farmers in the community there. . . ". 8
How His Dad Managed in Years of Low Water Supply. 9
"We did not get drinking water . . . in the house until I was out of high school. . . . We have indoor water, well water, but it was very poor quality water, you couldn't drink it. So we hauled our drinking water from town. We lived about five miles from town, so it wasn't that far. But, I mean, you know, it was a farm, rural farm life. . . ". 10
"We had electricity and indoor plumbing. . . . But we had a *big* garden, we raised our own beef and butchered our own beef. My dad always kept a few hogs and butchered hogs. . . . We had chickens . . . fresh farm ranch eggs. . . . milk cow . . ".. 10
". . . they always made a living. But they didn't spend much money. I mean, you know, you live on a farm like that, and you don't spend a lot of money. I

mean, we *never* went out to eat. It was a *thrill* for me to go to a restaurant, and it only happened once a year, and that's when we went to the 4-H livestock show in Reno. . . ". 10
"My brother and I, usually we raised show calves for the show, and all the 4-H and FFA kids from rural Nevada each year would have a state show where everybody'd bring their animals in . . ". 11
Raised Herefords and Angus-Hereford Mix. 12
"Usually you sold most of your good hay, and you kept your rained-on hay . . " 12
Alfalfa Seed Was a Profitable Crop in Lovelock. 12
". . . the valley *really* went heavy into alfalfa seed. There became a major alfalfa seed refinery there in the valley that kind of refined the alfalfa seed. Well, alfalfa seed was a little more expensive to raise, and a little more risky. If you got a rainstorm and had to let the seed go to . . . You had a big expense in bees. You had to buy bees or rent leaf-cutter bees . . . a special type of bee that pollinates the flower on the alfalfa. . . ". 13
"You'd have to spray the insects with a special type of pesticide that would kill the pests but not kill the bees. The bees would go in at night . . . So you would come in and spray, apply the pesticide at night, to kill the insects, and then it was a very short-lived pesticide, it would kill the insects at night, and then by morning, when the bees came out, the effects of the pesticide had worn off. . . . It was a very expensive pesticide, and it was a very expensive application . . ". 14
"You used a regular harvester, the same harvester that harvests grain harvested alfalfa seed. And then you did defoliate in the fall of the year, usually September-, October timeframe, you would defoliate the field and come in and do the harvesting. . . ". 15
How He Learned to Irrigate. 15
Dad Was a Progressive Farmer, Tended to Have Very Good Yields for the Area, and Was Financially Very Conservative. 15
". . . I would go out in the field with him to kill gophers, and he would pay me so much for each gopher I killed, because the gophers were a pest, a nuisance. . . . The flooding would bring the gophers out of their holes, and then you'd kill the gophers. . . . cut their tail off as proof that I killed them, and then turned in the tails. He usually gave me a nickel, and then later on I think he gave me a dime apiece for each gopher . . ". 16
"I was probably thirteen or fourteen before I irrigated by myself . . ". 17
". . . I lost a gate one time–I mean a *big* gate. . . . a check gate. . . ". 17
Coyote Scares His Dog While out Irrigating. 18
". . . irrigating at night, you'd sit in the truck a lot and listen to the radio, and get out and walk up and down the ditch every once in a while, make sure everything was going okay. . . ". 19
Leveling and Releveling the Fields for Irrigation. 19
". . . you did it like when it needed it. Now, alfalfa you would usually irrigate an application of water after each crop. So you would usually apply–irrigate and run the water, flood the land–in the spring, one time, and then the crop would grow up, you'd cut the crop, put that hay up, and then right after the hay was put up, then you would irrigate. Now, we could irrigate about,

oh, we probably could cover about sixty acres in a twenty-four-hour period . . .something like that, if you had a good head of water. So to get over all of your land, you had 640 acres, it would take you about ten days. . . ”. 22
“. . . you would watch your crop . . . My dad just went out and watched. He could tell when . . . the plant was suffering a little bit. . . . he would dig down in the soil and grab the soil down and feel the soil to see if it had any moisture in it. Usually, on a wheat crop or a barley crop, you would irrigate it maybe two times, maybe three times. It would depend on whether or not you got any rain or anything like that, how hot the weather was. . . ”. 22
Leveling the Land Which Was Leased. 23
“The owners of the land that he leased were fairly progressive. It was the family right next to us–and they were an old family there in Lovelock . . .”. . . . 23
“Basically, what you did is you called up the ditch rider and you tell him, ‘I need to irrigate my alfalfa. I got about 150 acres to irrigate, and I need a head of water of about fourteen cubic feet per second, and I figure I’m going to need it for about three days. When can you get me the head of water?’ Now the ditch rider would then tell you . . .”. 24
“I think you could just about always get water within . . . a day’s notice. Sometimes, if it really wasn’t urgent, you might wait a day or two . . .” 25
“. . . there is a system of drains throughout the valley that drains water. The soil is a good quality soil, there’s not any real heavy clays. . . ”. 25
“. . . farmers were responsible for their own . . . on-farm ditches, but the ditches that delivered water to the farms . . . the whole system was managed by the district. And they had all of their own equipment and all of their own staff . . . the district basically O-&-M’ed the whole system. . . ”. 26
Active in 4-H and FFA for Which He Usually Raised, each year, a Show Animal and a Cow and Calf. 26
“. . . I was active in . . . parliamentary procedure contests and activities . . . and I was fairly active in their speech programs and speech contests. . . ”. . . . 26
“. . . I was the state president of Nevada FFA in my senior year . . ”. 27
Going to High School in Lovelock. 27
“I took the college preparatory, but I was not a great student. . . ”. 27

Graduated High School in 1969 and Went to the University of Nevada at Reno. 28
Received a Scholarship from the Department of Agriculture at UNR and Ended up in Agricultural and Resource Economics. 28
Knew He Was Going to College, and His Parents Supported That. 28
“. . . for *me* it was a foregone conclusion. I mean, from day one in high school, I’d always planned on going to college . . . It was always a foregone conclusion even *where*–it was going to be the University at Reno. . . ” 29
Was an Ag Business Major. 29
Brother Eventually Moved Back to Lovelock, Worked the Farm, and Developed Other Businesses. 29

Took a Lot of Economics Classes and Decided to Go on for a Masters Degree 30
Did Really Well in the Graduate Program at UNR. 31
"I got through with that program . . . and I thought, '. . . I'm going to go get my Ph.D. and I'm going to teach and do research at a university.'. . .". 31
Planned to Transfer to the University of California at Davis for His Ph.D. and Received an Assistantship There. 32

Turned in a SF-171 to the Civil Service Commission. 32
"'Oh, man, I don't want to work for the government!' . . . I was really pretty excited at the time about going on for a Ph.D. But the Bureau came back, and they offered me a GS-9, which was good. . . . I think I started at $12,000 a year . . . which seemed like a *lot* of money to me. If I went on for my assistantship, it was three more years at $4,000 a year, maybe $4,500, something like that, and I'd gotten married in graduate school and my wife was anxious to start a family . . .". 32
". . . you didn't even apply to a particular agency. And I can remember them telling me at the time that the chance of you getting a Federal job was one in 5,000. . . . And the hiring restrictions were such that agencies didn't have direct hire authority, they had to do *everything* through the Civil Service Commission. . . .". 33
John "Jack" McNeely.. 33
Relationship of Dad to the Irrigation District. 34
Duty of Water on the Humboldt Project. 35
". . . you had about three irrigations per acre during the year, on average. . . .". 35
Accepts a GS-9 Position as an Agricultural Economist in the Sacramento Regional Office in 1975. 35
". . . I had cited my farmwork experience on the 171. And so that was the reason why they were particularly interested in me. And they had some difficulty finding people with that kind of background . . .". 36
. . . right off the bat, it wasn't a job offer, it was "Would you like to come over for an interview?" is what it was. So I drove over to Sacramento . . .". 36
". . . it was a crossroads, and I think we recognized it as a crossroads. You know, you come to those at various points in time in your life, and I think we recognized it as an important decision. . . .". 37
Went to Work for Region II of Reclamation within a Few Weeks of Receiving the Job Offer. 37
All the Economists in the Region Were in the Economics Branch of the Planning Division. 38
The Economists Did Two Kinds of Studies–Financial Analysis for Cost Allocation and Repayment of Projects and Benefit-Cost Analysis of Potential Projects under Study. 38
". . . I initially did farm budgets, which are analysis of typical farms in areas that we either served water to, or that we were planning to serve water to, and they were used to determine the economic *value* of the water and the benefit-cost analysis. . . .". 39
". . . you could determine the incremental value that was created by irrigation. And then the farm budgets were also used to determine what we call payment capacity, and that was to determine how much the farmers could afford to pay. . . .". 39

". . . my first job was to do the payment capacity study for Westlands Water District. . . ". 39
Developing a Farm Budget Analysis Study. 40
". . . farm budgets are a fairly sensitive . . . You don't have to change an assumption [very much] on something like a yield, production, or a price, to make a big difference in the bottom line of the farm budget. A 5 percent or a 10 percent change in yield in the farm budget . . . The reasonable range certainly could be within a range of 25 percent. But a simple 5 or 10 percent change in yield, could make as much as a hundred percent change in the bottom line of a farm budget analysis . . ". 40
". . . you know, you'd like to think that it's objective, but yeah, there was some art associated with that, that's right, yeah. I think anybody that's done farm budgets would probably confirm that. . . ". 41
"We did try to be fair and objective, and I think we tried to take some pride in not trying to skew the numbers one way or another, although I think Reclamation has always been accused of that, and I don't know if it's true. There's a big range in a farm budget analysis of what a reasonable answer can be. . . ". 41
". . . we would focus in on each district. It might be several farm analyses, because there might be a lot of variation of types of farms, especially in a district as big as Westlands . . . You had some specialty crops, maybe some grapes or citrus . . . row crop . . . melons and you had some lettuce and those types of crops . . . field crops . . . grains, and then cotton and those types of crops. And so many times you would do a *series* of farm budgets to represent an irrigation district that would represent the various types of farms . . ". 42
"In the Central Valley Project, it was a simple policy that said that the farmer paid the cost of service or the payment capacity, whichever was less. . . ". . . 42
". . . if there wasn't enough payment capacity to pay the full costs, then on the Central Valley Project they relied on *power revenues* to pay what irrigation couldn't pay. . . ". 42
How Ability to Pay Was Calculated. 43
"Everything else was factored in . . . the return to the investment, what we called the farm family living allowance, return to profit, so that the farmer still had some money left over. And then what we determined was left over after all that was what we said was the ability to pay for water. . . ". . . . 43
"In other projects, if you were doing planning studies, and the ability to pay came in at less than the cost, and if it was a project that did not have any potential for power revenues to provide an offset, then you would make a determination that it wasn't financially viable. . . ". 43
Reclamation Does Have Some Ability to Defer an Annual Repayment. 44
". . . IG [Inspector General] audits . . . came in and concluded that the Central Valley Project was not financially solvent . . . they'd . . . committed to sell water to farmers for forty years at three dollars an acre foot. And over time, inflation pushed up the O-&-M costs so that the O-&-M was greater than the three dollar rate. And so we were actually delivering water for three dollars and losing money on it. And it was *during* the period of time

that I was there in Sacramento, that that issue came to the forefront. . . .” 45
On the Central Valley Project Repayment and Annual O&M Costs Were All Included in One Contracted Rate. 45
“. . . I think everybody there at the time felt like it had been a mistake to enter into those long-term contracts with forty-year terms at a fixed rate. . . .”. 45
“. . . about the mid-‘70s . . . inflation had caught up and the auditors came to the conclusion that the project was losing money . . . they were trying to get power rate increases at the time, to increase the power revenues to provide more irrigation assistance, and that was becoming controversial. And they were having difficulty getting the power rate increases. . . .”. 46
Did a Payment Capacity Analysis for the Newlands Project. 46
The 1977 Drought Assistance Program Necessitated a Large Number of Payment Capacity Studies.. 47
“The idea was we were going to give them a loan and the drought was going to get over and they’d repay the loan after the drought was over. And so what kind of terms should we give them when the drought was over to repay the loan? . . . And we based that on their ability to pay. . . .”. 47
Congress Directed Creation of the San Luis Task Force to Look at Reclamation’s Construction and Management of the San Luis Unit. 48
“. . . the Central Valley Project, the concept of it was it was like a utility. Utilities don’t differentiate on the rates that it charges to customers, based on where they’re located. All the facilities cost so much, and it goes into their rate base, and the utility charges everybody the same rate, irregardless of where they’re located or what it might cost to serve that one outlying customer out there. . . .”. 49
“. . . there was a financial integration of all of the features of the Central Valley Project, so that the revenues from one part that might have been built years ago, could be used to help pay off the costs of a new, more expensive piece of the project that was being added. . . you would . . . use those power revenues to pay off those costs that couldn’t be covered from other sources. . . .”. 49
Reclamation’s Power Customers Resisted Rate Increases Designed to Provide Repayment of Irrigation Costs. 50
“. . . because the facilities had been constructed years ago, at a relatively inexpensive price . . . and you had had inflation since the construction of the project. The power rate had become very favorable to the power users. They were getting a good deal, it was very cheap power. . . .”. . . . 50
Creation of the Western Area Power Administration and How it Affected Reclamation 51
“. . . I don’t think that it helped government efficiency to have done that. I think that we now have a whole agency that performs the function that previously a division of Reclamation did, and that in fact when you created Western, you created *all* the bureaucracy and all the administrative functions that go with creating a new agency. . . .”. 53
Developed a Computer Program on the CYBER for Doing Farm Budgets.. 54
Revision of the *Guidelines for Implementing Principles and Standards for Multiobjective Planning of Water Resources*.. 56
“. . . the Reagan Administration . . . changed them to guidelines, so that they were more flexible in their application. But, by and large, the changes that were

made in the economic analysis carried over. . . .". 56
"With the new standards . . . I did lots of analysis that said, 'No, not justified.'. . . and with the increasing interest rates that made it more difficult to justify the projects, it was just really tough to be able to show any kind of economic justification. Projects were very expensive, and it just wasn't penciling out. . . .". 57
"I think the people of Reclamation really believed in what they were doing, and they honestly believed that they were right . . . honestly believed in what they were doing, that there was an inherent rightness in the Reclamation program and in irrigation development, kind of an agrarian fundamentalism concept, and, you know, 'feed the country,' (chuckles), cheap food ethic. . . .". 57
Work on the Cyber Farm Budget Program Took off from a Cumbersome Existing Program Already in the Sacramento Office. 58
". . . it wasn't user friendly. And they weren't computer literate. . . .". 58
Worked on Writing the CYBER Program for about Two Months in 1979, a Month in Sacramento and a Month in Boulder City. 59
Transferred to Boulder City in 1979. 59
Issues in Dealing with the CYBER System. 60
Left Sacramento for Personal Reasons. 60
Worked in the Economics Branch of the Planning Division in the Boulder City Regional Office. 61
Work in the Sacramento Office Doing Farm Budgets. 61
Issues with Westlands and Long Term Contracts. 61
"It wasn't initially our purpose, but it *became* our purpose, then, to also do some evaluation of the farm size and the economies of scale that result from farming in large farms and could, in fact, smaller farms be economically viable, was there an economic viability question there for small 160 acre farms, could they, in fact, be viable? . . .". 62
"On the farm size analysis, we concluded that there was, in fact, economies of size that existed, and that there were unique considerations for different types of crops that probably did dictate and justify larger farm sizes in the Westlands area. . . . there were specialized types of contracts for sale of crops that you had to have . . . and it was impossible for small farmers to be able to meet the terms and conditions of those specialized types of contracts. . . .". 63
". . . I think the average farm size in Westlands at the time was 2,400 acres, and I don't think we made any conclusions that that was optimal. I think we were of the opinion that substantially smaller size farms than 2,400 acres could be viable. But 160 acres was probably not a good limitation. It probably needed to be something larger . . . we ended up with 960 acres later on when the Reclamation Reform Act was passed. . . .". 64
Politics Came into Play in the San Luis Task Force Deliberations. 64
Farm Budgets on the Newlands Project for Safety of Dam Modifications That Were Needed. 66
"I didn't do *all* farm budgets. I did some work on the Central Valley Project, cost allocation and repayment analysis, the financial, the accounting for all the costs of

the project, and determining what water rates should be, and the payout of the project with power revenues . . .". 66
"The Central Valley Project doesn't have a contract with a single entity who's responsible for paying all the costs. What the Central Valley Project is, is it's like a utility, like you're a public utility, and you have all of these people that you're selling your utility service to. . . .". 67
Addition of Features to the Central Valley Project over Time Resulted in Incorporation of New Costs into the Cost Allocations and Required Recalculation. 68
". . . when Auburn Dam was being built, for instance . . .it was a separate unit of this C-V-P. But its cost was going to be paid by the ratepayers of the Central Valley Project as a whole, and its cost was going to be financially integrated with the other costs of the project, and the rate adjusted to reflect what's required now to repay that whole project all over again, *all* of the *original* investment, *plus* this new investment that's added. So we were always adding these new features to the project. . . .". 68
". . . they had long-term forty-year fixed contracts at three dollars an acre foot, and so there was no mechanism to adjust. But when their contracts expired, then they would have had those costs of Auburn integrated into their new rate. . . .". 69
". . . you know, this has been how many years ago? Seventeen, eighteen, nineteen years ago that I was involved in all this. And I know it's *changed substantially*. . . .". 69
Worked on a Number of Other Things While in Sacramento Including the Buttes Valley Study, Klamath River Diversion, the Washoe Project, and the Value of Improved Water Quality in the Delta. 70
Reclamation Studied Rivers Flowing Directly into the Pacific in Northern California for Project Development, but Their Designation as Wild and Scenic Rivers Ended Those Studies. 71
Studying Repayment Capacity for Loans Made During the 1977 Drought. 72
Reaction in the Sacramento Regional Office to the Failure of Teton Dam. 72
Why He Believes the Job Title Changed from Agricultural Economist in Sacramento to Economist in Boulder City.. 73
Basically Did the Same Work in Sacramento and Boulder City. 74
Worked on Buttes Dam, a Proposed Component of the Central Arizona Project. 75
"I concluded that Buttes Dam, under current planning guidelines that we had at the time, was not justified, was not economically feasible. . . .". 75
". . . most of the studies that I did in Sacramento, I concluded that they weren't economically feasible, almost always concluded that they weren't economically feasible. So it was rare that we found one that looked like it was feasible with the planning criteria that was in place. . . .". 75
". . . most of the water projects that we were looking at were pretty expensive. The truth of the matter was, most of the good water projects had been built by that time . . . most of the good sites had been developed. So it was . . . difficult to find projects that were economically viable. And so usually, if you did an honest analysis, you concluded that they weren't viable. Buttes Dam was another one. . . .". 76
". . . I evaluated Buttes Dam based on the new rules and based on the old rules. And when I did Buttes Dam on the *old* rules, it was justified. You could get–I don't remember what it was, but it was a BC [benefit-cost] ratio of

greater than one. Did it under the new rules, it was less than one. . . ” 76
“I think there’s always a tendency for groups that are a critic of a program to not support–I mean to find ways to pick at the program. The Reclamation program has been controversial for years, and I guess I don’t think that that’s the case. I think that Reclamation and that the people that have done that type of analysis for Reclamation have tried to do an honest analysis of the numbers. . . .”. 77
“. . . critics of the program began to have an influence on the policy, and were able to get policies in place that changed the criteria under which you could develop benefit-cost analyses. When that new criteria was applied, more often than not, you know, that’s why I say *my* experience with Reclamation has spanned a period of time where we, in fact, haven’t found very many projects justified economically. . . .”. 78
“Probably the *biggest* change that occurred, occurred, I think probably in the early seventies, and that’s when they changed the discount rate, the formula for determining what discount rate should be used in present-worthing future benefits and costs. That discount rate was increased in the early seventies from probably somewhere around 3 percent, which was very favorable. . . .”. 78
“There were lots of other changes . . . also, how you evaluated M-&-I benefits; how you placed values on water; how you evaluated irrigation benefits. The criteria got more restrictive and more detailed, so the critics of the program established some more stringent criteria to apply to the economic analysis of our projects. . . .”. 79
“. . . I don’t think Reclamation ever cooked the numbers in the analysis. I think Reclamation tried to argue against the new criteria that was being developed . . .”. 79
“I’d only been here two or three weeks. . . . in our Planning Division. We had the division secretary, and she really ran the place. . . . In . . . had been the Planning Division secretary for like thirty years . . . And they had just a pool of typists . . . I did this analysis on Buttes Dam, and I wrote a little report on it. Of course, this was before we had computers, word processing and all that stuff. And so you did all your handwriting in hand and you gave it to the secretaries and they typed it up. . . . I walked in there . . . She grabbed that report from me, and she got this mean look on her face. She looked at it, and she leafed through it, and she says, ‘What is this, anyway? A damn report!’ And she threw it down on the desk. She says, ‘You economists. You’re always writing a bunch of crap.’. . . Two hours later, I had a perfect typed version of my report. She was just super. . . . worked eleven hours a day. . . .”. 80
Worked on Buttes Dam and Alternatives to Orme Dam Which Had Been Eliminated from CAP. 81
“There was a *major* study that was initiated in 1978–I came here in 1979–to study *alternatives* to Orme Dam. Orme Dam was located at the conflux of the Salt and Verde Rivers, and if we would’ve built it, it was going to flood out the Fort McDowell Indian Reservation. The reservoir would’ve taken most of the land at the Indian reservation. . . .”. 81
“A regulatory storage feature for the Central Arizona Project was considered a

crucial component of the project. . . . to allow water to be stored . . . to allow fluctuations and operations of the canal system to occur, outages and those sorts of things, so that you had some reliability of operation. . . .”. 82
“. . . I came in 1979, and then in 1981, the branch chief left . . . and . . . I got selected as the branch chief for the Economics Branch. . . .”. 82
“. . . I also got the assignment of being the *coordinator* for *all* of the planning activities related to the C-A-P, and everything that was going on. . . .”. 82
“. . . economists in the Phoenix office . . . and in addition to actually *doing* some of the analysis, I was providing oversight to what they were doing, and then also coordinating all the advanced planning activities for the regional office. . . .”. . . 83
“Bill Plummer was the Regional Director at the time. and Bill had a very hands-on approach to management, and he wanted somebody in his staff to be very much in tune with *all* the various field offices and all the major activities that were going on. . . .”. 83
“It was really an interesting assignment . . . more than just economics was *involved* in providing the advanced planning. . . . environmental statements, the political process, and the decisions, and the public processes that were needed . . .”. 84
Planning, Program Development, and Construction Were Proceeding All at the Same Time for CAP. 84
“They began constructing the aqueduct–started at the Colorado River, and designed and built the initial pumping plant, sized the initial aqueduct, and started building the aqueduct to Phoenix. And then they initiated the planning on all the other features. . . .”. 85
“What really set them back in ‘77, the Carter Hit List eliminated Orme Dam, and there was a need to go back and reassess alternatives. That became the *major initial* push for doing advanced planning. . . .”. 85
Various Features Had to Be Studied and Eliminated or Planned. 85
The Selected Alternative to Orme Dam Is Plan 6 Which Called for Construction of the New Waddell Dam as Regulatory Storage. 85
Plan 6 Also Called for Modification of Theodore Roosevelt Dam to Provide Additional Flood Storage and Deal with Safety of Dams Issues. 86
“. . . in 1985, the Secretary entered into a cost-sharing agreement with a number of entities in Central Arizona to provide non-Federal funding for about $350 million dollars of that cost, which was kind of unique in Reclamation projects. So Plan 6 got a cost-sharing package that included not just all Federal funds . . . but a significant contribution from the local entities that supported the project in up-front dollars. *In addition* to the repayment . . . it was a billion dollar project . . .”. 86
“. . . strong environmental opposition to Cliff Dam . . . convinced the congressional delegation *collectively* as a group that Cliff Dam was not a good alternative. . . . and Cliff Dam was then eliminated as a feature in Plan 6. So Plan 6 today *basically* is an enlarged Roosevelt Dam and Waddell Dam, and construction of those are just now getting completed. . . .”. 87
Reclamation Knew CAP Was Possible from an Engineering Point of View, but Plans Changed Considerably as the Project Evolved. 87

"There was enough information at the time of authorization. But *none* of the details had really been worked out. . . ". 88
Hoover Dam Modification Studies. 88
Spring Canyon Pumped Storage Project. 88
". . . we concluded–it was probably one of the most promising from a cost perspective. The kilowatt hour cost on that appeared to be very attractive. The issue that we faced was, it was such a huge plant . . . that the peaking capacity demand probably wasn't enough to support it. . . ". 89
Santa Margarita Project in San Diego County. 89
". . . I think the sense was is that the Congress was not in the mood because of the environmental issues . . . I think, in retrospect, that that was probably a good decision not to build . . . Santa Margarita . . . those were important values that needed to be protected but didn't necessarily get reflected in our economic analysis that we did. . . ". 90
In the 1980s There Was a Study of Water Conservation Measures on the Imperial Irrigation District. 90
Wastewater Reuse in San Diego Was Another Study in the 1980s. 90
In 1992 the Reclamation Projects Authorization and Adjustment Act Authorized Wastewater Reuse Program in Southern California. 91
Worked Successively for Bob McCullough, Dave Gudgel, and Steve Magnussen Each of Whom Served as Chief of the Planning Division. 91
"I haven't had many bosses that I didn't like. I really haven't. I've been *really* lucky. . . ". 91
In Boulder City "I was in the Planning Division then from 1979 when I came here, 'til in 1987 then I left and went to Washington, D.C. . . ". 91
"Bob McCullough was very much into detail, had a tendency to rewrite everything that everybody wrote . . . tendency to many times make good changes and good comments, and many times make insignificant kinds of changes . . . I thought Bob did a good job as Planning Officer. I was probably in the minority as it relates to Bob, because most of the other people that worked over there complained about him a lot. . . ". 92
Dave Gudgel as Division Chief. 92
Steve Magnussen as Division Chief. 92
"When Ed Hallenback became the Regional Director in 1985 . . . he really wanted to change the culture of the Regional Office. Ed thought that the Regional Office was too much . . . oversight, too involved in project office affairs, and had too many people that . . . find reasons *why* things *shouldn't* be done, rather than find how things *could* be done. . . ". 93
". . . Ed initiated . . . a Participative Management Program. Steve, as the Planning Officer, kind of became the lead . . ". 94
"Ed also was a kind of an idea person, but Ed was not a good detail man in terms of follow-up and making sure that ideas were implemented, and so Steve really kind of played that role for Ed . . ". 95
"Steve was very active in the Organizational Development Program when it initially developed in the Bureau back in the 1970s and late 1960s. There was a *major* effort in the Sacramento office among a number of employees in that office and I think also in the Denver office. . . ". 95

"Good managers aren't always liked by everybody. . . ". 95
Ed Hallenback and Bill Plummer as Regional Directors. 95
"Bill Plummer was *very* hierarchical. . . . 'I'm going to make every decision. I'm going to sign *every* piece of correspondence. I don't want anything going on that *I don't know about* personally. . . .' . . . *every* piece of correspondence . . . got Roy Gear's surname, who was the Assistant Regional Director. Roy did have the authority to sign internal correspondence. . . . if it was internal and it had major policy implications, it was reserved for Bill Plummer. *Every* piece of correspondence, *irregardless* of its *implications*, that went to external . . . was signed by the Regional Director. . . . The front office was a bottleneck. . . . the Secretary was . . . going through every piece of correspondence with a ruler and checking the spelling and all of that stuff, and then Roy Gear, who was the Assistant, that's all he did was he read correspondence all day and reviewed the correspondence all day and signed correspondence. . . ". 96
". . . Ed Hallenback followed Bill Plummer, and Ed's management style is just the opposite, participative. . . . Well, we just had night and day difference all of sudden, immediately. . . ". 97
Bob Towles. 97
"Sometimes Bob was decisive, but sometimes he wasn't. I always felt like there were times when Bob needed to be more decisive so that we could get off an issue and move on. But Bob was very careful. If there was any sense of less than a consensus within the organization, Bob was very reluctant to make a decision. . . ". 98
After Eight Years as Economics Branch Chief He Began to Look for a Change in the Form of a New Job.. 98
Went to a Contracts and Repayment Job in the Washington, D.C., Office. 98
"This is actually [overseeing the regions as they were] putting together the contracts that provide for the repayment of Reclamation projects. . . ". 99
". . . in the mid-eighties . . . I developed a new method for allocating the costs of the Central Arizona Project. . . . a *revised* method. . . ". 99
". . . the real economic benefit of the power function on C-A-P was the ability to manage *when* you pump the water. And if you didn't have regulatory storage, you couldn't manage that. . . . So if you've got a regulatory storage feature, you could do all the pumping in the winter when there's no demand for energy . . . Then you can draw water out and deliver it to your customers in the summer when they need it, but you don't need any energy. You've already pumped it into the storage, and you can just deliver it out. And you now have all of this energy to sell commercially during the summertime at peak rates. So the value of the excess energy that you had on C-A-P to sell became substantially greater with regulatory storage as opposed to without regulatory storage. ". 100
Allocating Costs in a Multipurpose Project. 100
". . . on the Central Arizona Project, we had a cost allocation that didn't allocate any costs to power at all. The power function received just a very, very small allocation of costs from Navajo Powerplant. There was no allocation of joint costs at all. . . ". 101
"So that was one of the major undertakings that I took on as the Economics Branch chief was to develop that new methodology . . ." for allocating joint costs.. 101
The Ronald Reagan Administration's Cost Sharing Policy for Reclamation Projects

Affected Development of the New Methodology. 101
". . . I felt like that was a major achievement at that point of my career, to get that methodology in place. It was not a small task, because not only did I have to be able to convince internal within Reclamation, the Department, and inspector generals, and the auditors and all those people who are always taking a taxpayer view of the world, I also had to develop a methodology that was perceived by Arizona as being fair and equitable . . .". 102
"We got . . . a [cost share] commitment from Arizona for 350 million dollars on Plan 6 . . .". 103
". . . when I went to Washington, the job that I moved into was the chief of the Contracts and Repayment Branch back in Washington on the Commissioner's staff. . . . the responsibility there is . . . to *write* the *contracts* with the water users and the power users . . . the job in Washington was that of review and approval of all of the activities that were going on in the regions, and advising the Commissioner on approval of contracts and decisions . . .". 103
"Central Valley Project was hot and heavy. . . . By this time, there were huge deficits. These forty-year contracts with three-dollar-an-acre foot water rates weren't even covering O-&-M costs. So . . . we were *capitalizing* O-&-M costs, adding the O-&-M cost that wasn't being paid and the water rates back into the capital obligation to be repaid. . . .". 104
Congress Assigned a Definite Time When the Central Valley Project Had to Be Repaid 104
". . . somewhere near a *million* acre feet of Central Valley Project water that had not been contracted for. So they were in the process of developing a major water and marketing environmental statement to try to figure out how they were going to allocate this additional money and acre feet of water . . .". 105
"In the *new* Central Valley Project, I think all that water got assigned to environmental use, and it is now helping to meet that water, but back *then* they were planning on contracting for that water and getting it under contract, and generating revenues. . . .". 105
"Because of my background on C-A-P, I kind of became the Commissioner and the Department C-A-P expert, so I was always being called in on C-A-P matters, whether they were contract and repayment-related or not. . . .". 105
"I told you that Cliff Dam got eliminated, that it got cut with the Arizona delegation. I was in Washington when that happened, and actually went to the meeting with the whole Arizona delegation when they were in the process of making that decision to not support Orme Dam, and to take it out of the budget, and developing language that made it clear that Plan 6 without Cliff Dam was still an authorized feature of the Central Arizona Project. . . .". 106
Let a Staff Member Follow Through with His Work on the CAP Repayment Contract to Ensure an Independent Look at That Contract Process. 106
Worked on Water Contracts for Glendo Dam on the North Platte Project and the Fryingpan-Arkansas Project in Colorado. 106
"It was a quick year. I was only there for a year. . . .". 106
"Career wise, I thought I needed to go back there . . . I *planned* on being . . . in that job for several years. . . . that would be a springboard to come back out into a management job in the field somewhere. And so that was my *goal* when I left

Boulder City was to . . . get the exposure to . . . Washington. . . .”. 107
“I went back there in 1985 . . . and worked back there on detail for about four months. During that period of time, there was a major emphasis on Washington experience, trying to get people to come to Washington. . . .”. 107
While There the Washington Office Was Very Unsettled Because of Continually Evolving Reorganization Plans. 107
“. . . in that last month . . . there were senior people that were qualified for my job, and so I got bumped out of my job. They were going to give me another job . . . in Denver. . . . then . . . the Division Chief job here in Boulder City for the Operations Division opened up, and Ed Hallenback offered me that job, which was a *much better* job; it was a Division Chief, fifty people. It was really a chance for me to be a manager, which was kind of my goal when I went to Washington in the first place. . . .”.. 109
“I didn’t *plan* to come back to Boulder City, but it just kind of worked out. I ended up coming back here after just a year in Washington into a *really good job*. That was a *great* job. . . .”. 109
“This job out here was just a *really* exciting job because the 400 chief has the river operations and the Colorado River system. And so I was *really* excited to come back here and have a chance to do that. . . .”. 109
Came Back to Boulder City in 1988. 109
“I had a whole bunch of areas that I’d never been exposed to . . . lands . . . management of our lands . . . recreation . . . resource management plans . . . river operations, learning the Law of the River on the Colorado River . . . dealing with the Colorado River Basin States, and developing a rapport with the Basin States on river operations. . . .”. 110
“. . . when I came back into the 400 job, I had both the water and the power groups, so I also got involved in the power management aspects, as well as the water management aspects. . . .”. 110
“The *big* thing that came up for us started in 1990. In 1990, for the first time, the Lower Basin started to approach full use of its entitlement, and midway through the year in 1990, our projections indicated that water use in the Lower Basin was going to exceed seven and a half million acre feet. . . .”. 111
“. . . under the Supreme Court Decree in *Arizona versus California* . . . the Supreme Court ruled that Arizona did have a right to its full 2.8 million acre feet of mainstem Colorado River water . . . also the ruling that said that as long as Arizona is not using all of its water, California can, and so California can go over its 4.4 million acre feet. California, in fact, has been using about 5.2 million acre feet. . . .”.. 111
“. . . in 1989 and 1990, the Central Arizona Project was coming on line and it was starting to get closer to using Arizona’s full entitlement to 2.8 million acre feet. In 1990, they were really going great guns pumping water. . . . The C-A-P use was up around . . . 800-, 900,000 acre feet in 1990 for the first time. And what that was causing the Lower Basin to potentially exceed seven and a half million acre feet. . . .”. 111
The Secretary Determined That 1990 Was a Normal Operating Year on the Colorado River and Notified California That it Might Have to Operate Within Its 4.4 maf Entitlement under the Colorado River Compact. . . . 111
“It was a real big deal to go in and begin to tell California, ‘Hey, look. . . .

Metropolitan, we think you're going to have to cut back on water deliveries by the end of this year.' So *we* had a major *issue* on our hands in 1990 on how we were managing the river. . . .". 112
In Addition to Metropolitan, California Agricultural Users Were Going over Their Entitlement on the Colorado River.. 112
". . . it looked like we were going to exceed the limit of the entitlement. . . ." 112
"We had a major workshop on the river. We invited everybody from the three Lower Basin States. We put on seminars. We went out and conducted Law of the River seminars in Phoenix and Las Vegas and southern California, to explain the law of the river, and what we couldn't do, to give the message to California . . .". 113
"What was frustrating about it is that California was in the middle of a big drought. Metropolitan in 1990 was like only getting 40 percent of its water supply from northern California, and . . . the deliveries to L-A water out of Mono Lake was getting cut back. . . .". 113
Colorado River Water Priority in California and the "Seven Party Agreement".. 113
". . . Coachella *needs* about 330,000 acre feet, and it looked like in 1990 that we were going to exceed the 3.85 by a couple of hundred thousand acre feet. That was two-thirds of Coachella's water supply. . . .". 113
"It would've been economically devastating on Palm Springs and the Coachella Valley . . . So we were coming after Coachella, and we were coming after Metropolitan as the two low priority users in California, the two users that are probably the most politically powerful users. . . .". 114
"Well, in the end, our projections turned out to be not quite as dire as we thought, and we came in at *just* barely over 7 and half. We were like 7.51 million acre feet. . . .". 114
"What that started then was a major look at how we manage the river. We realized that the system that we had in place, the legal system that we had in place with this priority system for use in California, had us *ill* prepared to deal with the cutbacks in California that are ultimately going to have to occur. . . .". 114
The Secretary, Then, Each Year Had to Make One of Three Determinations about the Water Year on the Lower Colorado: Normal, Shortage, Surplus. . . 115
". . . in 1990 . . . we went and threatened California, told them they were going to have to cut back. Well . . . the next year when we developed the operating plan? . . . California says, 'It's a surplus. The reservoirs are full. You can declare surplus.'. . .". 115
". . . every year since, we have had this big debate with California and the other six Basin States over what the conditions are on the river system. Is the reservoir system full enough, and the outlook for runoff on the river system adequate so that the Secretary can declare a surplus or not? . . ." 115
". . . Nevada began, in the late eighties, to experience this phenomenal growth . . . Las Vegas had kind of been going by sleepily . . . Growth rates were relatively low . . . Well, the new growth rates that began to occur in Las Vegas began to make it clear that Las Vegas was probably going to be up

their full entitlement of Colorado River water by about 2005 . . . All of a sudden that meant finding a new water supply for Las Vegas was very imminent. . . ”. 116
Reclamation Needed an Agreement among the Colorado River Basin States on When and How to Declare Surpluses, Shortages, and Normal Water Years 116
Saw a Need to Establish a System That Would Allow Nevada to Buy Interstate Water. 117
“Nevada can pay probably 100 or 200 or 300 dollars an acre foot, *more* than the farmer would *ever* make from the use of that water. Nobody is harmed. . . .”.. 117
“We’re saying to ourselves, this doesn’t make any sense to have these boundaries, state boundaries, that create barriers that prevent Nevada from being able to obtain . . . some long-term water supplies to meet its needs. . . ”.. . . 117
“. . . two things that we’ve kind of decided that we need internally within Reclamation. One, we need some ability to allow interstate marketing to occur, and, two, we need some technical guidelines on management of the river that will allow us to declare surpluses when it’s technically justified without getting into these political arguments. . . ”. 118
“. . . that’s what we’ve been working on on the Colorado River. . . . my major effort, when I became the Division Chief . . . and that we’re still now trying to implement. . . ”. 118
“. . . it’s really come to a head, because a year ago, we issued a set of proposed regulations that proposed to open up interstate marketing that would give the ability of Las Vegas to buy water from farmers in Arizona or California. . . . It concerned them because here was the Federal Government, and we have the authority to issue those regulations. . . . And here was the Federal Government coming in and taking control and showing some leadership to try to make some changes in the Colorado River system. . . ”. 118
“The problems on the Colorado River system are solvable. They’re legal problems and they’re institutional problems. There’s technical solutions to the problems on the Colorado River system, and we’ve got to overcome those legal and institutional constraints, and we’re determined to do that. . . ”.. 119
“. . . we sent that message to the Basin States when we put these draft regulations out on the street saying, ‘This is what we’re going to do.’. . . it’s formed a coalition of the Basin States, and they’ve come back to us and said, ‘Okay. If you will hold your regulations and work with us, we will work out a system to allow interstate transfers to occur, and surpluses to be declared, but let’s do it jointly and let’s negotiate among us on how that’s going to work. . .’ . This is our major initiative, I think, for this region in terms of . . . being a water manager, water management agency as opposed to a water development agency”. 119
“I think we’re probably within months of having agreement among the Lower Colorado River Basin States on how we manage, how we allow interstate marketing to occur, and how we allow these surpluses to be declared . . .” 119
“. . . the four states above Lee Ferry are the Upper Basin, and then the three states

below Lee Ferry are the Lower Basin. The Secretary's authority for managing water is *only* in the Lower Basin. The Secretary doesn't have the same authority in the Upper Basin. That comes from the Boulder Canyon Act. . . ". 120
". . . our regulations and our management only applies to the Lower Basin of the river. Now, the Upper Basin is very interested in what's happening in the Lower Basin, because what the Lower Basin does can *affect* the Upper Basin. So we do consult on these matters with the Upper Basin states as well, but they're not as directly involved. . . ". 120
"The compact protects the Upper Basin from the Lower Basin. . . . prior appropriation doctrine, says he who develops the water first gets to use it first, develops the right to the water. . . . in 1922, the Upper Basin States saw that the Lower Basin was planning to build Hoover Dam and that there were plans to irrigate Imperial Valley and the Yuma Valley . . . beginning to put *most* of the Colorado River water supplies to use, and the Upper Basin States said, '. . . we need to have a compact here that divides the waters.'. . ". 121
The Colorado River Compact Only Divided the River Between the Upper and Lower Basins and Agreed Each Basin Could Use 7.5 Million Acre Feet Annually.. 121
Why the Upper Basin States Are Unlikely to Sell Water to the Lower Basin States 121
"In the Lower Basin, it's much easier. The Secretary has clear authority as watermaster to manage the river and contract for the river, so Secretary has some unique authority, and you've only got three states to deal with. . . ". 122
". . . the real issues in the Lower Basin that need to be solved are Nevada and California. They're Lower Basin States. And the Upper Basin says, 'Solve the Lower Basin problems with Lower Basin water, and let the Lower Basin develop a solution among themselves, and don't involve us. Let us have our compact protection. . . '". 122
". . . Arizona has committed to make 60,000 acre feet available in a market to Nevada on a long-term permanent basis. . . . 60,000 acre feet, will carry Nevada past the midpoint of the next century for growth . . ". 122
". . . ultimately . . . growth will continue to occur and more demands will be placed on the system, and these issues will be revisited, but I think right now we're going to get something that's going to create peace in the family for many years. And if we do, I think it will be a major accomplishment. . . . The Basin States are a partner with us in that accomplishment. But I think *we're* the ones that have kind of been the catalyst to get it to happen. If we hadn't taken the action with the regulations and pushing for surplus criteria and those sorts of things, I think the Basin States would argue forever . . ". 123
Dealing with a Potential Normal Year on the Colorado River in 1990. 124
Metropolitan wrote Reclamation basically saying "'If you're going to reduce . . . *our* use of water, you need to also *stop* the use of all of those *illegal* diverters along the Colorado River in the Lower Basin that are using water

when they don't have any entitlement at all.' And, in fact, what we have in the Lower Basin on both sides of the river, we have a lot of users that have put in wells to pump water for domestic, and some even for irrigation, purposes. . . . And they had a point because . . . We did not have a real good handle on the amount of water that was being diverted illegally.". 124
To Close down Illegal Uses of Colorado River Water Reclamation Needed to Develop a Set of Regulations to Guide the Processes and Determinations That Had to Be Made. 125
". . . '91, we had some major economic problems with C-A-P irrigation users, and C-A-P's use began to back off a little bit. So we got a little bit of a reprieve, and we were still under the seven and a half million acre feet. So it wasn't a pressing issue . . .". 125
". . . we began in '91 the drafting of regulations . . . the initial primary intent was to provide a mechanism to control this illegal use of water in the river. We began writing those regulations, and as we got them developed, other issues began to arise. It appeared that Nevada was needing additional water supplies. . . . the issue with Metropolitan, and the fact that they had the low priority, and they were, in fact, going to have to reduce their use continued to be at the forefront. . . .". 125
". . . these regulations which were going to allow us to deal with illegal users, we also began to realize that *maybe* there were some other things that regulations could be helpful for . . . help us solve some of these other problems in the Lower Basin, and maybe provide a mechanism that would allow Las Vegas or southern California to obtain additional water. . . . So we began to expand the regulations to include a process by which we could allow water to be marketed on an interstate basis. . . .". 126
"We incorporated some guidelines that gave us authority to define water conservation requirements and *require* water conservation plans and agreements with water users in the basin. . . .". 126
". . . we expanded the regulations to include provisions for how contracts for Colorado River water could be obtained, what the relationship was between the United States and the state governments . . . provisions to allow banking of . . . Colorado River water. . . .". 126
Regulations Evolved into a Broader Document than Originally Envisioned and Reclamation Gave the States an Informal Review Opportunity. 127
Senator Bill Bradley's Hearings on the Lower Colorado River.. 127
". . . Betsy Rieke . . . indicated our desire to initiate the regulatory process that would open up interstate water marketing in the Lower Basin of the Colorado River. . . .". 127
". . . interest among the states and all the water users began to become pretty significant as it relates to these regulations that we were developing. Of course, these were all still in-house. . . ".. 127
Interstate Marketing on the Colorado River Was a New Approach That Raised Issues among the Basin States. 127
". . . in May of that year [1994] there was so much interest in the regulations, and we had them drafted, that we decided to go ahead and release them, not as a formal proposed draft, but just as an information copy to kind of give

people a preview of exactly what we were thinking in terms of managing the Colorado River. . . .”. 128
“Then we got . . . a very strong statement of feeling, particularly from the state of Arizona objecting to the regulations. . . . congressional delegation . . . The governor and all of the water users . . .”. 128
“. . . part and parcel with the anti-Federal mood that existed . . . *even though* the Lower Basin is basically a federally controlled system *already* under the *law*. . . . Historically, even though legally the Bureau has, and the Secretary has strong authority for managing the river, we’ve always been very careful to, out of comity, to defer to the states and their recommendations . . . California, and Nevada, I think, *saw* that there were *significant* benefits in the regulations for them, and we did not get the same strong reaction from California . . . But by the same token, we didn’t get strong support. . . . As a result, . . . We backed off. . . . then, we initiated a . . . five-way discussion in the Lower Basin to try to address the issues. The three states, Arizona, California, and Nevada. The Bureau of Reclamation and the . . . Lower Basin Indian Tribes . . .”. 129
Established the Technical Committee about September of 1994 to Look at Lower Basin Issues. 130
By May of 1995 the Technical Committee Report Established a Framework for Interstate Marketing, Banking Colorado River Water, and Accounting for Inadvertent Overruns. 130
“Arizona . . . offered . . . 60,000 acre feet of entitlement that they were going to make available for Nevada through . . . a forbearance agreement . . .” 131
The Technical Committee Did Not Include All the Involved Political Heads of the Agencies.. 131
When the Political Leaders Met in California, the Meeting Broke down with Nevada Apparently Feeling Arizona Wanted Too Much for the Water it Offered. 131
Betsy Rieke Left the Department of the Interior, and She Understood the Lower Basin Issues Very Well, Especially Arizona’s Concerns.. 132
Secretary of the Interior Bruce Babbitt Decided to Take the Lead. 132
Secretary Babbitt Hosted a Dinner in Phoenix, and Again the Meeting Did Not Go Very Well. 132
Secretary Babbitt Suggested Hiring a Facilitator to Help Bring the Different Interests Together.. 133
Scheduled a Meeting of the States with Reclamation to Select a Facilitator, and Arizona Did Not Attend the Meeting.. 133
Arizona Said it Wanted to Know the List of Issues on the Table Before it Would Begin Talks or Hire a Facilitator. 133
The Meeting Went Ahead and Chose Abe Sofaer as Facilitator. 133
“. . . Arizona just wasn’t willing to come to the table. . . .”. 134
After Several Years of Work with the Central Arizona Water Conservancy District, in May of 1995 the Parties Reached an Agreement in Principle to Resolve Financial Disputes on the Central Arizona Project. 134
Indian Tribes Were Becoming Significant Users of CAP Water, and Defining the

Relationship Between CAWCD and the Tribes Was a Major Issue That Couldn't Be Agreed upon. 135
"The tribes, in fact, were objecting to the Secretary signing that agreement. . . . the whole purpose of the agreement was to gain additional water and additional benefits for Indian tribes . . . tribes wanted a voice in how C-A-W-C-D operated . . . the project, and C-A-W-C-D was not willing to provide that voice. . . .". 135
"The tribes were also wanting to be treated on an equal footing with non-Indian users for future reallocations and sales and transactions that might occur for C-A-P water. They wanted the right to be able to *buy* water in the future if they needed to from other non-Indian interests within Arizona. . . . C-A-W-C-D views the tribes as having a relationship with the Secretary, and any involvement that the tribes have in C-A-P has to come *through* the Secretary . . . So C-A-W-C-D was resisting giving the tribes a direct voice and a direct role in the Central Arizona Project. . . .". 136
In Addition, the Governor of Nevada Contacted the President and Protested the Settlement of Financial Issues on the CAP. 136
CAP Financial Issues Didn't Get Settled, and There Was No Progress on Dealing with Issues on the Colorado River. 137
Secretary of the Interior Babbitt's Speech at the Colorado River Water Users Meeting in Las Vegas in December of 1995. 138
There Is Longstanding Animosity Between California and Arizona over Colorado River Water and on Many Differing Issues. 138
During Shortage Years the Central Arizona Project Would Take the First Shortage in the Lower Basin. 141
1990 Was Not a Shortage Year, it Was a Normal Year for Colorado River Water 141
". . . Arizona uses about 1.2 to 1.4 million acre feet along the river. That leaves about a million and a half available for C-A-P to divert and use in normal years. . . .". 142
". . . Metropolitan has a *normal* year entitlement for 550,000 acre feet of water. In fact, their diversion capacity is about 1.2 million acre feet of water. . . ." 143
The Colorado River Basin Project Act Assigns Responsibility to the Secretary of the Interior to Develop an Annual Operating Plan for the Colorado River, Including Determining Whether it Will Be a Normal, Surplus, or Shortage Water Year. 143
". . . probably this year . . . we are going to declare a surplus. . . . 1996 is the first year since 1990 that use in the Lower Basin is going to exceed seven and a half million acre feet. We expect use this year to probably be somewhere around 7.8 to 8 million acre feet. . . .". 144
"We just had a consultation meeting about two weeks ago with the Basin States where we talked about declaring a surplus this year, and I think we have support for doing that. Reservoirs are *full*. We're right on the verge of having to make flood control releases. We've had two above normal years on the Colorado River System . . .". 144
". . . each year the Secretary signs letters to the seven Basin States. It's something that the Secretary does, personally. The Bureau of

Reclamation does all the work, and we hold the meetings, the public meetings, and we develop the plan. We write the reports. We prepare the letters. But the Secretary actually signs the letters. . . .”. 145
“. . . we always shoot for getting a decision by October so that the states can begin making their plans, and water users can begin making their plans. It’s a calendar year declaration, but its made in October of the year preceding the calendar year. . . .”. 145
“The Upper Basin States have always gotten along pretty well, but the Lower Basin States have *never* gotten along well, and we had a long history of discord. There’s never been consensus, and the only time progress gets made is when there’s forcing events. . . .”. 145
In December 1995 Secretary Babbitt Told the States He Would Prefer a Consensus Approach to Managing the Issues on the Colorado River, but Absent Consensus He Would Make the Decisions Required of Him. . . 146
Issues Highlighted by Secretary Babbitt Included Interstate Marketing, Water Banking, and Water Conservation. 146
“. . . where we are currently. California has basically fallen apart. California, for the last six or seven years, has fairly consistently presented a unified voice on Colorado River issues, but there has always been a very significant debate just among the California users. There have been significant issues just among the California users around California’s entitlement . . .” 147
The Seven Party Agreement Establishes Priorities for Use of California’s Entitlement on the Colorado River.. 147
“. . . Metropolitan is the low priority user within California, and that they have to reduce their use while 3.8 million acre feet of irrigation use gets to continue to use all of its water on the Colorado River System, that’s always been a difficult issue. . . .”. 147
“San Diego County . . . is Metropolitan’s *major* water user. . . and yet they’re similar to Met in the Colorado system. San Diego is the low priority user among all the Met users. . . .”. 147
Because of Disagreements Within the State, California Has Not Been Able to Bring a Unified Position to the Table since about November of 1995 147
“. . . since the Secretary’s speech last December, we’ve been sitting around waiting for California to get their own act together. Interestingly, they hired Abe Sofaer, the same guy we had hired to facilitate discussions among the three states, to try to facilitate discussions among the California users. . . .”.. 148
Arizona Has Passed a Law Encouraging Groundwater Recharge and Permitting Sale of Water to California and Nevada Through Forbearance Agreements.. 148
“. . . Nevada’s problem is relatively small. Nevada’s problem is a 100,000 acre foot problem. Out of a supply of seven and a half million acre feet in the Lower Basin, 100,000 acre feet takes care of Nevada for a long, long time. . . .”.. 148
“What we’re talking about here is the *sale* on a year-to-year basis of the *use* of that water, but not a permanent *right* to the water. Also not a major

change in the Law of the River. . . ”. 149
Some of the Ins and Outs of the Ideas Involved in Water Transfers to Other States 150
“We were contemplating user-to-user transactions, where a user in California or Arizona, or *any one* of the three states, could give up water that they had historically put to use in favor of use in another state. . . ”. 150
“The states have *never* had any control. It’s only as a matter of comity . . . we have deferred to state recommendations when it came to making allocations of use within a state. But ultimately, the authority for conferring a right to Colorado River water rests *solely* with the Secretary and not with the states. . . ”. 150
“. . . the reason why Arizona objected so strongly, is they just did not like the idea of the Federal Government having that kind of control and decisionmaking authority as it relates to the transfer of what *they* viewed as a state water entitlement. . . ”. 150
Status of Talks in January 1997 with CAWCD about Their Repayment Obligation. . . 152
CAWCD’s Repayment Obligation Is in Litigation. 152
“The financial problems that we have with C-A-W-C-D are really all an outgrowth of the failure of the irrigation districts and C-A-P to, one, be able to take and use all of the irrigation water that was allocated for their use and also *pay* for that irrigation water. . . ”. 152
“The original . . . financial plan, for Central Arizona Project was that the project would deliver a million and a half acre feet annually for use, and . . . most of that water would be delivered to the non-Indian irrigation water users. . . ”. 153
“. . . non-Indian irrigation folks on C-A-P . . . were allocated a lower priority water, and they were given the right to use whatever the higher priority M-&-I and Indian users didn’t take. . . . there’s about 640,000 acre feet of the C-A-P water that was allocated to municipal and industrial use and currently around 440,000 acre feet of water allocated for Indian use, and those are the two top priorities. . . ”. 153
“The long-term plan on C-A-P was that initially the M-&-I users wouldn’t be able to use all of their allocation, and also likely the tribes would not be able to use all of their allocations. So the ag users would use all the water first, and then over time, as the M-&-I and the Indian users grew into their demand, the irrigation entities would give their supply up. . . ”. 153
“. . . as the project came on-line and we started to initiate repayment of the project, the financial structure that had been put in place and the contracts that the irrigation districts signed said that not only would they take all of the water that the Indians and the M-&-I users didn’t use, but they also agreed to *pay* the O-&-M costs associated with that water, whether they took it or not. . . ”. 153
“. . . the ag users had financial problems, and they weren’t able to pay the capital costs of the distribution systems . . . they weren’t able to pay their share of the fixed O-&-M costs. . . ”. 154
“. . . C-A-W-C-D then came forward with what we considered to be some fairly unique interpretations of the contracts that suggested that the United States was liable to pay a larger share of those fixed O-&-M costs than we

originally anticipated. . . ”. 154
“C-A-W-C-D started sending us bills for O-&-M costs that we didn’t think we were obligated to pay. We refused to pay them. That was the beginning of the . . . financial problems on C-A-W-C-D. . . ”. 154
“There were some ag economic problems. Farm prices were low, and there was also an insect problem . . . that caused significant reductions in production, and that really accentuated the agricultural economic problems on the project. . . ”. 155
“In 1990, we began to realize that there were going to be some financial issues that needed to be dealt with that really called for the whole project to be financially restructured . . ”. 155
“. . . C-A-W-C-D would agree to . . . assume the financial debt that the irrigation districts had taken on to build their distribution systems. . . . Then the United States would get a . . . proportionate share of the water based on its financial contribution. . . . Reclamation would agree, to *adjust* the repayment schedules of the irrigation districts to more favorable terms so that the value of the repayment would be reduced . . . then we would be able to use some of that water for Indian water right settlements, and C-A-W-C-D would get some of the water . . . for allocation to M-&-I water users. . . ”. 155
“. . . irrigation districts would then not be using as much water . . . that freed up some of the project power to be sold commercially and generate additional revenue. We estimated that the additional revenue . . . was somewhere between 20 and 30 million dollars a year. So *that* money would then be focused on paying that 30-million-dollar-a-year O-&-M bill. . . .:”. . . . 156
Why the Plan to Relieve the Irrigators’ Debt and Reallocate CAP Water Failed 157
United States Obligations Regarding Payment of O&M Charges for Various Indian Groups Receiving CAP Water. 157
“. . . non-Indian irrigation districts objected to the plan, because they thought the water resource that they were giving up had much more value than the debt relief and the O-&-M payment relief that we were providing in this program. . . ”. 158
“[We jointly] developed that plan, and we weren’t able to get the details of it implemented. . . . The White Paper fell through. . . ”. 158
“. . . in 1993, the aqueduct system was basically complete, and under the terms of the contract we felt compelled to go ahead and initiate repayment, even though we didn’t have the financial issues squared away. So we issued notice to C-A-W-C-D that repayment was beginning and that beginning in January of 1994 they would have to start making . . . significant payments on the project. . . ”. 158
CAWCD Interpreted the Repayment Ceiling Much Differently than Did Reclamation and That Exacerbated the Financial Disagreements on CAP 159
Adding Scrubbers to the Smokestacks at the Navajo Steam Generating Station 159
“Navajo Powerplant . . . we have a 24 percent interest in that powerplant. It’s

operated by the Salt River Project . . . and we use the energy there to pump water in the Central Arizona Project and also to be sold commercially to generate revenues to repay the project. . . .”. 159
“Total cost for the scrubbers at Navajo was around 500 million, and our share was about 100 to 125 million. So that was an additional cost that got added on to the Central Arizona Project. . . .”. 160
“. . . a new interpretation on the contract on O-&-M that said we had . . . a larger obligation to pay . . . than was originally intended . . . Well, now C-A-W-C-D came in in 1993 with the initiation of repayment with a position that their repayment obligation really wasn’t the 2 billion dollars that *we thought* was plainly written in the contract, but it was 1.78 billion, and we were now saying, ‘. . . really going to be 2.2 or 2.3 billion. It’s going to be a higher number, not a lower number.’. . ..”. 160
“. . . we found ourselves not only with a significant issue with C-A-W-C-D around the payment of O-&-M, but now we found ourselves with a very significant issue around the payment of the capital costs of the original project. . . .”. 161
“. . . in January of 1994 we began negotiating, trying to reach a negotiated settlement with C-A-W-C-D around all of these issues. Who pays the O-&-M? What’s the repayment ceiling? . . .”. 161
About October/November of 1994 Secretary Babbitt Moved to Elevate the Negotiations to Higher Policy Levels on Both Sides. 162
January/February of 1995 the Negotiators Reached an Agreement in Principle 162
The United States Got 240,000 Acre Feet of Water for Indian Water Rights Settlements, CAWCD Agreed to Pay Significantly More than They Had Claimed Was Their Responsibility, and O&M Cost Repayment Was Settled. 163
CAWCD’s Water Pricing to Non-Indian Irrigators Incensed the Indians for Various Reasons.. 163
“. . . the tribes were incensed that there was price discrimination going on in the operation of the Central Arizona Project by C-A-W-C-D. . . .”. 164
“. . . the bottom line is, two years ago we had an agreement in principle with C-A-W-C-D to resolve all the financial issues. We ran into the same problem, or a similar problem, to what we had when we developed the White Paper. . . . we ran into *all kinds* of difficult, complicated, contentious issues that tied us up and made it difficult for us to move forward. . . .”. 164
“Most of those issues were brought forth by the C-A-P Indian tribes. The tribes did not trust the 45 million-dollar trust fund . . . basically C-A-W-C-D wanted to condition any tribe’s benefit of that trust fund to a condition that the tribes agree to waive any claims of racial discrimination or any lawsuits that they might bring against C-A-W-C-D for price discrimination. . . . The tribes did not want to agree to that. One of the other problems that we had with the tribes was they wanted some say in the operation of the Central Arizona Project. We were reserving an additional 240,000 acre feet of water for use by the tribes as part of this financial agreement. That brought the total use of C-A-P water by the tribes up to . . . nearly *half* of the project water supply. . . . the tribes were

concerned that C-A-W-C-D would not necessarily represent their interests in operating the project . . .”. 165
“. . . C-A-W-C-D has to come to us . . . for approval of every contract action . . . they wanted to sever those ties. . . . So we had agreed . . . to *give* them some autonomy. We put some language in . . . that C-A-W-C-D would be given latitude to manage their share of the C-A-P water supply and that the Secretary would not *unreasonably* withhold his approval . . .”. 166
The Indian Tribes Informed Reclamation They Wanted to Be Treated on Equal Footing with Any Other Purchaser If CAWCD Wanted to Sell CAP Water 167
CAWCD Refused to Agree to the Clause Guaranteeing the Indian Tribes Equal Status with Any Other CAP Water User. 167
“. . . it was not a bad negotiated deal. . . . the Indians did *not* like the deal. The *deal* was good for Indian tribes. . . . It got a *lot more* water for Indian tribes, and it got their O-&-M costs paid. . . . and we got a 45 million-dollar trust fund for tribes to pay their O-&-M. It was a *great deal* for the tribes, and the tribes just did not like it. They didn’t trust us, they didn’t trust C-A-W-C-D, and they weren’t happy with the agreement. . . .”. . . 168
After an All-night Negotiating Session, Reclamation and CAWCD Reached a Compromise.. 168
“The compromise that we reached was, we’ll take the whole dang thing out. We’d take that whole clause out. We wouldn’t be giving equal footing to tribes, but we wouldn’t also be saying that we would not unreasonably withhold our approval. . . .”. 168
“. . . they took that to their board, and their board didn’t like that. . . . Their board unilaterally changed the contract language and came back putting *their* language back in that we had taken out and not putting in the equal footing language for the tribes. So they came back and they presented to us some language that was not acceptable to the tribes and was not acceptable to the United States, and this is two days before the Secretary is going to come to town. . . .”. 169
The Governor of Nevada Called President Clinton and Complained about the Agreement on CAP. 169
“. . . we always kept C-A-P separate from Colorado River issues. The financial issues on C-A-P are over here . . . But they’re *not* related to the Colorado River issues, at least . . . the Bureau of Reclamation, has never linked the two of them in any way. . . .”. 169
Reclamation Released its Regulations to Facilitate Water Marketing and Water Banking in May of 1994, and Arizona Particularly Objected to Those 169
Reclamation Set up its Technical Committee to Work Through Those Issues 170
“. . . Nevada concluded that Arizona was getting *its* deal on C-A-P, but it wasn’t getting *its* deal on the Colorado River, and Arizona was suddenly becoming intransigent on issues around the Colorado River. According to the newspapers, Governor Bob Miller of Nevada, who apparently has close ties to President [Bill] Clinton, called the President . . .”. 171

Indian Refusal to Support the Repayment Negotiations Happened at the Same Time Nevada Complained to President Clinton about Arizona Getting a Deal on CAP. 171
"The way it got played out in the Arizona press, the headlines in the *Arizona Republic* was 'Clinton Squelches C-A-P Deal.' 'Bob Miller of Nevada called President Clinton and put an end to our C-A-P settlement.' And it got played that way in the Arizona press. And quite frankly, the Secretary got treated, *I thought*, very shabbily by the press in Arizona *and by* the C-A-W-C-D, and the Arizona water establishment . . .". 172
". . . the whole deal on C-A-P fell apart. We didn't get the agreement signed, and the C-A-W-C-D about two weeks later filed lawsuit, to resolve all of the issues that we had been negotiating since 1990 . . .". 172
". . . we think we have a good legal case on the legal issues, but it is such a complicated set of subjects. In fact, we have circumstances that *changed* when the original contracts were put in place, the failure of agriculture, other circumstances, and it just *calls* to get back to some kind of a negotiated settlement. . . ".. 173
Colorado River Issues Still Continue and the Secretary Made Another Speech in December at the Colorado River Water Users Meeting in Las Vegas.. 173
The Colorado River Compact did not settle all the issues "Because there's changing needs over time on the Colorado River system, and agreements . . . were reached a long time ago. Society, and the economy, and the West has grown and changed a lot. It's hard to make the resources and the way they were divided back then fit the needs of today. So we're having to try to make adjustments . . .". 174
". . . we're *not changing* the Colorado River Compact, and we're not *changing* the Boulder Canyon Act, and we're not *changing* the U.S. Supreme Court decree. What we're doing on the Colorado River right now is to try to *accommodate* the changing needs of the economy and society within the framework that that law provided. That can become contentious, and that can become complicated. . . ". 174
"The Boulder Canyon Act [in 1928] . . . laid out a proposed allocation on how Colorado River water in the Lower Basin should be allocated [among the states]. . . . ".. 174
"What's happened is that . . . the apportionments haven't necessarily matched the . . . developing needs over time. . . ".. 175
"Las Vegas . . . In less than ten years, we'll have a need for more than 300,000 acre feet. . . . So Las Vegas is literally going to outstrip the supply that was apportioned under the Boulder Canyon Act in 1928. . . ". 175
Nevada Needs a Relatively Small Amount of Water in Terms of the Whole Lower Colorado River Basin Allotment. 175
"If you look at it from an economic perspective, the value of using the water for municipal and industrial purposes in Nevada is very high . . . If you look at the other uses within the Lower Basin, out of the 7½ million acre feet, about 5 million acre feet is delivered for irrigation use. Much of *that* water is used on cotton and barley and alfalfa, which are all relatively low valued crops. Farmers would be thrilled to receive a payment of 100 or 200 dollars an acre foot for the use of their water. Las Vegas would be thrilled to pay 100 or maybe even 200 dollars for the use . . ". 176

". . . that's what we're trying to do is to open up those markets to allow those voluntary exchanges or transfers to occur in this capitalistic system that we operate in. . . ". 176
How to Accommodate M&I Needs While Also Protecting States' Entitlements and Operating Within the Framework of the Law of the River. 177
"The Law of the River, and *all* laws have to have flexibility over time to *accommodate* the changing needs of society, don't they? Isn't that kind of what we're going through over a seventy-year period? . . ". 178
Arizona Has Passed a Goundwater Management Act Which Allows Water Banking and Interstate Sale of up to 100,000 Acre Feet of Arizona's Colorado River Entitlement. 178
". . .Nevada pays today for taking surplus, unused Colorado River water, diverting it through the Central Arizona Project canal, and storing it in groundwater, with the understanding that in some future year, when Nevada needs more than its entitlement, Arizona will reduce its use on the river in lieu of Nevada's diversion and use of a portion of their [Arizona's] entitlement up to the amount of water that was put in groundwater storage. Arizona would then pump that water put in groundwater storage back up, and use it locally to replace the Colorado River water that they otherwise had a right to. . . ".. 179
Reclamation Needs to Develop Regulations Defining How it Would Manage the Water Banking Program.. 179
"Whether or not Nevada's participation in this Arizona groundwater bank infringes on California's ability to use unused apportionment is going to be a ticklish issue that the regulations will have to deal with, and we'll have to sit down with the three states and figure out what water can be stored and when the pumping can occur to put that water in storage. . . " 179
"So there's some things going on out there that can help accommodate these changing needs, and there is some flexibility among the states recognizing the need to be more flexible in our management of the river system. There's a flexibility among the states to allow some innovative kinds of things to occur. . . ". 180
Secretarial Responsibility to Annually Declare Shortage, Normal, and Surplus Water Conditions in the Colorado River System. 180
In Recent Years the Lower Basin Has Approached Using its Full Entitlement of 7.5 Million Acre Feet. 181
In 1996 the Secretary Declared a Surplus Condition and the Lower Basin Used 8 Million Acre Feet of Water–the First Time Use Exceeded the Allocation 181
". . . this has brought is a raging debate now among all seven states about what conditions constitute being able to declare a surplus, and what conditions don't support being able to declare a surplus. . . ". 181
"One of the reasons that that is such a significant debate is we have different users on the system with different priorities in times when there's not enough water to go around. . . ".. 182
"California wanted to use more than 4.4 million acre feet, and was claiming that

Arizona's 2.8 million acre feet was being used on the tributaries in the Salt River Project in the Phoenix area . . . California had their eye on taking the mainstream water that had been allocated to Arizona, and putting it to use within California rather than letting the Central Arizona Project develop. . . .". 182
Supreme Court Decision in 1964 Said Arizona's Entitlement Was 2.8 maf out of the Colorado River plus Development Within Arizona on the Colorado's Tributaries–California Could Take Any Unused Part of Arizona's Entitlement.. 182
Only 550,000 Acre Feet of Colorado River Water Goes to Southern California's Metropolitan Water District with the Balance of 3.85 maf Allotted to Agricultural Use.. 183
". . . Los Angeles all the way down to San Diego. . . . it's their long-term use that's been supported by the unused apportionment. . . . their traditional diversions from the Colorado River system have been about 1.2 million acre feet, but their long-term right . . . is only 550,000 acre feet. . . ." 183
". . . within California, if we can't declare a surplus under the priority system that exists, the entities that have to reduce their use are the metropolitan areas in southern California . . . So that creates a difficult political issue. . . ." 183
". . . one of the political arrangements that Arizona had to agree to in order to get the Central Arizona Project authorized was . . . They had to *agree* to reduce the Central Arizona Project uses to zero before California *ever* had to take *any* reductions in times of shortage. . . .". 184
". . . that has made Arizona very sensitive to the . . . possibility of shortage on the Colorado River system, because Arizona's going to be required to bear the brunt of any shortages that might occur in future years. . . .". 184
When California Argues for a Surplus Determination, Arizona Argues Against on the Grounds That They Would Have to Bear a Shortage During Drought in Future Years.. 184
"So we've had this debate with Arizona having the strong concern about getting into a shortage condition, and arguing against any kind of a surplus determination. . . ".. 184
". . . since about 1990 we've been having this debate when we first reached that 7½ million acre feet. We've had this surplus debate on an *annual* basis as we've developed our operating plan on the Colorado River system . . ." 184
"Last year [1996] we kind of got our nose pinned to the wall because . . .the demands, in fact, did exceed the 7½ million acre feet. The only way that we could make that available was to bite the bullet and say it's a surplus condition. . . . We had the worst period of record on the Colorado River system from 1988 through about 1994. . . . we had some wet years in '94 and '95, and we *recovered* significant amounts of storage . . . Because of that *recovery* in the storage system, we felt relatively confident that we could actually declare a surplus condition next year for '97, and also for '96 when the demand existed. . . .". 185
Use of Colorado River Water in 1997 Was less than the Average Annual Flow 185

Allocated Use Is Larger than Average Annual Flow in the Colorado River Basin 185
". . . current use is about 13 million acre feet, so *all* of the allocated uses are not yet occurring. . . . So we have use right now that's about 2 million acre feet less than what the flow is. . . ". 186
". . . California wants us to establish some criteria that would define the conditions under which a surplus exists. . . . get a specific set of guidelines that kind of tell us how that decision is going to be made . . . I think all of the states think that's a good idea. ".. 186
"Now, what we're going to have is we're going to have a debate over what that criteria should be. . . ". 186
Secretary Babbitt Charged Reclamation to Develop Guidelines for Development of the Annual Operating Plan and Determining the Water Year Status on the Colorado River, and Reclamation Is Going to Work with the States 186
". . . concern of the other Colorado River Basin states that California could not, cannot politically reduce its use to live within its basic apportionment of 4.4 million acre feet. . . ".. 187
The Other Basin States Believe Southern California's Plan to Reduce its Reliance on More than 4.4 maf Will Probably Rely on Intrastate Water Marketing 188
It Appears Interstate Water Transfers Can Accommodate Las Vega's Needs 188
The Seven Party Agreement Allocates Priorities for California's Colorado River Water. 188
". . . that system is not a very good water entitlement system because it implies that the higher priority users have an elastic water right that, for instance, Palo Verde can expand its use. If they can put more water to beneficial use, it has the right to expand its use. . . ".. 189
"Imperial's use alone among the uses in California is as much a 3 million acre feet. They requested 3.3 million acre feet in 1997. We've got some issues with them around that water request . . ". 189
". . . that kind of entitlement system . . . creates . . . one low priority user, i.e. Coachella, who kind of becomes a stumbling block in allowing water to transfer from the irrigation use to the urban areas. . . ".. 189
". . . we have this tiered priority system that places an intervening ag priority between the selling ag interests and the urban areas that we have to satisfy. . . ".. 190
Until California's Colorado River Water Allocation System Is Fixed to Facilitate Intrastate Transfers the Other Basin States Are Reluctant to Support Surplus Determinations. 190
There Is Continual Friction Between the Imperial Irrigation District and Coachella Valley Water District over One Anothers' Use of Water. . . . 190
After notifying California in 1990 that it would have to stay within its 4.4 maf allocation on the Colorado River, ". . . we pressed the California entities in '91 and '92 to revise the Seven Party Agreement. We gave them some deadlines. . . ". 191

The Solicitor Has Advised Reclamation That the Secretary Could Simply Issue an Administrative Order to Define the Entitlements of Each Party in the Seven Party Agreement. 191
". . . we're ready to reconsider that issue and to actually issue an order to resolve the entitlements issue under the Seven Party Agreement. In fact, we're meeting with the California users tomorrow, and that's basically what we plan to tell them . . . maybe give them a three- or four-month period of time, and tell them that unless they come up with a plan on how to revise . . . that we'll go ahead and issue a secretarial order that causes it to be done for them. . . ". 191
". . . we've really kind of got three initiatives that we're pressing on right now. One is this interstate marketing plan. The second is the surplus analysis and guidelines that we need to develop that defines how much water is available. The third one is helping California develop a plan that gives the other states comfort that when the time comes for California to reduce their use, that the water entitlement mechanism will be in place that will allow that to occur. . . ". 192
". . . it's the classic example of what we mean when we say the new mission of Reclamation is to be a water management agency. These are legal and institutional issues. . . . related to how we manage this river system that we have jurisdiction and responsibility for . . . examples of how Reclamation is carrying out its new mission as a water management organization, rather than a construction organization. . . ". 192
A Key to Success Is Maintaining Open Relationships with the Water Users and People in the Department and Reclamation to Assure Everyone Knows What Is Going on and Why the Actions Are Being Taken. 193
"You don't let *any* of your issues become personal, and you try to make sure that people understand that when you do have issues, that you're doing it in a way that is professional, and that you're not a disagreeable person, that you've got issues that you've got to deal with. I think usually people *respect* that . . ". 193
You Have to Deal Effectively Locally and with the Political Leadership. 194
Secretarial Responsibilities on the Colorado River Are Supported by Reclamation Which Effectively Serves on behalf of the Secretary as the Watermaster on the River. 194
Secretary's/Reclamation's Role in the Lower Colorado River Basin Is Unique and Effectively Is Substituted for the State Engineers' Authorities. 195
". . . the role of the Secretary on the Colorado River system is different in the Lower Basin than it is in the Upper Basin . . . We're still the operators of the reservoirs in the Upper Basin, but the management of the water rights and the entitlements is left to the states in the Upper Basin, whereas . . . the Lower Basin has been, in essence, federalized by the Boulder Canyon Act. . . ". 195
"I think that there was an attempt probably early on back in the 1920s for the three states to have a more autonomous role in managing their water entitlements in the Lower Basin, but . . . there was so much contention . . . between Arizona and California . . . and the states could not *agree* on how the water could be divided, that that issue could only be settled by the national government that dictated that the Lower Basin be federalized . . ."

. 196
Congress Included a Suggested Lower Basin Allocation in the Boulder Canyon Project Act in 1928 Though it Did Allow the States to Create Their Own Compact Regarding the Lower Basin If They Could Agree. 196
"The states *literally* cannot agree on these issues. . . . Unless the Federal Government is there, *I think*, to provide leadership in moving forward and crafting solutions to these issues, we'll never get solutions. That's the role that we have to play, *especially* here in the Lower Basin where we have this contentious set of issues between the three Lower Basin states. . . ." 197
The 1964 Decision in *Arizona v. California* Struck down Contracts the State of Nevada Had Entered into with Other Entitites to Use Colorado River Water Because the Secretary Was Not Signatory to the Contracts. 198
Differences Between Arizona and California's Interpretations of the Federal Role on the Colorado River. 198
Reclamation Begins Development of the Annual Operating Plan for a Colorado River Water Year in March or April of the Year Before. 199
Reclamation Broadly Invites Interested Publics to Participate in Discussions Leading up to the Colorado River Operating Plan.. 200
The Operating Plan for the next Year Is Usually Presented to Interested Parties at a Meeting in August or Early September, Then Revised, and Sent to the Secretary.. 201
Secretary of the Interior Babbitt Has Been More Interested in the Colorado River Issues than Have Most Secretaries.. 201
Working on the Annual Operating Plan So Far in Advance Works on the Colorado Because of the Large Storage Capability on the River.. 202
". . . most of the storage on the Colorado River system is in Mead and Powell. . . . Out of *60* million acre feet, *50* million acre feet is in those two reservoirs. So we've got five-sixths of the storage behind two dams. . . ".. 203
The Colorado River Is Over-allocated with 16.5 maf Allocated for Use and an Average Annual Flow of 15.5 maf "So there's always been, on the Colorado River system, this long-term concern for shortage. . . ". 203
"Shortages are going to *someday loom*. There's not going to be enough water. If everybody uses all the water that's been appropriated, we're going to have the inflow *less* than that average annual use, and there's going to be chronic shortages on the river system. . . ". 203
"If they didn't have Lake Powell to hold this large amount of storage so that they could release water, they would have to draw out of their upstream reservoirs, that they're using, to meet their compact commitment to the Lower Basin. So Lake *Powell* is really the mechanism that allows the compact to work. Otherwise the Upper Basin would live in chronic fear of having to drain all of their Upper Basin reservoirs to meet their compact commitment. . . ". 204
Increasing Politicization of Reclamation in the 1970s.. 205
Reclamation Reform Act During 1987 When He Was in Washington, D.C.. 206
Reclamation Was Developing Implementing Regulations for RRA. 206
"I was not directly involved in the RRA regulations. At that time, the RRA activities were mostly being led out of the Denver office. Phil Doe was

the chief of that group in the Denver office. . . . the Denver office wrote the RRA regulations. We did, I think, provide some input from my office . . . most of those were being handled by the Denver office and by my *boss*, Jim Cook, who at that time was the chief of the Water, Land, and Power Division in Washington. . . . The water users were generally upset over the tone and some of the things that were being written into those regulations, and there was lots of controversy . . .". 207
In D.C. He Provided Policy Oversight for Contracts for Water Service and Repayment 207
"There was *not* a similar office that had responsibility for that in Denver. That was *always* handled . . . out of the Commissioner's office. So my job, as head of that group back in Washington, was to work with the regions on all their contracts. . . ". 208
". . . we set the policy for what needed to be included in contracts. . . . we reviewed all the bases of negotiations that were prepared by the regions. . . . amend a water contract or a repayment contract or enter into a new contract of any kind, they were required to prepare a *basis* of negotiations that would outline the issues and the position of the United States on those issues . . .". 208
". . . once the contracts were negotiated, we generally required them to be sent back to us again for review and final approval before execution. . . ." 208
Issues with Contracts on the Central Valley Project. 209
Contract Renewals on the Central Valley Project Were Just Beginning. 209
Friant Contracts Were the First Ones up for Renewal and Reclamation Was Buying into the Water Users' Arguments That the Legislation Required Contracts with a Fifty Year Term. 209
"The debate that we had at the time that *we* were there was what kind of NEPA compliance [National Environmental Protection Act compliance] should be required as we entered into these contracts. . . .". 210
". . . decision that was made, I think, by the Assistant Secretary . . . was . . . that it was a non-discretionary act, it was required, the renewal was required under the act. I think at least *initially* the Department agreed with the water users that NEPA compliance was not required. . . .". 210
". . . after I left . . . some environmental groups brought litigation and . . . the court ruled that an EIS had to be done, not just an environmental assessment, but a whole EIS had to be done on the whole contracting program. . . .". 210
Soon after Arriving in D.C. the 1988 Reorganization Was Announced and Went Through Several Permutations.. 211
Bumped out of His Job During the Reorganization.. 212
Asked by Ed Hallenback and John Brown to Take the 400 Chief Job in Boulder City.. 213
". . . they made it really clear that there is another job for you in Denver, if I wanted to go to Denver, and I was prepared to go to Denver. I *would* have gone to Denver, if something didn't pan out for me outside. . . ".. 214
"Terry Lynott was very accommodating . . . Terry talked to me and said, 'We have a spot for you in Denver. We'd really like you to come,' and was

really very nice about offering a position in Denver . . .". 214
Frank Ellis Bumped Him out of His Job in Washington, D.C.. 214
Liked Working with Terry Lynott. 215
Appointment as Acting Regional Director and Then Regional Director.. 216
"I wrote an e-mail to Dan Beard . . . that basically said. . . I had been here for quite a while, had a lot of experience with the region, felt like I had a vision for where the region needed to go and at least wanted a chance to be considered as the Regional Director. . . ." and made the same pitch to Assistant Secretary Betsy Rieke. 217
Selection as Regional Director.. 217
". . . my vision was that we needed to create flexibility on the Colorado River system, and I had a vision for water marketing and trying to put in place a system that would allow water to be transferred among entities. . . .". 218
Urbanization and ESA Have Changed Water Needs on the Colorado River System. 218
". . . water marketing and water transfers and exchanges is the win-win approach to facilitating contemporary needs . . . my vision for what needed to be done, is promoting those kinds of ideas and trying to create flexibility on how the river system is managed . . .". 218
". . . we just finished the Colorado River offstream banking rule, which is the first form of interstate cooperation in the Lower Basin that will allow Nevada to store water temporarily. It's a form of interstate water marketing . . ." 219
"I think before Bruce Babbitt had a vision to create more flexibility on the Colorado River system, Bob Johnson had a vision to create more flexibility on the Colorado River system. . . . 1996 the Secretary started a series of speeches at the Colorado River Water users where he began to lay out his vision, and a lot of that was based on thoughts and ideas that I had about how the river system should be managed. . . .". 219
"We're also in the process of trying to put a California plan in place that allows California to reduce its use of Colorado River water . . . a big part of that is it includes the idea of water transfers and moving water from the agricultural areas in southern California to the metropolitan area . . ." 219
The Work Requires the Support of the Secretary of the Interior and His Staff 220
". . . I was a part of originally having the vision for what needed to be done in the Lower Basin . . . it *grew out* of my experience as the chief of the Operations Division and as Assistant Regional Director for a number of years. . . . experience in dealing with the basin states and dealing with the issues . . . helped formulate in my mind . . . what needed to come forward. . . .". 220
In 1994 the Lower Colorado Region Put out a Set of Draft Regulations on Water Marketing. 220
Reclamation Is in the Process of Issuing Surplus Guidelines for the Colorado River.. 221
The Water Banking Regulation Became Final November 1, 1999. 221

"I think California and Nevada and the state of Utah are of a mind that that kind of water marketing on the Colorado River system is a good idea and there would be support in those states. The state of Arizona very carefully protects its entitlement under the allocation system and doesn't believe that anybody within that state has the right to reduce their use and allow that use to occur in another state. . . ". 222
In 1994 Reclamation Informally Circulated, for Review and Comment, Draft Regulations for Marketing Water in the Lower Basin. 222
Technical Committee Established to Look at Establishing Flexibility in Management of the Colorado River. 222
Water Banking Regulations Came out of the Technical Committee Discussions 222
". . . quite frankly, Arizona's got lots of water on the Colorado River system. They can grow into that use over time. There is no interest on the part of Arizona to facilitating flexibility on the system. So Arizona is kind of an unwilling cooperator. . . ". 223
". . . when *we* put out a proposal that says we're considering interstate marketing . . . it made Arizona kind of rethink their position . . . Arizona interests became concerned that we may go forward in implementing some form of interstate marketing even over their objections, and it was better for them to come to the table and help develop a proposal that they *could* live with than it was not to engage the issue. . . ". 223
". . . we could capture more water when we have flood flows . . . and increase the yield of the system. . . . now we're capturing the water, moving it off of the system and putting it in the groundwater . . ". 224
"California is developing a lot of groundwater storage capacity within the state of California–Coachella Valley Water District. It will just be intrastate rather than interstate. . . ". 224
Title Transfers in the Lower Colorado Region. 225
San Diego County Water Authority. 225
Boulder City Pipeline. 225
Wellton-Mohawk Irrigation and Drainage District. 225
Southern Nevada Water Authority. 226
"Salt River Project is an interesting one. From our perspective, Salt River Project would be an ideal project to have title transfer on. It's paid off. . . . They're a very large organization, very capable, manage the facilities very well. There's really no need for strong Federal involvement on the Salt River Project at all. The Salt River Project is not interested in title transfer . . ". 226
There Are Other Entities in the Region That Are Also Not Interested in Title Transfer. 226
". . . Salt River Project, I think, views itself as a public agency. They're a large utility in the Phoenix area, and I think that there are benefits that they are able to receive in the local environment by being a public agency in the local regulatory environment . . ". 227
Ciénega de Santa Clara. 228
Gila Project (Wellton-Mohawk Irrigation and Drainage District) Drainage Is Very Saline and Increased Salinity in the Gila and Colorado Rivers. 228

Committee of Fourteen. 229
Reclamation's Solution to the Problem of Increased Salinity in the Colorado River Because of Gila Project Drainage, Which Mexico Objected To, Was to Build a Bypass Canal So the Drainage Water Never Entered the Gila and Colorado Rivers. 229
". . . that drainage water, even though it's poor quality . . . when you put it in a desert environment down in this slough that exists, it's created a big body of water. It's anywhere from 100- to 160,000 acre feet of water annually, drainage water that's delivered down there. It's created a lot of habitat, over 10,000 acres of vegetation and a large body of water that's very significant environmentally. . . .". 229
". . . the basin states were concerned that this water is lost to the system and that, in fact, it robs 130,000 acre feet of water from the Colorado River system that otherwise would have been delivered to meet the Mexican treaty commitment. So the basin states felt like they were harmed by this diversion of water down into the country of Mexico. . . .". 230
The Desalting Plant at Yuma Was Intended to Make the Drainage Water Suitable for Delivery to Mexico.. 230
". . . we've created a very valuable environmental asset within the country of Mexico that accommodates the needs of endangered species, and as soon as we begin to operate that desalting plant and use that water and deliver it for consumptive use in Mexico, it will no longer be available for this environmental resource that exists down in the country of Mexico. There's strong objections from environmental groups . . .".. 230
"You could pay a farmer to fallow land for a *whole* lot less than 300 dollars an acre foot. . . .". 231
Environmental Groups Have Filed Federal Suit Against Reclamation Asking for Initiation of Endangered Species Act Consultation for the Colorado River Delta in Mexico–which includes the Ciénega de Santa Clara. 232
Environmental Groups Want Colorado River Water to Flow to the Sea of Cortez (Gulf of California) Through the Mexican Delta to Meet Environmental Needs. 232
". . . I don't know where the water's going to come from. There's not enough water now to go around on the Colorado River system. . . . even if we release the water that we would be able to control what happens once the water crosses the border and it's in Mexico. . . .". 233
". . . there may be things that can be done proactively in consultation with the country of Mexico, not under some mandate of the Endangered Species Act, but proactively through the State Department in discussions with the country of Mexico that might help enhance habitat and endangered species within the country . . .".. 234
"All that is still part of that vision we talked about earlier: how do we meet contemporary needs on the river system and not infringe on everybody else's, and how do we create some flexibility in the system to meet new needs. . . .". 235
The biggest obstacle to California staying within its 4.4 maf allocation on the Colorado River is ". . . their legal entitlement system that existed within California. It's

called the Seven Party Agreement . . .". 235
". . . a lot of people don't understand . . . there was as big a fight within California over Colorado River water and who got entitlement within the state of California . . . the California parties put in place . . . the Seven Party Agreement. . . .". 235
If the Water Was Available in the System, the Seven Party Agreement Allocated up to 5.2 maf. 236
". . . under a strict interpretation of that Seven Party Agreement, all of the reduction has to come from the Los Angeles metropolitan area, about a 600- or 700,000 acre foot reduction. And that's probably *impossible* to achieve. . . ".. 236
". . . that's 20 million people in an urban area that's dependent on that water supply now, and you can't probably *expect* them to make that kind of reduction in use, especially with the reductions that have occurred in other places in California . . . the State Water Project is not now able to divert the water that they thought they were going to be able to divert to southern California. The Mono Lake finding . . .". 236
Issues Caused by the Seven Party Agreement When Water Marketing Is Tried 237
". . . in 1988 Imperial supposedly agreed to transfer 100,000 acre feet to Metropolitan and proceeded to implement conservation plans to theoretically reduce their use of water. But during that same period of time, Imperial's use went from 2.5 million acre feet to over 3 million acre feet. . . ".. 238
". . . the Seven Party Agreement was *not* conducive to facilitating ag-to-urban water transfers. So the key component, in my mind, of the California plan is putting in place what we now term a quantification agreement that actually establishes some *limits* on the amount of water, at least, that Imperial is entitled to and that Coachella is entitled to . . .". 238
Reclamation Proposed a Quantification in 1992 That the Parties in California Hated. 239
It Appears a Quantification Agreement Is Close with Imperial Receiving 3.1 maf and Coachella 458,000 Acre Feet. 240
". . . Imperial then agrees to . . . selling water to Coachella and to San Diego and to Met, and *ultimately* Imperial's use is going to come down to about somewhere between 2.6 and 2.7 million acre feet. . . ". 240
Imperial Irrigation District Uses about 75 Percent of California's Entitlement and Close to 50 Percent of the Lower Basin's Entitlement. 240
". . . we've got an *Arizona versus California* decree to enforce. We might find ourselves having to tell the Los Angeles metropolitan area that they've got to reduce their use by 600- to 700,000 acre feet. And the political ramifications of that would be very serious and very difficult to deal with. . . ".. 240
Los Angeles Has Done a Lot to Improve Water Use and Conservation. 241
"The budget is never enough. We've been battling some budget issues. We always have more demand for the money. I mean, we've got some major programs, Title XVI being one, where we have a number of authorized projects and not enough money to go around in terms of the authorized projects that we have and the

commitments that we have. . . ”. 242
Underfunding Title XVI Because of the Budget. 242
Underfunding the Gila River Indian Community Distribution System. 242
Operations on the Colorado River, Including ESA Requirements Have Recently Been Underfunded. 242
Budget and Staffing Are down Substantially in the Lower Colorado Region. . . 243
“We think the staffing level is about right, and we seem to be holding our own on the budget. The budget is not enough. We have more demands for funds than we have money . . ”. 243
“. . . we *finally* have negotiated a settlement of our lawsuit with C-A-W-C-D over their financial aspects of the Central Arizona Project, and we have a *stipulated* settlement that the court has approved. . . ”. 244
“We’re reducing Arizona’s repayment obligation for the Central Arizona Project, and in exchange for that we’re getting about 200,000 acre feet of additional C-A-P water for use by Indian tribes. . . ”. 244
“So we really don’t have a final C-A-W-C-D settlement until we have a settlement of the Indian water right claims with the Gila Tribe and an act of Congress that . . . allows the *water* that we’ve set aside under the C-A-W-C-D to be committed to the Gila River Indian community. . . ”. . . . 245
The Secretary of the Interior Has Threatened to Allocate Unused CAP Water to the Tribes under His Authority as Watermaster if CAWCD Doesn’t Come to Terms with the Tribes. 245
The Secretary Requested That the Region Develop an Environmental Statement for Various Alternatives for Allocating Water to the Indian Tribes. The Preferred Alternative Is the Negotiated Settlement, but Other More Extensive Allocations Are Also Presented as Alternatives.. 245
Senator Jon Kyl, Through Legislation, Has Tied the Secretary’s Hands Regarding the Indian Water Allocation Issue. 245
The Three Big Phases of the CAWCD Litigation Are CAWCD’s Repayment Obligation, How Costs Were Allocated, and Payment of O&M Costs. 248
On the Cost Ceiling and CAWCD’s Repayment Obligation the Judge Ruled Against the United States.. 248
On the Cost Allocation Issue the Judge Pressed the Parties to Negotiate a Resolution. 249
“. . . following phase one and after the phase two trial, we started negotiating again with C-A-W-C-D to see if we could find a negotiated settlement. . . ”. 249
Before the Litigation Began Reclamation and CAWCD Nearly Had a Deal in 1995 Which Fell Apart over Indian Issues When CAWCD Unilaterally Changed the Agreement. 250
“. . . C-A-W-C-D was objecting to that language, mainly because they didn’t want to see the tribes ever get more than 50 percent of the water supply. . . ” 251
How CAWCD Changed the Contract. 252
“. . . the whole thing fell apart, and that led to the litigation, the finding by the judge that our position on the ceiling was incorrect, which was a big blow to us. . . ”. 253

In 1995 CAWCD Had Difficult Issues to Deal with Because Water Districts Were Not Able to Pay for the Water They'd Contracted for and CAP Was Costing More than Anticipated. 253
The 1995 Deal Included 240,000 Acre Feet of Water for the Indians, Including 65,000 Acre Feet of High Priority Municipal and Industrial Water. . . . 254
". . . this negotiated deal that we have today [2000] is, in my view, is probably not as good as the one that we had in 1995. . . .". 254
"The Gilas are located . . . south and east of Phoenix with a *huge* amount of arable land . . . So they have a very large piece of arable land, can justify the use of large amounts of water, and that's why their water budget is so big. . . .". 255
Allocated Costs on the Project Are Close to 3 Billion Dollars, but Many of the Costs Are Not Reimbursable. 256
"So after you go through the cost allocation and adjust all of the costs to consider what costs are reimbursable and what costs are nonreimbursable, you end up with a much smaller piece of the project is actually being repaid by C-A-W-C-D. . . .". 256
Construction Repayment and O&M Costs for Indian Water. 256
"Under the act, the O-&-M costs are going to be paid by the United States through monies that flow into the development fund. There's a development fund that was set up by Congress. . . .". 257
". . . main distribution systems are also treated as deferred or nonreimbursable under the act. But the O-&-M of those systems the tribes themselves will pay. . . .". 257
Nevada's Decision to Object to Arizona's Agreement to Settle the CAP Issues Possibly Stemmed from Nevada Not Getting What it Wanted in the Technical Committee Discussions about Allowing Water Marketing in the Lower Basin. 258
". . . this whole thing on trying to create water marketing, interstate water marketing, in my view, was aimed at trying to help Nevada, because you don't need interstate water marketing for California or Arizona in the Lower Basin. There's lots of agriculture in those two states. . . . But, see, Nevada doesn't have any agriculture. . . .". 259
"Nevada's just got a very small share of the Colorado River . . . They're bumping up against their entitlement, and there's not a lot of other water supplies available to southern Nevada . . .". 259
". . . we were trying to help Nevada by putting this more flexible system in place and allow them to buy water. But Nevada didn't view Arizona as being cooperative enough in that process. . . .". 259
Testified in the CAWCD Lawsuit Against Reclamation. 260
Because Reclamation Had Only a Very Short Time to Find out Whether the Department Would Approve the Agreement as Altered and Then Ratified by the CAWCD Board, Reclamation Prepared a Memo That Would Have Accompanied the Agreement for Ratification If the Decision to Go That Direction Was Made. 261
CAWCD Attorneys Found the Memorandum Which Was Pre-decisional, but it Caused an Issue During Testimony in the Courtroom. 262
An E-mail to Patty Beneke Regarding the Issues That Might Be Negotiated

Causes Problems at the Second Trial in the CAWCD Lawsuit. 263
U.S. Attorneys' Preparation of Government Witnesses.. 264
The Negotiated Settlement in 1995 That the Indians Would Not Support Was Actually Better than the Settlement Finally Arrived at. 266
". . . until *Congress* actually passes that act and authorizes all of that, the settlement is not final. And if somehow that falls apart, then this whole deal goes away. I think it's *possible* we could be back to court if that doesn't get passed or back to the negotiating table. . . .". 267
The Environmental Statement Regarding Surpluses on the Colorado River Was a Joint Effort of the Upper Colorado and Lower Colorado Regions. 267
For Preparation of the Annual Colorado River Operating Plan the Lead Switches Back and Forth Between the Upper Colorado and Lower Colorado Regions. 268
Jayne Harkins. 268
Endangered Species Act Issues in the Lower Colorado Region. 269
Razorback Sucker and Bonytail Chub. 269
". . . we've been trying to be proactive in addressing the needs of endangered species in the region, but we never felt like our operations, per se, was the major cause of impacts to the species. . . .". 269
Willow Flycatchers on the Colorado River Delta at the Upper End of Lake Mead 270
Introducing Razorback Suckers and Bonytail Chubs into the River. 270
Congress Had Not Funded Requests for Budget for Environmental Work. 270
Lawsuit over the Willow Flycatcher. 271
The Federal Courts Supported Reclamation's Position Regarding Management of the River and Willow Flycatcher Issues.. 271
How ESA Might Be Seen to Conflict with Existing Law and Precedent. 272
Alternative Actions That Can Take Place Without Affecting Anyone's Water Supply or Water Right. 272
Multi-Species Conservation Plan (MSCP). 272
MSCP is ". . . talking about the river from Lee's Ferry to the Mexican border, which is the length of the lower river. *None* of that is addressing Mexico . . .". 273
In a pending lawsuit regarding environmental issues in Mexico, ". . . we will be arguing that we weren't required to consider the section of the river in Mexico when we did that. That's not to say that we shouldn't do something proactive with the country of Mexico to try to address those needs in a proactive way, but, at least from a legal perspective, we don't think ESA applies there. . . .". 273
". . . one of the problems that this region has always had is having its employees scattered all over town. . . . about a year ago we started taking a look . . . Our buildings here in Boulder City . . . They're historical. . . . we've got a group of . . . employees located down in the Mead Building, and the Mead Building . . . about two miles out of town, maybe three miles . . . major repairs to the air conditioning and the water supply system [are required] . . . there's a big area that would be large enough to put some new buildings . . . over there on Date Street. . . .". 274
"We're not getting more employees, and we're not making more space, but we're creating some better space for our employees. . . .". 276

Reclamation's Centennial in 2002. 277
Reclamation's Birthday Party at Hoover Dam.. 277
Yuma Centennial Event. 279
Phoenix Centennial Event. 279
John Keys as Commissioner During the Centennial Year. 280
Title Transfer on the Wellton-Mohawk [Gila Project] and the Yuma Desalting Plant 281
The Gila Project Diverts its Entitlement for 278,000 Acre Feet of Colorado River Water at Imperial Dam.. 281
"They've got . . . *lots* of land that's been reserved as part of the project. . . ." 281
"We've had some really good successes in title transfer in this region, just transferring facilities. . . ". 282
". . . what's different about Wellton is they not only have facilities, but there's a *large* area of project lands that they want transferred as part of the title transfer. And, that's an important piece of the transfer, because they have long-term plans for developing, and using, those lands. . . ". 282
". . . when you have so much land involved you get so much, so many more complicated environmental, and archaeological issues . . ". 282
". . . it's taking *longer* than was originally intended to take, and it's *cost* more than was originally intended to take, and we've had some frustration by Wellton-Mohawk over the difficulty of doing the title transfer. . . ". . . 282
". . . it's a paid-off project, so there's no financial issues. There *have* been some issues related to withdrawn and acquired lands, and what the district should have to pay for. Acquired lands are lands paid for as part of the project, but withdrawn lands are public lands that were withdrawn from public use, that they *never* paid for. . . ". 283
Bringing California down to its Entitlement of 4.4 Maf of Colorado River Water. 284
". . . allocation of water and the history of the Colorado River, an awful lot of it has . . . evolved around the state of California. It was the state of California who was developing Colorado River water left and right in the early part of the century, under state law, that *really* brought about the initial discussions among the seven Colorado River Basin states about dividing up the water. California had the land and the economic wherewithal to be putting the water to use. . . ". 284
"The other states . . . weren't developing that quickly, and they saw California basically putting a claim on . . . a *huge* amount of the flow of the Colorado River, and they were concerned that . . . under the doctrine of prior appropriation that if California puts it to use first, the other states where the water originates and passes through wouldn't get to develop and use any part of the water. . . ". 285
Development of the Colorado River Compact in 1922. 285
". . . so, the coming about of the compact was really created by California, and the *fear* of the other states that California was going to get all the water. . . " and California continually wrangled, especially with Arizona over interpreting the compact.. 285
". . . *in the end*, the Congress went ahead and allocated the water . . . And, the Congress gave 4.4 million acre feet to California, and 2.8 to Arizona, and

300,000 acre feet to the state of Nevada, for the Lower Basin apportionment. . . ”. 286
“. . .very quickly California . . . developed and was using all of its 4.4 million acre feet. None of the other states were even close to developing and using their full entitlements. And, California continued to have its eye on *more* than 4.4 million acre feet . . . Arizona’s, big dream was building facilities to take water from the Lake Havasu on the Arizona side, from the river, and deliver it to Phoenix and Tucson. . . ”. 286
California and Arizona Disagreed about How Developed Tributary Waters in Arizona Counted Against Arizona’s Colorado River Entitlement. 286
Supreme Court Decision in *Arizona v. California* Ruled That Arizona’s Entitlement Was 2.8 maf from the Colorado River Mainstem. 287
“. . . the Supreme Court [also] said, “Even though California is limited to 4.4 [maf], as long as the other states aren’t using all theirs, it’s okay for California to take more, but it’s not a permanent right. And, when the other state wants their water, California has to give it up.”. . .”. 287
“So, California, even after the Supreme Court decision, until last year, or two years ago, was diverting five to 5.2 million acre feet, which was 6- to 800,000 acre feet more than their 4.4 million acre foot entitlement. So, you see, California again, in the history of the Colorado River, was being very aggressive in terms of trying to lay claim to more water. . . ”. . . . 287
“Another example . . . Even after Arizona won the Supreme Court ruling on their 2.8, they still had to get authorization for their project in Congress. And . . . when they approached Congress for the authorization, California blocked the authorization still, until Arizona agreed to make the Central Arizona Project entitlement subservient in priority to California’s entitlement. . . ” 288
“. . . that’s why this 4.4 plan, and the historical context is so important, because California has really been the center point of the traditional controversy on the river. And now, Arizona has, you know, in the last seven-, eight years, Arizona and Nevada have begun using their full entitlements. And so *now*, the realization of this Supreme Court ruling from 1963 and 1964 is coming to fruition, and California is going to have to reduce their use by 6- to 800,000 acre feet . . ”. 288
“. . . everybody’s very nervous because California’s such a big economically important state, and that’s a large amount of water for them . . . ‘Well, what are the political ramifications . . . economic ramifications of getting them to reduce their use?’ And, that’s even heightened when you stack on top of that the priority structure within California that gives the *lowest* priority to the urban area . . ”. 288
“So, when California reduces by 6- to 800,000 acre feet, under the priority system, it’s the urban area that has to take the hit, which is the major economic/political force within the state of California. . . ”. 289
Reclamation Began to Focus on this about 1990 When There Was Drought on the Colorado River.. 289
“. . . what *happened*, as we began the discussion as part of our annual decisions on allocating water, and we started talking about limiting Lower Basin use

to seven and a half million acre feet . . .”. 289
“So, basically, California comes along, you know, after all this debate, losing the Supreme Court decision, and the other [lower] basin states using all of their water, and California starts coming along in 1990 saying, ‘Well, we really don’t have to live with 4.4. All the Secretary’s got to do is declare a surplus and we can take more water. And, we can continue to take what we’ve taken in the past.’ Well, that *really* made the other states, you know, very nervous. . . .”. 289
“. . . in the early 1990s we had some difficult economic problems in Lower Basin agriculture, in the Central Arizona Project, but also along the river and in Imperial Valley, there was some white fly insect infestations, and so *water* use *dropped* way back in ‘92, and ‘93, and ‘94. And, as a result, we stayed under seven and a half million acre feet. So, the surplus issue didn’t have to get addressed . . .”. 290
“. . . by the mid-‘90s, the ag use and the C-A-P use was coming back up. We were through those difficult times. And, *again*, we start looking at California saying, ‘Oh gee. We can, you know, Lower Basin can take more than seven and a half, and we can continue to take our five to 5.2.’ Now, what was happening in the mid- to late ‘90s is we had a wet cycle. The reservoirs were full, and at least at *that* point in time it was pretty hard to argue with California that there wasn’t surplus water . . .”. 290
Unsure of Future Water Supplies, it Was Felt California Had to Develop a Plan on How to Live Within its 4.4 maf Entitlement on the Colorado River and That the Plan Could Not Place the Entire Burden of Living Within the 4.4 on California’s Urban Water Users. 290
“The devil was in the details, and it got really complicated. And, the *reason* it got complicated is the ag priorities in California, the irrigation uses in California were unquantified. . . .”. 291
“. . . you just had a priority system, and you had no quantification. And so, when you began to set up these ag-to-urban transfers to allow, you know, the reductions to occur by agriculture, this unquantified system made it *impossible* for those ag-to-urban transfers to occur. . . .”. 291
A 1988 Proposed Transfer of Water from the Imperial Irrigation District to the Metropolitan Water District of Southern California Highlighted Why Water Transfers Were Difficult under the Existing Agricultural Entitlements for Colorado River Water. 292
“. . . Coachella Valley Water District filed suit and said, ‘Imperial, if you reduce your water use, it belongs to us first, because we’re an intervening priority. So, before *Met* can have any of that water, it’s got to pass through us, and if we want to take it we can.’. . .”. 292
“. . . Metropolitan agreed to let Coachella have *half* of the conserved water. So, Met had to pay for all the conserved water, but *half* of it ended up being given as part of a settlement to Coachella, under that particular agreement, but then Coachella still reserved its claims on all future transfers. . . .” 292
“The second thing that made it apparent that it wasn’t going to work is, in 1988, when Imperial signed the agreement to conserve 100,000 acre feet, their water use was around 2.5 or 2.6 million acre feet. . . . But, by the mid-‘90s

. . . Imperial's water use was over three million acre feet. . . ". 292
Imperial Irrigation District's Perspective on its Increased Use of Water.. 293
"So, . . . it became really clear, *unless* you have a *quantified entitlement*, one for Coachella, and [one] for Imperial . . . so that you have some basis to measure that reductions in use actually occurs. And, until those things could happen, you had no way of facilitating water transfers within California. . . ". 293
The California Ag Entitlement System for the Colorado River Had to Be Fixed by Quantification and That Also Required Taking on the Issue of Defining Criteria to Determine Surplus and Assuring the Other Colorado River Basin States That California over the Long Term Could Not Depend on Surplus. 293
Secretary of the Interior Bruce Babbitt and Deputy Secretary of the Interior David Hayes Were Critical in Moving the Process Forward in California. 294
"By the end of their Administration there was . . . not an executed quantification agreement, but it *was* a detailed framework for quantifying California ag entitlements. . . ". 294
"What was also accomplished by the end of their Administration was a formal Record of Decision adopting what we call Interim Surplus Guidelines that defined when surplus water was going to be available. . . . under those Interim Surplus Guidelines California could have extra water, but they would be suspended if the California parties couldn't execute a final agreement by December 31, 2002. . . ". 294
Quantification Settlement Agreement (QSA) for the Ag Users of Colorado River Water. 295
Environmental Compliance for the QSA Was a Big Task for Reclamation. . . . 295
". . . we really never thought too much about . . . the difficulty in getting the environmental compliance completed. And, I don't think we recognized the issues with the Salton Sea, and the impacts that these water transfers were going to have on the Salton Sea, and how that would play in to achieve water transfers. . . ". 295
Salton Sea Issues. 295
". . . if you implement conservation then you reduce the amount of water that flows into the Salton Sea. *That* causes the Salton Sea to get *saltier faster*. It causes the potential increase in the loss to the fishery in the Salton Sea, which then has an impact on habitat for endangered bird species that use the sea. So, we ran square up against this ESA . . ". 296
". . . we still got to do the transfers, and allow the reductions in water to occur, but we've got to do that in a way that doesn't reduce inflows to the Salton Sea for fifteen years. . . . You still have to have all that drainage water going into the Salton Sea to preserve the flows, and the *only* way you can do that is to begin to take, literally take land out of production in the Imperial Valley so that you're reducing crop consumptive use . . ". 297
As the Deadline for Completion of the Project Loomed, Bob Hertzberg of the California Assembly, Began to Work on Developing an Agreement Which Was Reached in October, a Few Months Before the Deadline. 297
". . .in about November, Imperial began to change its mind . . . the local

community was up in arms. . . . the farmers were all in favor of the deal within Imperial . . . but the board does not represent the farmers. The board is elected in the community at large. . . .". 298
". . . by Christmastime it was clear that we weren't going to have a QSA and that the Secretary was going to have to take action to reduce California by the full, I don't know, 800,000 acre feet beginning January 1, 2003. So, we were up against the wall, and recognized that we needed to make that decision. . . .". 298
"There were *very* strong concerns that had been being expressed towards Imperial Valley, going back to the '60s to the Supreme Court decision, that Imperial did not put all of its water to reasonable and beneficial use, that they were, in fact, *wasting* water, and using *more* water than they needed to grow the crops that they were growing. So, there had been this *long* controversy over Imperial's water use over the last forty or fifty years. . . .". 299
"In the 1980s there was a claim brought before the State Water Resources Control Board that IID was wasting water, and the State Water Resources Control Board made a finding that they were, in fact, wasting water, and issued an order that required Imperial to reduce their use by 100,000 acre feet. . . ." 299
". . . if we said they were efficient, we would have gotten litigation from the parties that were affected. If we would have said that they're wasting water, we would have gotten litigation by Imperial. So, you know, what was really looming at us on December 31st, 2002, is, 'Who do we cut in California?' You know, I mean, 'Do we conclude that IID is wasting water and cut them, or do we take it all out of the urban area and say that IID is efficient?'. . .". 300
"We can *cut* California, but we knew that within California nobody was going to agree on how those cuts should be distributed. . . .". 300
". . . we recognized. . . *many* years ago, that this issue of beneficial use that we may find ourselves in a position of having to address the issue of beneficial use. In *fact*, the Secretary, in the 1960s, put in place a set of regulations under the Code of Federal Regulations, CFR Part 417, procedures for determining beneficial use of Colorado River water. . . ." 300
"You have to understand, beneficial use is a very complicated concept, and nobody agrees on what beneficial use is. And, for us to have a formal regulation that defines that for the Lower Colorado Region is really kind of unique. . . .". 300
". . . at the end of 2002 . . . the decision that we made was we had to cut California by . . . somewhere around 600,000 acre feet, and we . . . concluded that IID was wasting water. . . . reduced their water order by about 200,000 . . . and then the rest of the cut we put on the Metropolitan area. . . . somewhere around 400,000. . . . immediately, IID sued us . . . the court held a hearing and . . . basically issued a preliminary injunction barring us from reducing IID's water use. . . .". 301
". . . we had to go back and change the allocation to reduce California's water use. And we ended up, instead of putting 200,000 acre feet on Imperial, we

cut, we had to cut Coachella . . . by about a hundred, and we added another 100,000 acre feet to Met's reduction. . . .". 301
"The primary reason that the judge . . . upheld their request for preliminary injunction is because the judge said that we 'did not follow our own criteria.' . . . we'd developed, back in the 1960s, regulations on beneficial use . . . And, we had not followed those provisions to the letter . . . but the judge then remanded . . . the process back to us. . . .". 302
Reclamation went back and followed the process and "that [new] decision reduced IID . . . actually a bigger number than what we gave them at the beginning of the year. I think we concluded that there was probably, for 2003, a non-beneficial use of around 260- or [2]70,000 acre feet of water. . . .". 302
"What happened then . . . is Imperial began to kind of warm up to the idea of going back to the QSA. And, one thing I need to emphasize, one of the things that Imperial always accuses us of is that, 'We were just doing that to put pressure on, that they really don't waste water, but the Secretary is only doing that to kind of protect the urban interests, and so we're just beating up on them, because, you know, they're efficient stewards of their water,' and that sort of thing. . . .". 303
". . . this has been a tough issue for us. The idea of the Federal Government making a determination of beneficial use just scares *every*, every water user in the Western United States, because normally those are matters left to state law. We did *not* make a decision about beneficial use lightly, and it was a straight-up decision. It had *nothing* to do with the politics within California, or anywhere else. . . .". 303
Reclamation studied IID's water use for years and ". . . hired the *best* technical, Dr. *Marvin Jensen*, who is the probably premier ET, you know, evapotranspiration expert, you know, for crop use. . . .". 303
". . . we went through this process and it got remanded, and we made a decision, and I think when Imperial *saw* the quality of our decision, I think that they came to the conclusion that maybe it was better to go back to the QSA and try to negotiate a solution, and get that back in place, and do this in a voluntary, rather than in this litigative framework . . .". 304
". . . what we did under Bennett Raley that was different . . . we only became the party to a very simple ten-page agreement between the Secretary and the California parties that very specifically and carefully defined the new quantified amounts . . . streamlined at least the Federal part of the QSA significantly . . . provides a framework that's going to be easier for future administrators of the river to manage, because it's a clear concise, ten-page document. Everybody calls it the 'ten pager.'. . .". 304
The Federal QSA in California. 305
"One of the other things that was significant that happened is that the state of California really stepped up to try to facilitate among the California parties. . . .". 305
What Appeared to Be a Plentiful Water Supply at the End of the Clinton Administration Turned into a Drought, and That Caused Met[ropolitan] to Rethink its Interest in the QSA. 305

"Well, we kind of stepped back, you know, after the deal tanked, you know, at the end of 2002, and we had to deal with the reductions and beneficial use, that's where the focus of our activities went. . . ". 306
Governor Gray Davis Stepped in to Facilitate Development of the QSA. 306
". . . last year, in 2003, California, for the first time, only used 4.4 million acre feet. We enforced, we successfully enforced the decree. And *this year*, again, because of the drought, California will only use 4.4 million acre feet. . . ". 307
Issues Between San Diego and the Metropolitan Water District of Southern California 307
San Diego Is the Largest Single User of Met Water and Has the Lowest Priority Water in the Met System, So They Are Especially Vulnerable in Times of Shortage. 307
San Diego Saw a Water Transfer with IID as an Opportunity to Improve Its Low Priority Within the Met System by Using IID's High Priority on Colorado River Water. 308
San Diego ". . . wanted to then have Met . . . reserve a piece of their aqueduct, and deliver that water to them *at* a reduced rate in order to allow these water transfers and this QSA to come together. And there were some very difficult issues there between Met and San Diego that had to be ironed out . . ". 308
California Internally Facilitated Discussions Between San Diego and Met. . . . 308
"Basically, what came out of that [in 1995] was, San Diego got the guaranteed space . . . to have Met deliver them the water, and they got that guaranteed space at a reduced rate. And, in return for that, the state legislature agreed to pay to line the All-American Canal, conserve about 100,000 acre feet of water, and allow that water to go to Metropolitan. . . ". 309
The compromise ". . . changed at the very end in 2003. Instead of *Met* getting the free water from the canal lining, San Diego got it. . . . The state's paying for the water. But now, Met will get payment for the full wheeling price in their aqueduct by San Diego. . . ". 309
San Diego Was Pleased to Get More Water. 309
For Policy Reasons, Met Was Happy it Did Not Have to Provide Reduced Cost Wheeling for San Diego's Water. 310
The San Diego/Met Final Compromise Came Just Before Signing of the Quantification Settlement Agreement. 310
One of the Reasons IID Refused to Agree to Filing of the Final Environmental Report for the QSA Was Their Concern They Might End up with Liability for the Salton Sea. 311
". . . there's always risk. . . . of litigation from environmental groups, and courts that may make rulings that are unexpected, . . . There are *always risks* that you're going to have litigation and a court's going to disagree with some of your decisions, or you didn't comply properly with NEPA or ESA. . . " 311
". . . IID . . . were . . . probably to the extreme risk-averse. . . ". 311
". . . IID is. . . very internally focused . . . and I think this is a function of the fact that the board is elected, you know, by the population . . . there is no willingness to step forward and make decisions, *important* decisions, and

they *leave* the negotiations strictly to their lawyers, and they don't give their lawyers advice on the extent to which they are willing to make compromise, or accept risk. . . ". 312
". . . in the end the board did vote for the program, in spite of the objections of the local newspaper, and editorials, and everything else in the local area, and there *were* three board members that were willing to step up and vote for the plan. . . ". 312
Nevada, the Surplus Guidelines, and the Quantification Settlement Agreement. 313
"Well, when . . . the QSA didn't get signed, and the Surplus Guidelines were suspended, and we had to reduce California's water use, we had to also, under the Interim Surplus Guidelines, suspend Nevada's use of surplus water. So . . . we cut Nevada's water order by 30,000 acre feet, which is 10 percent of their use. So, Nevada inadvertently got affected by the falling apart of the QSA. . . ". 314
"Nevada's got some really difficult water issues. They're up to their full entitlement. They would *like* to be able to make arrangements with other states. . . . Nevada has, you know what, 3 percent, 4 percent of the Lower Basin supply. A really small portion, 300,000 acre feet out of 7.5 million. . . ". 314
". . . in California, what's the solution for the urban area? They can go buy water from agriculture. . . . If the urban areas in Arizona need more water, they can go buy water from agriculture within Arizona. . . ". 315
". . . southern Nevada, has no agriculture. One of the reasons Nevada didn't get a bigger share of Colorado River water is there's no arable land . . ". . . . 315
". . . there's no ability for Nevada, within the state, to buy water from agriculture to take care of their urban needs. So, . . . Nevada would like to be able to do . . . interstate arrangements where it could pay farmers in California, or farmers in Arizona, and be able to allow that water to be moved to Nevada's use. Of course, that's a huge interstate issue. . . ". 315
"Nevada's also looking north, into the central parts of Nevada, and tapping the groundwater supplies that exist up in the central part of Nevada. . . " 315
"In the QSA negotiations . . . Nevada stepped in, Pat Mulroy stepped in and says, 'Well, we'll pay the environmental costs if we can have even some of the water.'. . . They would *love*, they would *pay*, and they would *pay handsomely*, for interstate cooperation to get and use Colorado River water. . . ". 316
Groundwater Supplies from Central Nevada Will Be "Hugely Expensive" for Southern Nevada. 316
" . . . skeptical that that's even possible for Las Vegas to pull it off . . . Economically I think they can do it, but environmentally and politically, you know, within the state, I think they have some very very difficult hurdles to overcome. . . . I . . . think that their solutions best lie in some form of interstate cooperation on the Colorado River. And, we have been trying for *years* to encourage interstate water marketing, or water transfers, or water banking . . ". 316
Why the Interstate Water Banking Program Established in the 1990s Doesn't

Assist Nevada Now. 317
Nevada Might Desalt Ocean Water in California and Do an Exchange with Metropolitan, but There Are Environmental Issues with a Project like That 317
"Every time you turn in water development, it doesn't matter what solution you come up with, there's complicated issues associated with trying to get it implemented. . . .". 317
". . . Nevada is in a pretty precarious position from a water supply perspective. They're implementing very significant water conservation programs. . . ." 318
". . . Arizona thinks that they object strongly to the idea of Nevada looking outside the state boundaries for any of its water supplies. . . .". 318
". . . under the Interim Surplus Guidelines . . . the surplus water is allocated 4 percent to Nevada, 50 percent to California, 46 percent to Arizona. . . . Arizona, because they don't need surplus water for the next fifteen years . . . Arizona agreed to let Nevada and California have all of the surplus, under the Interim Surplus Guidelines. . . .". 318
The Drought Caused Met to Decide to Live Within its Entitlement of 4.4 maf 319
". . . what Arizona is really doing is they're trying to put pressure on Nevada to develop their in-state resources, and to turn away from using Colorado River water. . . .". 320
". . . in my mind the Nevada solutions are easy. They don't put a big burden on the system, and there's plenty of money from southern Nevada to keep everybody whole. . . .". 320
Yuma Desalting Plant. 321
Increased Salinity in the Gila River Flowing into the Colorado River Adversely Affected the Quality of Water Delivered to Mexico and the Solution Was a Bypass Canal That Carried Drainage from the Gila Project into the Area That Became Mexico's Ciénega de Santa Clara. 321
Congress Determined That Gila Project Drainage Water Had to Be Replaced for Use in the United States, and Designated Lining the Coachella Canal and a Desalting Plant as the Way to Do That. 321
"We have the world's largest reverse osmosis desalting plant in Yuma, Arizona, but it's never really been operated because we haven't had to. . . .". . . . 322
The Drainage Water, While Saline, Has Created a Large Wetland [Ciénega de Santa Clara], and There Will Be Environmental Impacts from Diverting Water Away from the Wetland. 322
Expects Litigation If the Bypass Water Is Reduced, and the Question Will Be Whether the United States Is Responsible for Environmental Effects in Mexico. 322
". . . we know . . . there's probably some risk associated with that litigation. And, if you get . . . a judge that says 'There is a transboundary impact, and you have to address it under ESA,' it sets a precedent for the whole Mexican border . . . and for the whole Canadian border. . . .". 323
The Desalting Plant Is Expensive to Prepare for Operation and to Operate, and it Has Big Environmental Impacts. 323
Buying Water from Farmers Will Probably Save the Government Money and

Provide Replacement Water. 323
Reclamation Recently Queried Irrigation Districts to See If They Were Willing to Forbear Use of Some Water and Allow it to Be Purchased. 324
Budget and Other Issues Related to the Desalting Plant. 324
Ciénega de Santa Clara. 325
Alternatives That Might Avoid Desalting the Bypass Water.. 325
"So, you could clean up that Yuma Valley groundwater at probably less cost. The problem is . . . You can't probably get the full 100,000 acre feet, and you will also possibly run into issues with Arizona over that being groundwater that really belongs to the state of Arizona, and that you're somehow impacting their use of that water. . . ".. 326
". . . you think you've found a solution that ought to work, and something comes up. . . . that's just the nature of water, and it's full of controversy, and it's still, I think, a fun area to work in, and there's tons of challenges, and it's really hard to find solutions, but when you do find solutions it's very rewarding. . . ". 326
". . . the things that we're dealing with now aren't the kinds of problems that we dealt with in the past. I mean, all of these things that I'm talking about here in terms of managing the Colorado River, they're legal, they're institutional, they're policy, they're political, they're social, they're all of those sorts of things. That's what we're really dealing with here. We're not dealing with building dams. . . . endangered species . . ". 326
". . . from 1936 when Hoover Dam was finished, until 2003 we just delivered all the water everybody wanted. . . . basically management of the river was fairly easy, because demand was less than supply. You just delivered . . ". 327
". . . management of the Colorado River was easy, and the challenges then were the construction and the engineering. . . ".. 327
". . . we have done studies of the ciénega, and it is a significant resource. . . " 328
". . .I am . . . concerned about the environment of the ciénega . . . my bigger concern is if we don't find a solution that leaves the ciénega alone, we could end up with a legal burden and a legal determination that we don't want to have, that would make . . . managing the river with Mexico much more difficult. . . ".. 328
Settlement Legislation for CAP Issues Has Been Introduced in Congress. 328
New Mexico Has Raised the Issue of the Commitment of 18,000 Acre Feet to it During CAP Development.. 329
". . . that area of Western New Mexico doesn't have the demand for 18,000 acre feet of water. . . . twenty years ago we could not find either economic or environmental justification for moving ahead with the project. Nevertheless, New Mexico views it as a commitment and what they obtained as part of the C-A-P authorization, and they want their share . . ." 329
"Everybody says, 'It's a presidential election year and major water legislation always gets passed in presidential election years.' . . . a huge amount of water and a huge amount of dollars associated with it. And, there's been talk of . . . putting together some sort of an omnibus bill that would include the CALFED Program . . . and a bunch of other water projects and

bills and that sort of thing, to get the political support . . .”.. 330
“. . . the whole C-A-P financial litigation settlement is contingent upon the passage of this legislation. And, we had a deadline. . . . Well, the three years came and went, I think, a little over a year ago. . . . we did renegotiate that time frame . . .”.. 330
“. . . C-A-W-C-D’s repayment obligation is reduced, but the amount of *water* that they get is significantly reduced. . . . [more] has now been set aside for use by Indian tribes, and under the repayment arrangements that we had with C-A-W-C-D, the costs of the project associated with Indian tribes is nonreimbursable. . . . that’s kind of the Federal justification for being able to negotiate a lower repayment obligation. . . .”. 330
Water Levels and Power Production at Lake Mead/Hoover Dam Have Dropped Due to the Drought. 331
“. . . California plan, we reduced California by 6- to 800,000 acre feet. That’s that much less water going through the generators. So, it’s less energy. It’s less efficiency. It’s less head. . . .”. 331
“. . . if you look at the hydrograph on the Colorado River, that’s the history. Droughts, dry years come in cycles, and wet years come in cycles. And, you can see them in the hydrograph. So, you’re hoping that this is the end of a five-year dry cycle, and now we’ll have a five-year wet cycle, and the system will be able to recover. . . .”.. 331
“. . . on the Colorado River, we’ve had five years of drought and we still have a system that’s half full. I think we’re 53 percent full today after five years of drought. And while we have cut back California, in the scheme of things, that’s a fairly small amount of cutback that we’ve had . . .”. . . . 332
Reclamation Is Working on a Drought Management Plan with the Colorado River Basin States. 332
“. . . under the *worst* case assumption, that being that with the five years we’ve had we now tack on another sequence of 50 percent of normal years, that we still wouldn’t reach levels in the reservoir before 2009 that would require formal shortage. . . .”. 332
“. . . one of the big issues that’s come up with this drought is, ‘Is the Upper Basin going to have to make a compact call?’ Are they going to have to reduce their deliveries to the Upper Basin users in order to meet the seven and a half million acre feet delivery to the Lower Basin? . . . even under worst case, that that doesn’t happen . . . that would be a major, major event . . .” 332
Multi-Species Conservation Plan in the Lower Colorado Region “which is how we obtain long-term compliance for ESA . . .”. 333
Environmental Groups Brought Litigation in 1997 Wanting Reclamation to Hold the Level of Lake Mead down to Protect Habitat of the Endangered Willow Flycatcher. 333
Reclamation Successfully Defended Itself in Court Arguing it Didn’t Have Discretion to Keep the Level of Lake Mead down. 334
“We actually wrote a letter to the [Fish and Wildlife] Service saying we didn’t have discretion to do the things that they were asking, which we kind of innocently wrote here in this region, and we didn’t send it back to Washington, or to the solicitor or anybody else, we just wrote it. . . .”.. 334

". . . we got what most water people view as a very precedent setting and favorable court decision related to management of the Colorado River and management of ESA in general. . . ". 334
Willow Flycatcher. 335
". . . environmental groups were arguing in the litigation that . . . our program was inadequate, it was not large enough to address the issues of endangered species on the Colorado River. . . . agreement between us and the Service *and* the three Lower Colorado River basin states to pursue a very *robust* endangered species protection program that was labeled the Multi-Species Conservation Program, that would be a comprehensive fifty-year plan . . ." 335
". . . a huge amount of money and effort that's gone into trying to put this M-S-C-P [Multi-Species Conservation Plan] plan in place, and we've done it. . . ." 335
How the "No Surprises" Policy of the Department of the Interior Endangered Acceptance of MSCP. 336
Disagreement over Cost Sharing Responsibility for the $610 Million of MSCP Costs. 336
Water Banking Deal Between Arizona and Nevada. 338
". . . basically what Arizona is doing is they're saying that they will *literally guarantee*, this is a very *firm* commitment for a very firm water supply of 1.2 million acre feet to Nevada, to actually give Nevada enough water to meet Nevada's needs for the next thirty years. . . ". 338
This Is Somewhat Counter to Arizona's Conservative Stance about Protecting its Entitlement to Colorado River Water. 338
The Lower Colorado River Basin States Couldn't Agree How to Split the Basin's Entitlement of 7.5 maf so the Congress Did it in the Boulder Canyon Act in 1928. 339
". . . the idea of having that water entitlement *used* by another state is a very very foreign idea to the state of Arizona. And, for *them* to enter into an agreement to guarantee a water supply out of that entitlement to another state is a *major* change in their approach to doing it. And, my understanding is, Nevada's giving them like $330 million . . ". 339
". . . for Arizona to enter into that kind of agreement, is really very significant, and I think the true reason, and this has been documented in the newspapers, the true reason that they're willing to do that is to get Nevada's political support to get the C-A-P [Central Arizona Project] priority equal with everybody else in the basin. . . ". 339
This Is Not a Permanent Solution to Southern Nevada's Water Supply Problem 340
California Is the Only Colorado River Basin State That Potentially Has an Unlimited Supply of Water. 340
In Future Nevada May Be Able to Solve its Water Supply Problem Through Cooperation with California and Desalinization of Sea Water. 340
Southern Nevada Is Also Looking at Groundwater in Central Nevada as a Source of Supply. 340
". . . basically, the other basin states are saying, 'Nevada you can't be reliant on

somebody else's water supply, and you have to develop your own water supply, within your own state, to meet your long-term needs.' And, the only water supply that Nevada has is this groundwater in the areas north of Clark County. . . ". 341
Using Groundwater for Southern Nevada's Needs Will Have Environmental and Political Costs and Will Be Expensive. 341
". . . I think, in the end, Nevada's got to look back to the Colorado River for its long-term needs. . . ". 341
"If someone has a water problem, I think it's in the Bureau's interest, and the Secretary's interest, to figure out how to solve it. . . . if we don't, as watermaster on the river, ultimately at some point in time that problem ends up on our doorstep. . . ". 343
If Southern Nevada Cannot Meet its Water Needs the State Might Challenge the Colorado River Compact in Court. 343
". . . if Nevada took that on, and . . . you never know . . . how courts are going to see things. Especially if society is changing, social and cultural values are changing, and you've got an antiquated water allocation that's eighty years old, and you know, a whole different set of social values, and economy, and needs now. And, if the system doesn't *adjust* to accommodate some of those new contemporary needs, you've got a system that may end up in the courts, and you may end up with changes that people don't agree . . . with . . I mean, that's speculation. But, there's some risk there. . . ". 343
". . . we, I think, have to play this proactive role of . . . trying to figure out, well how do we bring all these parties together that takes care of everybody's water needs. Now, there are those that would say, 'Well, you know, that's too proactive of a role for the Bureau . . .'". 344
". . . it's frustrating for me, I mean there are times when we're working on these problems, and quite frankly I can see solutions that ought to work, and these statehood issues, and these political issues, and these institutional issues get in the way . . ". 344
A Good Solution Is Often Opposed for Political or Legal Reasons. 344
Issues Began to Become Difficult as the States Approached Using Their Full Entitlement. 345
Quantification Settlement Agreement. 346
In 2003 Imperial Irrigation District Transferred about 10,000 Acre Feet to San Diego and Then in 2004 Transferred 20,000 Acre Feet. 346
Inadvertent Overrun Guidelines. 346
Canal Lining as Part of the QSA. 347
". . . we've had the drought, and the QSA always anticipated that California would gradually reduce its use, and that they would get surplus water from the system, as long as the system had enough water to make that available. And now, with the drought, that gradual reduction that California was going to get under the QSA has gone away. And, in fact, California's use over these last two years has been reduced by 800,000 acre feet of water, to stay within their 4.4 entitlement. . . ". 347
". . . one thing that's going on that's really outside of our control, and that is there is litigation that is ongoing between a group of farmers in Imperial

Irrigation District and the district itself. Over . . . who really has the right to control and sell water in the Imperial Valley? Does it reside with the district, as an entity, or does it reside with the farmers . . .". 348
". . . the farmers are *very interested* in selling water. I mean, that's why they brought the litigation. Imperial Irrigation District is selling the water for a very high price, and they're paying the farmer a relatively low price. . . ." 348
The Difference Between the Irrigation Districts on Palo Verde and on Imperial 349
How Imperial Irrigation District's Proposed Transfer of Water to Metropolitan in 1988 Triggered Understanding of the Need for a Quantification Settlement Agreement. 352
It Took Fifteen Years to Get the QSA in Place. 353
Lining the Coachella and All-American Canals Will Save Nearly 100,000 Acre Feet of Water Each Year. 353
Issues Between Metropolitan and San Diego in Transferring Colorado River Water from the Imperial Irrigation District. 354
San Diego Planned to Get High Priority Imperial Water That Couldn't Be Cut off and Wanted to Use Met's Colorado River Aqueduct. 354
The California Legislature Directed the Director of the Department of Water Resources to Solve the Dispute Between Metropolitan and San Diego 354
The State of California Agreed to Line Both the All-American and Coachella Canals and Give the Conserved Water to Metropolitan in Return for Reduced Rates for San Diego to Use the California Aqueduct. 355
The State of California Also Became Involved in the Difficult Issues of Imperial and the Salton Sea. 355
". . . when you conserve and transfer water out of Imperial Valley, you reduce drainage flows to the Salton Sea, and that shrinks the Salton Sea. . . . diminishes habitat in the Salton Sea. It causes the Salton Sea . . . to become even more saline, and it creates Endangered Species Act problems. . . .". 355
". . . the state of California stepped in and solved part of the problems associated with QSA. So, they did it twice. One was to resolve the issue between Met and San Diego in the late '90s, and then *again* they did it right at the closure of the QSA where they, in essence, took responsibility for the Salton Sea. . . .". 356
At the End of Development of the QSA, Metropolitan and San Diego Reversed the Deal–San Diego Received the Conserved Water and Metropolitan Got Full Payment for its Costs in Moving the Water Through the Colorado River Aqueduct. 356
". . . there are very big differences of opinion between Met and San Diego over what cost is. And, Met's view is that costs are quite high. And San Diego's view is the costs are quite low. . . .". 357
Coachella and Imperial Are Having the Lining Done and Contracting for Construction, but Reclamation Has an Oversight Responsibility for the Projects.. 358

". . . we've probably just had the single biggest breakthrough on the Colorado River since the [Colorado River] compact and the [Supreme Court] decree. . . . the seven Colorado River basin states have come together and reached a fairly detailed agreement on river management for the next twenty years. . . ". 359
"All of the things that are in the basin states' proposals are *things* that we have been trying to implement since the early 1990s. . . ". 359
Water Banking. 360
Interim Surplus Guidelines and Quantification Settlement Agreement.. 360
". . . at *this* point this is just a proposal. . . . within the next two years we're going to have to go through a NEPA process . . . develop alternatives to prepare an EIS, to prepare a final EIS, and to issue a Record of Decision . . ." 360
"The states . . . made a recommendation that the Secretary do this. . . . the Secretary could do this without the consensus of the states . . . one of the things that drives the states to come together and agree on these sorts of things is that the Secretary makes that threat, that 'These are things that need to be done and I'm going to do them, and you guys need to give me a recommendation on how to do them. But, if you don't give me a recommendation I'm going to do them anyway.'. . .". 361
As Watermaster of the Lower Colorado River Basin, the Secretary of the Interior Has a Lot of Power derived from the Boulder Canyon Act and the Supreme Court decree in 1963-1964. 362
In the Entire Colorado River Basin, the Colorado River Basin Project Act of 1968 Charged the Secretary with Developing Long-Range Operating Criteria for the Entire Colorado River System, Including Lake Powell and Lake Mead. 362
In the Upper Basin the States Still Have Authority over Water Rights. 362
Changes on the Colorado River Have Been Driven by Arizona Approaching Full Use of its Entitlement under the Colorado River Compact, Southern Nevada's Need for More Water Supply for its Urban Area, and Significant Drought on the Colorado River System. 363
In the Early 1990s Reclamation Realized California Would Have to Reduce Colorado River Water Use Back to its 4.4 Maf Entitlement. 363
Because Nevada Had No Agricultural Lands along the Colorado River, its Water Entitlement Was Set at Only 4 Percent (300,000 Acre Feet) of the Lower Basin's Total Entitlement. 364
The Upper Basin States Became Concerned as Lake Powell Approached the Minimum Power Pool While Lake Mead, in Comparison, Was Relatively Full. 364
From Lake Powell, under current guidelines, Reclamation makes ". . . a *minimum* release of 8.23 to the Lower Basin because that represents the seven and a half, *plus* the *half* of the Mexican Treaty obligation. . . . the reason why it's not quite half is because the Paria River is an Upper Basin tributary that flows below Glen Canyon Dam . . . has about 20,000 acre feet average annual flow. . . . so that's where that number comes from. . . ." 365
The Upper Basin Has Argued That it Didn't Have to Release Water for the Mexican Treaty Obligation If There Was More than a Million Acre Feet

of Flow in Tributaries in the Lower Basin. 365
In 2005 There Was about 3,000,000 Acre Feet of Lower Basin Tributary Flow 366
". . . the Upper Basin interpretation . . . is that . . . a million acre feet . . . represents an allowance for tributary development within the states of the Lower Basin. . . .". 366
". . . Arizona has developed a lot more than a million acre feet of their tributary flow . . . the Salt and Gila River system in Arizona, Central Arizona has been, you know, extensively developed and used. And so . . . if that interpretation prevails Arizona is very much at risk of having to short their in-state tributary uses to meet Mexican Treaty obligations. . . ".. 366
Arizona and Colorado Have Geared up to Litigate the Issue of Use of Lower Basin Tributary Water to Meet the Mexican Treaty Obligation. 367
Nevada's Water Issues. 367
The Supreme Court Decision in *Arizona v. California* Interpreted Only the Boulder Canyon Project Act, Not the Colorado River Compact. 368
Nevada Is Moving Toward Development of Virgin River Water and the Upper Basin Is Asserting That the Lower Basin Already Has Developed its Million Acre Feet of Tributary Water. 368
State of Utah Objected to Southern Nevada's Proposed Development of Groundwater in Central Nevada. 369
Nevada Threatened a Lawsuit. 369
With Southern Nevada's Need for Water Driving Willingness to Go to Court to Get More Water, the Colorado River Basin States Began to Consider Options That Would Avoid Going to Court–where the Risk of Unacceptable Consequences Loomed. 369
The States Have Agreed to Allow Banking of Water. 370
"So, there's a new regime in terms of allowing an individual state's water supply to be stored and carried over and allow states to *pay* for conservation, *pay* for augmentation of the river, and then actually get the use and benefit of the water. . . .". 370
". . . very big breakthrough in terms of managing the Lower Basin. And, the whole reason it came about is because the states really don't want to get into this fight over the tributaries on the Lower Basin and how that's interpreted. . . .". 371
". . . the new criteria that they've proposed actually allows the two lakes to maybe rise and fall together. . . .". 371
The Basin States Proposed New Surplus and Shortage Criteria as Well as Criteria for Taking Surplus. 371
"Now, the Lower Basin states say that when they start taking shortage Mexico should also share in that shortage. The treaty makes provisions for that, and so we would anticipate that Mexico would share in those shortages . . .".. 373
". . . that whole thing . . . then you throw on top of that this idea that a water user in the basin can go *pay* to develop new water supplies and be able to claim those water supplies above their entitlement. *All* of those things, in combination, are huge. It's a whole new management regime for the

Colorado River system that is . . . win-win . . .”. 373
“. . . in 1994 we actually proposed a set of Lower Basin policies . . . we almost got our heads taken off for making that proposal, because they’re win-win. . . . The Basin wasn’t ready for them yet. . . . with the drought and the pressure of Nevada, and . . . the threat of litigation, and the risks to everybody we’ve had people come together and say, ‘Yeah, maybe these things really can work.’. . .”. 373
NEPA Compliance and Consultation with Many Affected Water Users Still Has to Be Completed Before the States’ Proposed Guidelines Can Be Implemented.. 374
“. . . rewards, in the water business, only come if you’re in the business for a long, long time, because change comes slow and you have to have forcing events . . . you press ahead . . . through all these years we’ve never backed away from our ideas . . . And we’ve continued to advocate for them . . . we haven’t said, ‘We’re just going to do them.’ . . .”. 374
Southern Nevada Has Agreed to Avoid the Question of Tributary Development by Not Developing its Project on the Virgin River. 375
“The problem with desalinization is not cost. The problem with desalinization is environment and environmental limitations. . . .”. 375
“. . . the wisdom . . . in California is that *eventually* . . . when their own demands are large enough and their own needs are significant enough that they’ll break the environmental nut. They’ll find ways to build . . . desalting plants in environmentally sensitive ways and get the appropriate approvals within the state. . . .”. 376
“. . . everybody believes that eventually ocean desal is the real new source of water supply that’s out there and that Nevada ultimately, *with this framework*, will be able to develop and meet all of its needs in the long term. Now, Nevada could go do desal with Mexico . . .”. 376
Issues with Mexico over Lining the All-American Canal. 377
Mexico Pumps about a Million Acre Feet of Groundwater a Year, and Lining the All-American Canal Will Reduce Recharge by about 67,000 Acre Feet Each Year.. 377
“We’re obligated to . . . comply with the treaty, to deliver the water supplies that are provided under the treaty. . . . we’ve never missed the quality or quantity obligations we have under the treaty. We’ve *always* met those. . . .”. 378
Mexico Isn’t Happy with What Has Been Going On, but Also Hasn’t Been Very Responsive Regarding Meetings and Providing Data. 380
Lawsuit over the Canal Lining, Including Mexican Claim on Seeped Water and Reclamation’s Environmental Compliance. 381
“About two weeks ago the judge threw out all of the claims of the plaintiffs *except for* the NEPA claim. . . .”. 381
Arguments on the NEPA Claims in the Lawsuit Had Not Yet Been Submitted 381
We will still have the diplomatic side to work . . . we will continue to have discussions on these three areas that we’ve agreed to work with them on . . . Mexico is making this a huge issue. . . . a big public issue. They’re raising it at the highest levels of government. . . .”. 382

"So far, the U.S. government . . . from the President on down . . . has maintained that it is our right to line the canal, and it is our intent to move ahead and get it lined. . . ". 382
"One of the other things that's *really* driving this right now is there's an election going on in Mexico, and they're in the heat of the campaign. . . . making a big public splash and big public statements about lining the canal, and protecting the Mexican interests sells very well publicly ". 382
Preparing NEPA Documents for Implementation of the Basin States' Proposed Management of the Colorado River Is a Joint Effort of the Lower Colorado Region and the Upper Colorado Region. 384
Reclamation Is Peripherally Involved in a Study by Southern Nevada of Tapping into Groundwater in Central Nevada, but Several Department of the Interior Bureaus Are More Involved Than Reclamation. 385
Reclamation's Relationships with the Colorado River Basin States and the Proposed Approach to Managing the Colorado River.. 387
". . . technically, our staff actually supported their negotiations. We attended many of their meetings. . . ". 387
"I don't know that the states could have come together if Reclamation weren't right in there with them, you know, working together to try to make it work, and threatening them with the Secretary's power . . .". 388
Water Managers from the Basin States Are Capable and Tend to Be Around for a Long Time. 388
"Colorado is a little bit of the Arizona of the Upper Basin. You know, Arizona is a little cranky. Colorado can be a little cranky on issues. . . ". 390
Lorri Gray Moved from Being Deputy Regional Director to Managing the Multi-Species Conservation Program. 392
". . . one of the things that I take the most pride in is the staff that we have and what a great staff we have. . . ".. 392
"I always say, there's three things that a top manager has to do . . .". 392
". . . Dan [Beard] was trying to change the organization . . . get new people in with fresh thinking . . . He knew that there was a strong set of Regional Directors . . . He de-emphasized the role of the region, . . . put a lot more emphasis in the role of the Area Offices. . . . try to change the *culture* and the mindset of the organization. . . ".. 393
". . . the other thing that he was trying to do is he was trying to get Reclamation organized in a way to be a water *management* organization as opposed to being a construction organization. . . ". 393
". . . prior to the reorganizations . . . we were still structured the way we were . . . '30s, '40s, '50s, '60s, '70s . . . Planning Division . . . Construction Division . . . Operations Division. So, . . . you plan projects, you design and construct them, and then you operate them and maintain them. . . " 393
". . . the idea of getting rid of deputies and all of that, and flattening the organization, was really to make that cultural change and to push all the old blood out and try to bring in new blood. . . ". 394
". . . where Dan hurt the Bureau. And, if he would have stayed on much longer he could have hurt us a lot worse. He had completely alienated our

traditional constituency, our water and power users, and . . . all he had to do was walk in the door. . . .". 394
"When Dan was Commissioner, even if we were trying to do a good thing with a water district . . . there was so much distrust we couldn't work with them, because they thought we had ulterior motives. . . .". 395
". . . one of the things that Eluid Martinez did when he came in, he immediately started working to turn that around. Eluid was a state engineer. He had traditional ties to the water and power community. He knew how important they were to the political survival of Reclamation. . . .". 395
". . . Eluid really deserves credit for reestablishing the relationship between the water and power users and Reclamation. . . . he did a great service for Reclamation. . . . Dan's contribution . . . It was time for Reclamation to make some change. And, . . . then Eluid . . . came in, and kept all of Dan's change from going so far that it destroyed us . . .". 395
John W. Keys III. 396
How Administration Changes Affect Reclamation. 396
". . . there was a huge change when we went from Ford to Carter. . . .". 397
Eluid Martinez's Issues with Reclamation Being Involved in "Water Management". 397
"I don't think we're having that problem here, and I think what it comes back to for us is that we are the watermaster. There is no state engineer as it relates to mainstem Colorado River water. And, the Secretary has direct control . . .". 398
"We have a policy. It's not a law, and it's an unwritten policy that we consult . . ." on Colorado River issues.. 398
"But, there have been instances of where we wanted to allocate some Colorado River water to Indian tribes over the state's objections. . . . the state of Arizona did *not want* that water allocated to Indian tribes. And so, there's been some conflict with Arizona around that . . .". 399
While Guy Martin was Assistant Secretary of the Interior and Dan Beard was Deputy Assistant Secretary, the Department of the Interior Decided to Allocate a Larger Share of CAP Water to Indian Tribes than Arizona Wanted. 399
". . . the Secretary decided to set aside a significantly *larger* water supply for Indian tribes and actually made the priority of the water supply for Indian tribes . . . an *equal* priority with M-&-I [municipal & industrial] demands. . . . the non-Indian ag demands became the lowest priority. . . .". 399
". . . there was a huge uproar over that by Arizona and, in fact, they sued the Secretary, arguing that the Secretary had made a major decision without doing appropriate NEPA compliance. And, the court agreed, and we went back and did NEPA compliance and *still* allocated the same amount of water to Indian tribes in 1983. . . .". 400
The Water Rights Settlement with the Gila River Indian Community Used Water Set Aside in 1983 as Well as Additional Water.. 401
". . . in 1980 Dan Beard flew out to Arizona and signed contracts with *all* the tribes for a much larger allocation. So, we actually entered into contracts with the tribes. . . . 'We're going to do it,' and they did it. So, there were binding contracts signed by the Department with the tribes for much more water than Arizona wanted to allocate to them. . . .". 401

"They were being offered a *contract* for 173,000 acre feet, and for whatever reasons the Gilas didn't sign it at that point in time. . . ". 401
". . . they [Reagan Administration] *affirmed* the allocation that had been made by Carter. The reason they affirmed that allocation is because Carter had entered into contracts that were binding, and so they didn't feel like they could go back. . . ". 402
James Watt of the Reagan Administration Tried to Allocate 173,000 Acre Feet to the Gila River Indian Community and Require That They Take Half in Effluent from Phoenix Area Cities. 402
"They ended up getting exactly what Andrus offered them, but then they got more added in later on as part of the negotiated settlement claim. . . ". 403
". . . today nearly half of the C-A-P water supply . . . somewhere around 680,000 acre feet . . . is allocated for Indian tribes in Arizona. . . ". 403
". . . some tribes . . . are using it for irrigation. Some tribes have marketed a share of that water to Phoenix area cities, and some of the water is yet to be used. And systems continue to be constructed, the main one being the Gila River Indian Community system . . ". 403
"C-A-P has turned out to be the *significant* source of water to settle all the claims for C-A-P Indian tribes. *Ultimately* though, Arizona doesn't lose that water. I think ultimately, the water from Indian tribes will *probably* be marketed for use to support growth in cities. . . ". 404
How O&M Is Paid on the Various Indian Water Rights Settlements. 404
". . . there's a chunk of water that's set aside for future . . . Indian settlements in Arizona . . ". 405
". . . the act provides that all of the money that comes in to the Central Arizona Project from repayment of the project goes into a revolving fund which then can be turned around and *used* to fund Indian systems *and* pay the O-&-M for Indian water deliveries. So, in the end all Indian tribes in Arizona will get, have access to these funds that would otherwise be used to repay the Central Arizona Project by the non-Indians . . ". 405
". . . the non-Indian irrigators couldn't use their water supply . . . part of the settlement was to take all that water that was going to . . . the *non*-Indian agricultural sector and allow that water to go over for use by Indian tribes. . . . that allowed us to relieve the irrigation districts of their repayment responsibility because they couldn't make their payments. And, it also allowed us to reduce Central Arizona Project's, the C-A-W-C-D [Central Arizona Water Conservation District], to reduce their repayment obligation. . . ".. 406
The Water Reclamation Got for the Indians in the CAP Settlement Is More Valuable than the Repayment Monies Reclamation Agreed to Give up 406
Issues That Came up with Tribes about the CAP Water Being Obtained by Reclamation for Them. 407
Using the Colorado River Basin Development Fund, into Which the Non-Indian Repayment for CAP Went, to Fund Indian Issues and Needs on CAP 407
". . . we have a huge source of funding now to actually get water delivered to

Indian tribes in Arizona that we didn't have before. . . .". 408
". . . we have Navajo Powerplant, and it's the source of energy to *pump* the water for the Central Arizona Project. And, we actually probably purchased more capacity than we actually needed. But, we also have a lot of flexibility on when we pump water and how much, and at what times of the year and that sort of thing. . . . there's *excess* energy . . . we get to *sell* . . . [revenues from] which [could] then go into this development fund that I'm talking about for Indian tribes. . . .". 409
The Power Contracts at Navajo Powerplant Have to Be Renewed in 2011. . . . 409
". . . in the long-term, you know, the financial value of that energy and capacity that we own at Navajo Powerplant may just take care of *all* of the financial problems for Indians and non-Indians even beyond the fifty-year period. . . ".. 410
". . . the marketing of the energy from Navajo does not have to follow traditional principles of Reclamation hydropower. Most Reclamation hydropower has to be sold based on its cost of production . . . the 1984 Hoover Power Plant Act . . . we interpret that act to say that Navajo can be sold at market, so we're not restricted to just some cost calculation . . . the marketing of that energy, is not the responsibility of Western Area Power Administration. . . ".. 410
Navajo Steam Generating Plant. 411
Salt River Project Was the Most Interested in the Power Generated at Navajo 411
". . . we just basically turned it over to Salt River Project and Salt River Project provides the pumping energy to C-A-W-C-D but then they take the rest and market and they send us a check for $45 million every year . . ." 412
". . . in 2011 . . . we may very well enter into new contracts with Salt River Project, but we *may* market that power to some other company and we *may* let Western market the power for us rather than Salt River Project. That's all yet to be determined, but all indications at this point are that the *value* of that power will be *much*, *much* more than that $45 million that we're getting right now. . . ." In addition, Reclamation will have pollution credits that can be sold to other powerplants.. 412
". . . pollution control credits, and the sale of them, have gotten so huge that we can sell the extra credits from Navajo for enough to more than pay back the original investment in the scrubbers. . . ". 413
"The money goes into the fund and then the Arizona Settlements Act . . . lays out how the money . . . gets spent. . . . without further appropriation by Congress. . . ". 413
". . . it's unique. . . . and it's a big benefit to the Indian tribes. . . ". 413
". . . the state of New Mexico, their [reward for] . . . support[ing] the Central Arizona Project, was that . . . Arizona had to commit 18,000 acre feet of its C-A-P water supply for use in New Mexico. . . ". 414
". . . New Mexico now gets somewhere between $80 [million] and $130 million to develop and use that 14,000 acre feet in western New Mexico, out of the Development Fund. . . ". 414
Work with the Navajo and Zuñi.. 415

Yuma Desalting Plant. 415
". . . we have this obligation under the salinity control act to replace that lost drainage water and so that the basin states are kept whole . . . in 2003 with the QSA and the drought and everything that was going on, we had to . . . reduce California water deliveries. And, when we *did* that, . . . we became responsible for replacing that lost bypass flow, that drainage water. . . . The Yuma Desalting Plant was built to *recover* that drainage water and put it back in the river to protect the water interests in the United States. . . ".. 416
The Issues with Desalting the Bypass Drainage Water. 417
Operating the Desalting Plant Is Very Expensive and Reclamation Is Looking at Other Alternatives. 417
CAWCD is the main advocate for operating the desalting plant because ". . . they're the ones that are harmed first by shortage and so they want to see as much water left in storage as possible and they really want to see the plant operated. . . ". 418
". . . we've talked to Arizona and proposed a framework for doing another demonstration forbearance program, but what we've also told them that what we would be willing to do . . . a short test operation of the Desalting Plant. . . ".. 418
". . . I don't think that the plant will be operated at full capacity. We may look at doing things like running some groundwater through the plant rather than Wellton-Mohawk water. If you don't use Wellton-Mohawk water you don't have the problem with the ciénega. . . ". 419
Water Issues with Mexico on the Rio Grande and Colorado Are Not Connected 420
Water Conservation, Part 417, and Water 2025. 421
"We try to do water conservation in a friendly incentive-based way, not through a enforced regulatory way. . . ". 422
Dan Beard's ". . . approach to water conservation was a *regulatory* approach rather than an *incentive*-based approach. Now, *in this region* we *have* taken the regulatory approach when we got involved with the reducing of California's water supplies under our 417 regulations that I mentioned. We actually imposed regulatory reductions on Imperial Irrigation District for non-beneficial use of water . . ".. 422
Reclamation Studied Imperial Irrigation District's Use of Water for Years. . . . 422
Reclamation Hired Marvin Jensen to Assist in Looking at IID.. 423
". . . what we found with Imperial was, basically, that probably about a third of the water that . . . is delivered for use in Imperial Valley runs off the end of the fields. About . . . 800,000 to a million acre feet of water . . . *It's cheap*, doesn't cost them anything, and they get all they want. It's cheaper to waste the water than it is to hire an irrigator to watch the water. . . " 423
". . . under the Quantification Settlement Agreement they had to . . . ultimately reduce their use from the three million acre feet down to about 2.7. . . " 424
The Salton Sea Issue as it Relates to Reclamation.. 424

"... most of the sea is probably ultimately going to become hypersaline and won't be able to support the fishery and the habitat that's there today. . . ." 424
Congress Directed Reclamation to Do Studies and Develop a Plan for Restoring the Salton Sea.. 425
"The Salton Sea Authority *did not like* what we had done because they have been doing their own estimates and their own program and *they've* got a plan that *they* say they can develop for about $500 million. Well, our estimates for the same plan were more like $5 billion . . .".. 426
"We did not put our studies out in public. But, . . . we're continuing . . . because we still have to submit a report to Congress . . . But what's interesting is . . . The state has now completed their own studies and they have gone public with their cost estimates and their cost estimates were higher than ours. . . .".. 427
". . . the authority has this big plan to build this levee and to pump water, fresh water, around the sea and they built this huge levee in the middle of the sea and they create this fresh water area that's around the perimeter of the sea . . .".. 427
Recent Reorganization in Reclamation's SES Ranks. 427
". . . I think all that is the Commissioner wanted to set up a system where he had fewer people reporting to him. . . . with the Dan Beard change and all of that you ended up with just a whole bunch of people reporting directly to the Commissioner. I think John felt like in order to be effective he really needed fewer people. . . .". 428
"He couldn't provide the kind of direct supervision that he liked, would have liked to, and so he established these three Deputy Commissioner positions so that he could limit his role. . . .". 428
California Had Been Given a Fifteen Year Period to Stay Within Its 4.4 maf Allocation, but the Recent Drought Changed That.. 429
"We had a decent water year last year, '05. We had five years of drought, 2000-2004, five years lowest in the 100-year record that we have, you know, the five-year total. . . .". 429
Bridge on U.S. Highway 93 Bypassing Hoover Dam. 430
Once the Bridge Is Open All Through Traffic Will Have to Take Highway 93 430
Access to Hoover Dam Will Be from the Nevada Side, and Access to the Dam on the Arizona Side Will Be Completely Closed off. 430
The Arizona Checkpoint Will Close, but Security Will Still Be a Big Issue at Hoover. 431
". . . the other big issue that's been front and center for us is the reimbursability of . . . security costs . . . by our power users. . . . OMB [Office of Management and Budget] initiated a policy that said that the power users had to pay the costs of guards and surveillance. . . .". 431
". . . at Hoover, we spend about . . . 5 million bucks, and at Parker and Davis it's like another million. . . . six or seven million dollars . . . being reimbursed . . . a significant add-on. . . . probably 10 or 15 percent of our costs at those facilities. . . . low reservoirs and the amount of water that we're releasing has been reduced. So, . . . the number of kilowatt hours that

we're generating is less. So, . . . the impact of those costs on the rate actually gets magnified because you have fewer kilowatt hours to spread it over. . . . it's a big deal to the power customers, *although* . . . Hoover power and Parker-Davis power is still *very inexpensive*, in comparison to other sources of power, no question about it. . . ." 432
". . . in this region we've taken all of our power O-&-M facilities, what we call 'off-budget' they're all paid directly by the power users. . . .". 432
The Multi-Species Conservation Program. 432
Reclamation Plans to Spend $18 to $20 Million Dollars a Year Developing Habitat for the Program for Twenty Years.. 433
Species Affected by the Plan. 433
Southern California Area Office in Temecula, California. 434
Title XVI, Wastewater Reuse. 434
Bill Steele.. 435
Urbanization in the Phoenix Metropolitan Area. 436
Drop 2 Structure on the All-American Canal. 438
Litigation Regarding Lining of the All- American Canal and NEPA Compliance for the Project.. 438
Concerns over Mesa Andrade Wetlands Fed by Seepage from the All-American Canal. 439
The Colorado River Basin States Have Reached Consensus on Operating Criteria for the River.. 441
Arizona Traditionally Argued That Any Water That Entered the Colorado River Became System Water and That No One State Could Individually Claim That Water as Theirs Nor Could You Build up a Credit by Not Using Your Entire Entitlement in Any Given Year. 442
The Drop 2 Plan Is a Small Storage Facility to Capture Water Released at Davis That Isn't Needed When it Arrives at the Diversion Point on the Colorado River.. 442
Congress Directed Reclamation to Build the Drop 2 Structure Without Regard to Any Other Provision of Law. 443
Southern Nevada will ". . . have to leave, I think it's . . . 5 or 10 percent of the conserved water back to the system. So, they won't get all the water but they'll get like 90 or 95 percent . . .". 444
". . . we did the studies with . . . all the California entities. . . . consulted with all of the basin states . . . And then as part of this discussion with the basin states over shortage and conjunctive management of the two big reservoirs, Nevada laid this on the table and said, 'Gee, we'd like to be able to fund this and get this water.' Nobody else was willing to fund it, because it's still pretty expensive water. . . .". 445
". . . Nevada will not get the water in perpetuity. They'll *only* get the water until their investment is repaid. . . . the deal is Nevada will pay $300 an acre foot for the water . . . then that'll revert to be a system facility and then it will benefit . . . everybody on the system as a whole. ". 445
Shortage Criteria on the Colorado River. 446
Shortage Criteria in the Lower Basin on the Colorado River. 446

Between 1999 and 2006, All but 2005 Was a below Normal Water Year on the Colorado River.. 447
". . . everybody's kind of come to the realization that the *possibility* of having shortages in the Lower Basin are coming to fruition. . . . with the *drought* it . . . became apparent . . . maybe shortages *are* nearer than we thought, and we ought to have some criteria in place that says how low the reservoirs go before we start reducing deliveries in the Lower Basin. . . ." 447
Reclamation Is in the Process of NEPA Review Which Includes Four Alternative Approaches to Declaring Shortage in the Lower Basin. 447
Shortages Are Borne Disproportionately in the Lower Basin. 448
". . . Central Arizona Project uses a million and a half acre feet of water, and under the way that law is written, Arizona would have to reduce its use by a full million and a half acre feet before California ever takes a single reduction in delivery of its 4.4 million acre feet. . . ". 448
"Arizona kind of wants to see the reservoirs drawn down *a lot* before you ever declare shortage. On the other hand, California would probably prefer to keep the reservoirs a little higher because, you know, that protects them and increases the probability that there may be extra water available at some time in the future. And, Nevada's kind of always been in the middle. . . ". 448
". . . now all three states in the Lower Basin have actually come together and recommended to the Secretary some elevation levels and reduction amounts for shortages that they've said, you know, 'If you implement these we will not object,' to the Secretary. Now, the Secretary hasn't selected those. . . ". 448
In Addition to Looking at Shortages, a Lower Basin Issue, Reclamation Is Also Looking at Operation of Lake Powell and Lake Mead, an Issue Affecting Both the Upper Basin and Lower Basin. 449
There Are Different Interpretations of Where the Water Supply to Meet the Mexican Treaty Obligation Comes from. 449
Multi-Species Conservation Program. 450
50 Percent of the Funding Is Federal. 450
The three states pay the other 50 percent "California 50 percent, Nevada 25 percent, Arizona 25 percent . . . but the three states, *in turn*, are collecting money from the individual entities that benefit from the water and power on the river. . . ". 451
Las Vegas's New Intake Structure at Lake Mead. 451
St. George's Plans to Develop Water out of Lake Powell. 452
"It would be part of Utah's *Upper Basin* entitlement, but actually where the water would get used is in the Lower Basin. . . ". 452
Southern Nevada Objects to the Transfer of Water into the Lower Basin for St. George Because Utah Objects to Southern Nevada's Proposed Groundwater Project in Central Nevada. 453
". . . Utah has been successful in getting legislation through Congress that doesn't allow Nevada to develop that water supply until they've worked out an agreement with Utah, . . . according to Pat [Mulroy] . . . Utah is just flat out refusing to cooperate in negotiating any kind of an arrangement. . . ."

. 453
Selection, Nomination, and Senate Approval for the Job of Commissioner. 454
Between the Interviews at the White House and the Department of the Interior, the Interior One Was the More Difficult. 457
Supporting the Budget Approved by OMB and the President Is a Difficult Task for Him 457
President Decided to Nominate Him. 458
"How that decision got made, how the Department interplayed with the White House I'm not sure. I *do understand* that it actually *goes* to the President with the list of the candidates and who they are, and he's the one that actually checks the name, and signs, and says, 'Yes, I want to nominate this person.'. . ."... 458
It Was Rumored That Jason Peltier Really Wanted to Be Commissioner of Reclamation. 458
The Investigation Took over Two Months Once the President Had Decided to Nominate. 459
In July They Announced the Nomination. 459
The Senate Scheduled the Hearing for September 14, 2006. 460
Preparing for the Senate Hearing. 460
"I *never ever* sought anybody's support. I never, I never campaigned for the job or anything. . . ".. 461
Seeking the Sponsorship of His Nevada Senators. 461
The Hearing Before the Senate Committee. 463
Making Decisions about Coming into a Political Appointment from Federal Career Status 465
". . . because I was already in the career Federal service I had the option of either moving over to the executive level pay schedule *or* staying as a senior executive and continuing to draw the pay at the same levels that I had as a Regional Director. And, obviously, I opted for that because the pay was quite a bit higher. . . ". 466
". . . I would have an option of falling back as a career senior executive again. So, I wouldn't necessarily have to leave if a new Commissioner came along . . ".. 466
"I'm also entitled to . . . relocation back . . . I got my moving expenses paid coming here. All the benefits that accrue to normal Federal career people continue to apply to me as Commissioner, which is unique. . . ". 466
". . . the downside, moving here from Nevada where we have no state income tax, taxes are a lot higher back here. So, financially I took a fairly significant reduction in pay just because of the tax provisions that are back here. . . " 467
". . . my wife is enjoying it. She's a school teacher and she actually got a job within a month as a school teacher here in Montgomery County . . ." 467
Appointed Regional Director as Litigation over the Central Arizona Project Developed 468
Hoover Visitor's Center Was Causing Issues with the Power Users.. 469
Dan Beard and Ed Osann Tried to Resolve the Issues on the Central Arizona

Project, but Didn't See Eye to Eye with the Secretary and Assistant Secretary, Both of Whom Were from Arizona. 469
Secretary Babbitt Asked Assistant Secretary Betsy Rieke to Take the Lead for the Department.. 469
In 1995 Reclamation Almost Had an Agreement with CAWCD to Settle the Repayment Issues for the CAP. 469
Indians Did Not like the 1995 Settlement with CAWCD. 470
The 1995 Agreement Allocated a Lot More Water to Indian Tribes. 470
". . . the biggest stumbling block . . . at points in the future if there was market transactions for sale of C-A-P water within the C-A-P service area . . . tribes could participate in those market transactions. The tribes could buy . . . water just like anybody else could to meet their needs. . . .". 470
". . . reason why they didn't like that provision is they were concerned, because the tribes were now getting, like 47 percent of the total C-A-P water supply under this agreement . . . . And, it was very important to C-A-W-C-D that at least something *more* than 50 percent of the C-A-P water be non-Indian water. . . . they were nervous that if somehow the tribes got a right to more than 50 percent the tribes could invoke the P.L. 638 law . . . and actually take over operation of the C-A-P. . . .". 471
CAWCD Board Changed the Agreement and Ratified it to Their Liking. 471
Nevada Objected to the Settlement Proposed by CAWCD. 472
Thinks Dan Beard Likely Talked to Pat Mulroy about Collapsed Negotiations on the Colorado River and the Proposed Settlement of CAP Repayment Issues. 472
The Secretary Refused to Proceed with the Agreement as Altered by CAWCD 473
How Bob Johnson Became Regional Director. 473
". . . Larry and *Dan* were pretty close, and Larry didn't like, just like Dan didn't like the CAP agreement . . . Larry had come to me, and this is why I say I think Dan Beard may have conspired with Pat Mulroy. Well, Larry came to me a couple of weeks earlier and said 'Bob, Dan and I have talked, and we want you to blow up the C-A-P negotiation.'. . .". 473
". . . I think what happened is I think Dan subsequently conspired with Pat Mulroy because these other things were going on in another forum to try to help put pressure to keep that deal from coming to fruition. . . .". . . . 474
". . . what happened in that same time frame . . . Larry Hancock went to a national water meeting and he gave a speech, and basically his speech was–and I think he may have done this at Dan's urging, I'm not sure–but his speech was, 'I hate Arizona.' I mean, he got up and *literally* lambasted the state of Arizona and C-A-W-C-D in front of this national audience that included, you know, all the people from Arizona. And, it upset them quite, quite bad . . . Betsy and the Secretary decided that Larry should step aside as Regional Director. . . ".. 474
". . . Larry Hancock came to me and said, 'Bob, you're not going to get the Regional Director's job. You just as well know it right now. Dan doesn't want you. And, what he told me is he wanted, he was going to put Maryanne Bach in the job.'. . .". 475
". . . I was a little disappointed because I'd been there for a long time and I knew

everything that was going on and felt like I had a pretty good sense of the people, and the region, and what needed to be done, what the problems were, and how to fix them. I felt like I had a really good handle on that. I thought I could do probably a pretty good job as Regional Director. . . ." 475
As Larry Hancock Left as Regional Director, Dan Beard and Betsy Rieke Announced They Were Leaving Also. 475
Thinks Secretary of the Interior Bruce Babbitt Influenced His Selection as Regional Director.. 476
Dan Beard as Commissioner. 476
Dan Beard Focused Reclamation on its Water Management Mission.. 476
Though Reclamation Changed in the Late 1980s, its Old Organizational Structure Worked Against Evolution into a Water Management Organization. . . 476
". . . even though we had decided that our mission was different we really hadn't made the organizational changes to make that work. . . ".. 477
Dan Beard Alienated Reclamation's Water and Power Customers.. 477
Eluid Martinez Deserves Credit for Rebuilding Ties to the Water and Power Users. 478
Dan Beard as Commissioner. 478
Dan Beard Decentralized Power in Reclamation and Empowered the Field–Regions and Area Offices. 479
Sunsetting All Reclamation Instructions May Have Gone a Little Too Far. . . . 480
Eluid Martinez Helped Rebuild Reclamation's Traditional Constituency. 481
Eluid Martinez Tells a Folk Tale about a Tree That Wanted to Travel.. 481
John Keys as Commissioner. 482
Difficult Issues like Klamath and the Middle Rio Grande During John Keys's Term as Commissioner. 482
Security and Law Enforcement at Reclamation.. 484
"We do have a controversy with our customers over who pays the bills for the surveillance. John Keys, and I think probably being pushed by the Office of Management and Budget, established a policy that said that, 'We're going to require our project beneficiaries to pay the guards and surveillance component of our security budget as an O-&-M cost.'. . ." 484
". . . amounts to about $10-$12 million a year. That's just the guards and surveillance costs. And so, that's become a real controversy with our customers. They have very aggressively pursued legislation from Congress to try to get legislation in place that would make those nonreimbursable, or mostly nonreimbursable. . . ".. 485
Navajo Indian Irrigation Project.. 486
Indian Tribes and O&M Costs on the CAP. 486
Drop 2 on the All-American Canal. 487
". . . located . . . Just off Drop 2 of the All-American Canal and it would be a six to eight thousand acre foot regulatory reservoir that would . . . capture . . . spills and store them so they wouldn't be lost. So, it would allow you to regulate the river system more efficiently and save about 60,000 acre feet of water a year. . . ". 488

The New Operating Criteria for the Colorado River Allow Southern Nevada to Use Water the Drop 2 Structure Saves from Spilling. 488
How Drop 2 Will Operate in the Colorado River System in the Lower Basin 489
Reclamation Interaction with the International Boundary and Water Commission. . . . 490
Ciénega de Santa Clara and Test Operation of the Yuma Desalting Plant. 491
". . . there's actually talk of having Southern Nevada and/or Metropolitan Water District in southern California pay to operate the [Yuma Desalting] plant in exchange for getting to use some of the water. . . .". 492
The Desalting Plant Is Not Designed to Desalt the River, but it Could Be Used to Desalt Groundwater. 493
"There is a . . . *big* groundwater mound under Yuma, under the Yuma Valley, and we actually have to run drainage pumps because that groundwater basin actually will impact crops and even impact urban areas. . . .". 493
". . . Wellton-Mohawk drainage water . . . very expensive to treat that water *just* so you can run it through the desalting plant. That's one of the biggest expenses of the Yuma Desalting Plant, is buying the lime, and the chlorine, and everything else, and then running it through the filters in order to get that water in a good enough shape that you can even run it through the desalting plant. . . .". 493
"So, we *solved* the water quality problem with Mexico, but we did that at the expense of the water supply to the Colorado River Basin states. Because, that drainage water was *returning* to the river and it was being *used* to meet Mexico's million and a half acre foot obligation. . . . we now have to release another 100,000 acre feet from storage in order to meet our obligation to Mexico. . . .". 495
". . . that's why the basin states are so interested in seeing the [Yuma Desalting] plant operated, is because it creates more water supply and leaves more water supply in storage on the Colorado River system. . . .". 495
Issue about Mexico Not Meeting its Treaty Obligation to Deliver Tributary Water on the Lower Rio Grande. 496
The United States Has Always Met its Obligation to Mexico above El Paso on the Rio Grande. 497
". . . Mexico has not delivered water to Texas in amounts that the Texans feel meets Mexico's obligation to deliver water to them. So, there's been quite a controversy on the Rio Grande, on the piece of the Rio Grande River that originates in the country of Mexico. Because Mexico has not operated their reservoirs in a way that honors the treaty. . . .". 497
In Spite of Concerns Expressed on the Newlands Project, That Area Is Very Far North of the Area Where Southern Nevada Water Authority Is Hoping to Develop Groundwater. 498
Las Vegas (Southern Nevada Water Authority) is ". . . focusing primarily on groundwater that's been unappropriated by the state of Nevada. . . ." 498
". . . Nevada controls its groundwater about as good as most other states control their surface water. It's an appropriation, first-in-right, first-in-use, you know, traditional western water appropriation system under Nevada law. The state engineer very carefully *only* appropriates safe yield. . . .". . . . 498

". . . the water authority has basically applied for permits for safe yield in these areas of southern Nevada. . . .". 498
". . . it's very controversial. . . . The real controversy . . . has been the Federal agencies . . . Great Basin National Park . . . National Wildlife Refuge areas . . . So, they've got to deal with the Fish and Wildlife Service, the Park Service, and then they've got to get right of way from the Bureau of Land Management in order to move that water into Las Vegas. . . .". 498
". . . in White Pine County, there's an interstate issue because that groundwater basin . . . stretches over into Utah. So, you've got the state of Utah objecting, that if Nevada pumps that groundwater it's going to affect groundwater users in Utah . . .". 499
Issues Involved in Southern Nevada Desalting Seawater to Do a Water Exchange with California. 500
". . . water people in California . . . will tell you that . . . Desal . . . for southern California, *will* happen. It's just a matter of time. But *until* it starts happening, for California's own use, there's not much of an opportunity for Nevada to be doing that. . . .". 500
". . . where *I* think there may be more possibility would be for Nevada to do desalinization with the country of Mexico. . . .". 500
"You could take drainage water in the Mexicali Valley that's too salty for irrigation, desalt it, deliver it back to irrigation or back to use in the city of Mexicali, and . . . reduce the delivery at the border and allow Nevada to have it upstream. . . ." 501
Lining of the All-American Canal Is Progressing. 502
Shortage Criteria and Operation Criteria for the Colorado River Are Moving Through the Environmental Statement Process. 503
The Basin States' Interpretations Differ on How Much Water must Be Delivered to the Lower Basin and on How the 1.5 maf for Mexico Is to Be Delivered 504
Because the Paria River Delivers about 20,000 Acre Feet of Upper Basin Water below Glen Canyon Dam Each year, the Upper Basin Has Traditionally Delivered 8.23 maf to Cover 7.5 maf for the Lower Basin and Half of Mexico's 1.5 maf. 505
Past Operating Criteria Have Tended to Cause Lake Powell to Drop Faster than Lake Mead. 505
In 2005 Secretary of the Interior Gale Norton, at Reclamation's Suggestion, Directed Reclamation to Develop New Criteria for Operation of the Colorado River and for Shortages. 506
By February of 2006 the Colorado River Basin States Proposed Shortage and Operating Criteria as well as Water Management Tools for the Colorado River.. 507
". . . a big breakthrough to get the Lower Basin states to agree on the shortage, and how much the shortage should be, and who should take it. . . .". . . 508
". . . we'd been nudging them for a long time. I mean, we have been advocating criteria along these lines for a long time. . . . criteria in the Lower Basin that allows water management tools to provide flexibility for use. We've been advocating that . . . since the early 1990s . . .". 508

Arizona Has Become Nervous about the Agreement Reclamation Is in the Process of Putting Through the NEPA Process, and They Have Requested an Extension of Time. 510
"I've gotten fairly philosophical about those kinds of things when they occur. I've seen them happen many times, and I've also always seen them resolved after discussions among the states. . . .". 510
". . . one of the things . . . all of the states probably struggle with too is, they're there representing the governor and the state that they work in, and the water users in that state that they work in. And, many times their water users may hold views strongly that may not necessarily represent the views of the state's representative. And, the state representative has to very carefully work with his constituents to make sure that he's got their concerns in mind when something is negotiated . . .". 510
Releases from the Upper Basin to the Lower Basin Will Differ from Those That Would Have Been Made under the Old Criteria. 511
Dispute over the Upper Basin's Obligation to Release Water to Meet the Mexican Treaty Obligation. 512
". . . there's the rub between the Upper Basin and the Lower Basin. In order to do what the Upper Basin wants, Arizona would have to impose significant hardship on its tributary water users to meet the Mexican obligation. . . . the issue has never come to a head in the past, because there's always been plenty of water in the reservoir system. And so, the Upper Basin has not had any basis to object to the 8.23 million acre feet. But now that we've had this long drought they've begun to raise their concern. . . ." 513
Why the Upper Basin Wants to Keep Lake Powell as High as Possible. 513
The Upper Basin has ". . . an absolute obligation under the [Supreme Court] decree to deliver 75 million acre feet over ten years. . . . the Lower Basin gets priority for the first seven and a half million acre feet, and if the Upper Basin can't meet that requirement they have to shut their water users down in order to . . . meet that obligation. . . .". 513
The Term of Water Contracts under Dan Beard and Subsequent Commissioners. 514
There Are Different Views about What the Term of Reclamation Water Contracts Should be. 514
A Contract Is in Process to Allow Aurora, Colorado, to Store Water Acquired from Ag Users in a Reclamation Facility to Be Used for its M&I Needs. 515
". . . water transfers are controversial. . . . not with farmers . . . urban areas are usually willing to pay more for the use of the water than the farmer can earn by growing crops. And so, the farmer has an incentive to sell water to urban areas. But, the objection comes from rural communities that are dependent on the agricultural base for their economy. . . ".. 515
". . . the community of Pueblo. The *Pueblo Chieftain* newspaper is very vocal about that issue. And, we're facing strong opposition and threats of litigation if we sign that contract with Aurora, because they see that as further facilitating the movement of water out of their valley. Now, is, in fact, their concerns correct or justified? . . .". 516
". . . there doesn't have to be impacts. . . . there's *lots* of places where urban areas could give farmers enough money so that they could implement new

irrigation practices that would save water and farmers don't fallow land at all. They just use the water more efficiently. . . ". 516
"So, anyway, it's very controversial. No question about it, and rural areas are always concerned. . . ". 516
". . . water transfers are a key tool that are meeting changes in water needs in the American West. Urban areas are growing and they're willing to pay farmers, and water is moving from one use to the other. . . ". 517
". . . although you'll never have perfect markets in water because it's complicated . . . markets can exist and water does move from one use to the other . . ." 517
". . . people say, 'Well, water is a public resource. Why should an irrigator be allowed to profit from the sale of water?' Well, that's why the project was built, was to provide water for economic growth. A *right* was provided to the farmer, or whoever got the contract for water. A *right* is created. An *economic* form of property right is created. Now, that issue itself can be debated *a lot* . . ". 517
". . . if you have a twenty-five-year contract, and at the end of twenty-five years you just *take* the water away from one sector and give it to another, *without compensation*, you have one party that's significantly harmed. That creates conflict, you know, very strong conflict. And, if you can use a market mechanism you don't have that conflict to deal with. . . ". . . . 518
". . . the market allocates resources, even water. That's what markets are set up to do is to allocate resources in an efficient way, and the *value* of the water for urban uses is generally greater than the value of the water for agriculture. And, that's what markets are supposed to do, is to steer resources to where their greatest value can be achieved. . . ". 518
". . . California water issues are probably as complicated as any in the nation. . . ". . . . 518
Drainage in the San Joaquin Valley Is a Long-standing and Continuing Issue for Reclamation. 519
". . . on that particular issue Reclamation's been *stymied* in developing a plan. . . ". 519
Kesterson Reservoir. 519
"Then we got sued by California irrigators and the court held that under the San Luis Project Authorization Act that . . . the Bureau was *required* to provide drainage and the court actually directed Reclamation to develop a drainage plan so that we could drain the San Joaquin Valley. And literally what's happening, without drainage water tables are rising and farmers are going out of production . . ". 519
". . . we've done a study, we've done a final EIS. And, it turns out that in order to dispose of all that water and develop a viable water drainage program in the San Joaquin Valley today, it's a $2.6 billion proposition, very, very expensive, *way beyond* anything, *any capability* of Reclamation to get that in its budget and fund that kind of a program. . . ". 520
". . . Westlands Water District and some of the other contractors for Central Valley Project Water have stepped up and negotiated with *us* a proposal . . . we would transfer the San Luis Project facilities . . . to the irrigators. We would also transfer the water rights for the project to those irrigation

districts. . . . in exchange for that, the irrigation districts would agree to fund and implement a drainage plan. . . .". 520
". . . the state of California did not *like* that proposal . . . they're a partner with us on San Luis Reservoir. . . . They don't believe that the local interests bring the same level of certainty and financial security that Federal ownership brings. . . .". 521
"Environmental groups didn't like the proposal because they saw the transfer . . . gave the water rights to the farmers permanently. And, in the environmental community's view, *limits* any future flexibility you have to deal with environmental issues. . . .". 521
"And, if you . . . leave the drainage problem alone . . . land goes out of production, there's less demand for water . . . for agriculture and there's more water in the system to meet environmental demands, or environmental needs. . . .". 521
"The proposal has since been modified . . . to allow the ownership to remain with the United States, and . . . to allow the water rights to *continue* to be held by the United States on behalf of the irrigation districts. But, in order to provide *certainty* to the irrigators in the San Joaquin Valley we would enter into *new* sixty-year contracts for delivery of that water, with a right of renewal. . . . those negotiations are still ongoing. . . .". 521
"Under this plan . . . you would *not* take the water out to the ocean *at all*. You would just build a system in the San Joaquin Valley to evaporate the drainage water and dispose of the solids. . . .". 522
San Joaquin River Restoration Settlement Act. 522
When reclamation built Friant Dam ". . . fairly big stretches of the river . . . previously free flowing had been dried up . . . absolutely no flow, unless you have . . . an extreme flood condition. . . .". 523
Environmentalists Sued under California State Law Arguing That Reclamation Has to Maintain a Live River, and They Won. 523
The state of California and the irrigators have agreed to pay shares, and ". . . *we* are going to provide funding *primarily* through the redirection of repayment revenues . . . dollars that are currently flowing to the treasury . . . and use *that* to fund the restoration program. . . .". 523
"That is a negotiated agreement that all the parties have agreed on, but it requires legislation to be implemented. So, legislation was drafted and it has been submitted to the Congress . . . until Congress passes that act we can't actually implement the San Joaquin Drainage Program. . . .". 524
"They're having a *very difficult* time, because this legislation does commit those revenues that flow to the treasury to going towards this project, and they've not been able to identify an offset. And so, that's making that legislation more complicated. . . .". 524
Reclamation Could Annually Request Appropriations for the San Joaquin River Restoration, but That Is Difficult since Reclamation's Budget Has Been Flat for Several Years. 524
Reclamation Seeks Appropriations Each Year for its Share of Bay-Delta Restoration Work. 525
Central Valley Project Restoration Fund. 525
In the Bay-Delta, the Delta Smelt Endangered Species Issues Are Causing Issues

Including Limits on Pumping by Reclamation and the State Water Project Which Affect Both Agriculture in the San Joaquin Valley and Water Delivery to the Los Angeles and San Diego Areas of Southern California.. 525
". . . if you shut the [Reclamation] pumps off you quit delivering water to the San Joaquin Valley, and if you shut the state pumps off you quit delivering water to the coastal plain in southern California, so Los Angeles, and San Diego, and the seventeen million people that live on the coastal plain of southern California get shorted in *their* water supplies. . . ".. 526
"We think that anywhere from 500,000 to 2,000,000 acre feet of water are at stake, depending on what prescriptive actions the judge requires. It's a *huge* amount of water. It'll have *huge* impacts in the San Joaquin Valley and it'll have *huge* impacts in the coastal plains . . . of southern California. So a *huge* issue right now and our project and the state project are both imperiled by the endangered species issue, and we're going to have to see how that unfolds. . . ". 526
". . . it's a *challenge*. And for me, who spent such a long career just working in one region it's really interesting and a bigger challenge to work with this broader array of issues that we have to deal with. . . ". 526
The Peripheral Canal and California's "Delta Vision" Approach to Dealing with Bay-Delta Issues. 527
". . . the Peripheral Canal would not just serve the pumping plants but would also serve environmental interests in the delta. . . ". 528
"I'm sure the state would like to see us play a significant role, at least in the funding. We *always* have budget problems. . . ". 528
". . . I have come to the realization of . . . the limitations of our budget and the demands on the Reclamation budget, which far exceed the flat budget that we're able to get within the . . . targets from OMB every year and . . . we got inflation, we got new demands on our program, and those targets are actually getting lower. . . ". . . 528
". . . the *best* thing we can do is get a *flat* budget. . . . it's very difficult for us to make significant amounts of funding for *new* things like the Peripheral Canal, . . . San Joaquin River Restoration Project, . . . drainage in the San Joaquin Valley . . . salmon issues in the Pacific Northwest, . . . rural water supply projects in the Great Plains . . . Title XVI . . . Platte River . . . Animas-La Plata . . . Security . . . and surveillance activities . . ". 528
Dam Safety Issues. 529
"It's the biggest challenge as Commissioner that . . . I think I'm facing. . . . the water problems are *daunting*, but the budget problems . . . [are] very, very daunting as well. And, that's been the biggest surprise. . . ". 529
"The Congress is certainly more generous than we get from OMB and the President's budget process. This year, for the '08 budget the Senate . . . increased the Reclamation budget by $130 million. The House increased it by $70 million. . . . we'll probably get something in between that . . ". 530
During Budget Hearings Congress Indicated it Felt Reclamation and the Corps of Engineers Were Underfunded. 530
"The number of people that disagree with the distribution of the Reclamation's budget are the *number* of people that get benefits from the Reclamation

budget. None of them agree and all of them are very vocal about how much we're underfunding programs. . . ". 531
". . . I can see, there are very many legitimate demands for our water resource program that are not getting funded. . . . I have to be careful about saying that in a public forum, particularly before Congress and testifying, because I have to represent, in the end, the Administration position. . . ". 531
There Are Major Water Issues in the West Where There Is Rapid Population Growth, a Seven Year Drought, and Climate Change. 531
Energy Demands Are Expected to Increase. 532
Corn Production and Price Are Increasing to Meet Demands for Ethanol Production, and Crops Being Replaced by Corn Will Likely Also Rise in Price as Lower Production Occurs. 532
". . . we've got *big* increases in demand for water coming, and it looks like . . . more limited than what we've historically seen, and that's going to create a lot of additional demand and interest for water resource programs. . . ". 532
". . . it'll be a challenge for Reclamation and it'll result in the renewal of some of our traditional programs, and I think potentially in some increases in the funding to do some of the things that aren't getting done today. . . ". . . 533
Water 2025. 533
Personnel Issues and Succession Planning. 534
". . . overall Reclamation will fare fine. My experience is that people step up. . . ". 534
"I have had, since I've become Commissioner, a number of senior level vacancies . . ". 535
". . . I've always said . . . that the most important decisions that you make as a manager is who you hire, and . . . during my tenure as Commissioner . . . [I will have to] make many of those important decisions for the organization in these senior management slots. . . ". 535
Employee Satisfaction Surveys. 536
Managing for Excellence and the Study of Reclamation's Programs by the National Academy of Sciences. 537
Water Rights and the Black Canyon of the Gunnison National Park. 538
Views on the Commissioner's Role in the Organization. 538
". . . in the end you're dependent on your employees to really solve those problems. It comes back to my comment earlier about who you hire and if you've got good people and you can provide direction, and oversight, and a vision, and deal with the, and *help* deal with the external publics, then the execution will happen . . ". 539
"Our people in Grand Junction and Salt Lake City are working with the Park Service, and the Fish and Wildlife Service, to define some sort of an operational plan . . . I mean that's . . . the business we're in. There's conflicting demands for water and how do we balance those conflicting demands when we operate our projects? . . ". 539
". . . it did fall apart. I mean, we had a deal, and environmental groups sued saying that our deal did not adequately consider the needs of the park, and the judge agreed and sent us back to the drawing board. So, John had it solved. . . ". 540

How Things Changed Because of Becoming a Political Appointee, the Commissioner of Reclamation. 540
Interacts at a Much Higher Level in the Department and the Congress than Previously.. 542
"They're very nice people, usually. Just like anybody else, they're people and they're very, they're usually very smart and very capable. They have an interest to represent. . . ". 543
"I'm very much enjoying being Commissioner. . . ". 543
"I am *not* going to . . . let any negative aspects overshadow my approach to things. . . . And, if it does happen I'm going to leave. I'm *not going to do it* if . . . I'm not enjoying it, if I *don't* feel like I'm making a contribution and helping, I'm not going to stay and do it. . . ". 543
". . . I think that the Commissioner's role is critical in getting things done, because the Commissioner is the one that deals with the Department of Interior and the Office of Management and Budget, and the Congress when it comes to actually making the big decisions. . . . when it comes to *actually* getting the work done that . . . work is actually done in the field, and the regions, and in the Denver Office. And, in fact, the development of *many* of the solutions to our problems . . . come from the bottom up. . . ".. 544
"That's not to say that things don't come from Washington, and that the Commissioner doesn't have a broader vision and a broader set of goals that the Commissioner wants to bring to the table and get incorporated into the organization. . . ". 545
Managing for Excellence. 545
Water for America Is a Program Coming from the Commissioner and Secretary.. 546
The Program Is Designed to Look at Reclamation's Facilities in the Light of Future Drought and Climate Change and Determine How Reclamation Might Change Management of its Facilities to Better Deal with the Changes. 546
Another Piece Is a Challenge Grant Program. 547
Endangered Species Act Activities Are Another Component. 547
"I think the *need* for the Bureau of Reclamation is going to be *greater* in the future than it has been in the past, because *things* are changing. The West is changing. Hydrologic patterns are changing and the need for water supplies is going to be more critical than ever . . ". 547
". . . I've got a *long* list of things that we want to try to get done. . . ". 548
Leadville Drainage Tunnel.. 548
EPA Did an Environmental Statement and Determined the Way to Deal with Water Carrying Heavy Metals Was to Dump it into Mine Shafts and Have it Exit the Leadville Drainage Tunnel Through Reclamation's Treatment Plant. 550
EPA Agreed to Accept the Treatment Plant, but Negotiations for the Transfer Fell Apart and Reclamation Was Left with the Plant and New Operating Expenses for Which it Disclaimed Responsibility.. 551
Because of Collapses in Reclamation's Tunnel and Other Tunnels Groundwater Built-up in the Mountain, and a Large Mound of Groundwater Developed

. 551
In November 2007 EPA Wrote Reclamation Saying They Thought There Was Possibility of a Catastrophic Failure of the Mountain, Sudden Release of Groundwater, and Catastrophic Impact on the City of Leadville.. 551
Reclamation Requested Their Analysis in Support of Their Conclusion since Reclamation Geologists Had Looked at the Situation and Didn't Believe There Was Any Danger of Such a Failure. 552
Local Politicians Apparently Chose to Publicize and Capitalize on the Situation for Their Own Ends and Sought a Presidential Declaration of a National Disaster Area. 552
They pinpointed ". . . that *Reclamation* was the problem, that we weren't being responsive, and we had created the problem, and we were responsible for fixing it. And basically, that was the way it got portrayed in the press. . . . *we don't think* . . . that's the case. . . . EPA came in and developed this plan . . . And now, all of sudden, everybody's coming at Reclamation saying, 'You're responsible for the whole thing, and you've got to pay for, you know, dewatering that mountain and treating all the water.' And basically, that's what everybody is trying to push on us. . . .". 553
". . . EPA, even though originally the record indicates that they . . . were just going to use our facilities to help and not make Reclamation responsible, within the last couple of months the EPA has come on very strongly that Reclamation *is responsible*, and Reclamation *is responsible* to pay and put in all of the facilities. And, of course, we're saying, 'That's not the case,' and that's what's now *driving* these discussions at the Deputy Secretary level. . . .". 553
EPA and Interior Are Meeting to Develop an Administration Position for a Congressional Hearing on April 24th. 553
". . . a real public relations nightmare for us . . . we *immediately* jumped in and said, 'We'll cooperate with EPA. . . . ' We did not volunteer to spend money. We volunteered to allow our treatment plant to be used as part of the emergency solution. But, we did not agree to take on the responsibility. . . .". 554
January 2008 Truckee Canal Break at Fernley, Nevada. 554
". . . levee broke and flooded 590 *houses* in the Fernley area . . .". 555
"Some sort of an engineering solution has to be found so that that canal can be operated at its full capacity. . . .". 556
"From a broader perspective it's indicative of problems that we may be facing Westwide, where we have Reclamation projects . . . where development has occurred . . . backing up against our canal banks. . . . it's kind of been an eye opener for us . . .". 556
Reclamation, the Truckee Carson Irrigation District, and the City of Fernley Have Been Sued Because of the Break. 556
". . . one of the other problems is that the . . . developer and the city, didn't provide a proper drainage system and that . . . exacerbated the problem when the canal failed. . . .". 557
Animas-La Plata Project. 558
Animas-La Plata Will Deliver Water to the Northern Parts of the Navajo Reservation. 558

Climate Change and Drought in the West. 558
"This Administration was not on the global or the climate change bandwagon for a long period of time. But I *think* that the view of the Administration has evolved, and . . . changed. There is consensus among scientists that climate change is occurring and that . . . *all* of the Western United States, with the exception of Washington and Oregon, . . . and *possibly* Idaho, . . . are going to have less stream flow in the future . . .". 559
". . . the climate models seem to be suggesting that most of the West and the Southeast is going to be drier. . . . aside from the Pacific Northwest . . . the models show increased stream flow . . . across . . . the Upper Midwest and into the East . . .". 560
Not Only Are Drier Conditions Expected, Substantial Population Growth in the West Is Increasing Demands on the Water Supply. 560
". . . it seems like climate change is occurring, that stream flows can be less. And so, we're not addressing the issue of what's causing it. We're just saying, 'Look, it's happening. We ought to start planning for how, for how we ought to change our management of water supplies to reflect that.'. . ." 561
Water 2025 and Water for America. 561
Water for America and River Basin Planning. 562
Participation in Attempting to Resolve a Water Dispute among Georgia, Florida, and Alabama and the U.S. Army Corps of Engineers. 562
". . . unfortunately, we were not able to get a resolution. . . . We were given a two-month timeframe to try to get a solution. . . .". 564
The Dispute Caused the Corps of Engineers to Begin Developing Operating Criteria for Their Reservoirs. 564
In the Past the States in the Southeast Have Not Needed to Work Cooperatively on River Compacts.. 565
Where the Governors Were Directly Involved in the Southeast, on the Colorado River the Governors Were Briefed Occasionally and the Staff Carried the Workload. 566
". . . the Corps and the [Fish and Wildlife] Service have to set down and do the plan and put the new compliance, a new biological assessment, a new biological opinion that will allow the Corps to operate as this drought continues. And so, we were out of time in terms of negotiating an agreement. . . .". 567
Brazil's Complaint to the World Trade Organization That the U.S. Unfairly Subsidizes Agriculture. 567
". . . it's a moot point. . . . Because . . . we're not putting new investment into interest-free irrigation development in the West. It's all investment that occurred years and years ago. And, in most [projects ownership] . . . of land in those project areas has changed. And, . . . market values reflect whatever the water supply is and the value of that water supply. And, if there's subsidy in the water supply then that, the value of that subsidy gets capitalized into the land values. And, . . . there is no literal subsidy that our farmers are enjoying on Reclamation projects. . . .". 568
Rights of Use 43 CFR 429. 569

Part 429 Is Reclamation's Attempt to Implement General Federal Policy That Exclusive Use on Federal Land Be Eliminated. 569
There Was a Very Strong Reaction to the Draft 43 CFR Part 429, and Reclamation Is Revisiting the Rule Where There Are No Public Health, Safety, or Access Issues. 569
California's Water Issues and Governor Arnold Schwarzenegger's Initiatives.. 570
The Central Valley Project and Bay-Delta Issues Are Some of the Most Difficult Reclamation Has to Deal with. 571
In the Bay-Delta, "The judge has issued an injunction. He's put restrictions on our operations. It's going to reduce our water deliveries by 15 to 35 percent. . . ". 571
". . . if California had two-, three-, four-year drought like we've seen in a lot of other river basins in the West, there would be *major, major* water supply problems in that state. They have *no* carryover storage. Their storage is very small in relation to the flows of the river systems and in the water demands that they have within that state. . . ".. 571
"On the . . . Sacramento River, they have fifteen million acre feet of average annual flow . . . but they only have about seven million acre feet of storage. . . . So, they don't have a large carryover storage. . . . if they had an extended period of drought they would have very severe water shortages within the state of California. I really take my hat off to the governor for being willing to step up and say, 'We need more water infrastructure in California.'. . ". 572
The Old Peripheral Canal Concept Is Again under Study. 572
"They just want us to be a partner because they understand that our project is an integral part of California's water supply system and that we have to work together to resolve the issues. . . ".. 573
Kirk Rodgers. 573
Controlled Flood Flows out of Glen Canyon for Environmental Reasons in the Grand Canyon. 573
Reclamation Significantly Changed Operations at Glen Canyon Dam. 574
Glen Canyon Adaptive Management Workgroup. 574
". . . we embarked, I think, about a year ago on an effort to redefine the long-term operations of Glen Canyon Dam. We have an existing operational scheme . . . We've been operating under that scheme for a long time. There's some thoughts that we need to take some fresh looks. . . ".. 575
Lawsuit by the Grand Canyon Trust. 575
Reclamation's Attempts to Gather Data on Environmental Effects in the Grand Canyon. 575
"The controversy is . . . The Park Service Park Superintendent Steve Martin didn't think that was the right approach. He thought that the beach habitat building flow ought to occur *every* year and we just deemed it a one-time event, with the understanding that it *could* be done again within that five-year period. But, let's assess the science . . ".. 576
The Park Superintendent's Letter Triggered Another Lawsuit, and Was Frustrating for Reclamation Because a Sister Agency Actively Attacked Reclamation's Work in Various Media Outlets.. 577
". . . making public statements . . . attacking Reclamation and . . . and the decision

that we were making on the operations . . . fairly significant changes in how we're going to operate Glen Canyon Dam that comes at *significant expense* to the power customers and the value of the energy that's produced at Glen Canyon Dam. And, you know, we're charged with trying to strike a balance among all of the functions of Glen Canyon Dam, and that includes considering the Grand Canyon. . . .". 578
". . . I think the Park Service would like for us to just consider *their* perspective when we make our decisions, and their perspective controls in how that facility is managed. And, it's *frustrating* that they would *not*, as a sister agency, have that discussion within the framework of the Department of Interior. . . . those concerns could be addressed at a policy level within the Department. . . .". 578
Washington, D.C., Meetings on the Grand Canyon Issue. 579
". . . the bottom line is *that* Park Service Superintendent thinks that he ought to be making *all* the decisions about how the dam operates and *all* of the science, and control all of the science and have responsibility for all of the science that's done in the Grand Canyon. And, you know, I don't think that that is an overstatement of what his agenda is . . .". 580
". . . this particular Park Service Superintendent, *I think*, is taking a very, very aggressive role and not being willing to consider the broader perspective that the Department of Interior *has* to consider when it makes decisions that affect a broad range of interests. . . .". 580
". . . if the Bureau of Reclamation were just going to reflect its interests, we wouldn't have been operating Glen Canyon Dam the way we've been operating it for the last ten years. . . .". 581
Reclamation is ". . . trying to *balance* all the objectives that we all have to deal with and we're deferential to the position of the Department. We don't go out and we don't attack our sister agencies in public. We don't put things in writing that can be used against sister agencies in litigation. And, he has clearly done *all* of those things and it's *inappropriate* and it's unfortunate that it's happening. So yeah, I'm pretty frustrated. . . .". . . 581
The U.S. Geological Survey and the Fish and Wildlife Service Are Also Upset with the National Park Service. 581
Assistant Secretary Bennett Raley. 582
Managing for Excellence. 582
Likely Used the Family Farm Alliance to Try to Forward His Agenda of Giving Reclamation Customers Control of Work Projects When They Paid 50 Percent or More of Costs. 583
". . . we're a Federal agency and we cannot cede our authority to make decisions to somebody else. . . .". 583
Proposed Transfer of the Colorado-Big Thompson Project.. 584
The Transfer Ran into Tensions Between the East Slope and the West Slope in Colorado.. 584
The West Slope Felt Reclamation Played a Neutral Role in the Project and Reclamation Found it Couldn't Transfer Water Scheduling to the Northern Colorado Water Conservancy District. 584
". . . they weren't really interested in doing the maintenance. What they *really*

wanted to do was *control* the *operations* and to have *control* of that water scheduling activity. They're very much involved in how we do that. But, the bottom line is it fell through. . . ". 585
". . . O-&-M transfer didn't move ahead and we . . . had our, our staff so up in the air for over a year . . . and we had staff that were leaving because they thought . . . their jobs were going to be turned over to the district. . . " 585
" . . . that was a fairly contentious time because Northern was very upset with us. They felt like we were giving deference to the West Slope that the West Slope didn't deserve. And, you know, we were just trying to be, I think, honest brokers . . . ". 585
Raley Has Done Some Work for CREDA. 586
River Rehabilitation Projects in Reclamation. 586
"Our budget for the past few years has been up around $150 million a year. That's about 15 percent of the Reclamation budget that's spent on river restoration. *Almost all* of that is for environmental compliance. . . " 587
In Order to Be Able to Deliver Water and Power, Reclamation Has to Comply with the Environmental Laws, and That Has Led to Reclamation Development of Major Programs.. 587
California Bay-Delta Program and the Central Valley Project Improvement Act 587
Reestablishing Flows in the San Joaquin River.. 588
Trinity River.. 588
Klamath River. 588
Columbia River. 589
Platte River.. 589
Four Restoration Programs on the Colorado River. 589
Rio Grande.. 589
Missouri River Basin. 590
". . . it's really part of our water and power mission that we do that, *not* because the mission of the Bureau of Reclamation has changed. It's just that things we have to do to accomplish our mission has changed. . . ". . . . 590
Drainage Issues in the San Joaquin Valley. 590
". . . we could never find a place to put the . . . drain water. . . . If you *don't provide drainage* you're going to have a lot of land go out of production . . ". 590
". . . we got sued . . . The courts have ruled that we are *obligated* under the law, *required* under the law, to put those drainage facilities in place. . . " 591
The Solution to the Drainage Issue Appears Very Expensive and Unlikely to Be Politically/Economically Feasible. 591
Reclamation Negotiated a Deal Where the Water Users Take on the Drainage Responsibility in Exchange for the Federal Government Forgiving the Repayment Obligations for the San Luis Canal and Other Water Delivery Facilities That Service Westlands Water District, Relief from the Reclamation Reform Act, and a Longer than Normal Life for Their Water Contract. 592

". . . it's a settlement that won't place an unreasonable burden on the Federal treasury and the Reclamation budget. It will require legislation, authorization. Congress will have to allow those repayment revenues to be refunneled back to Westlands to pay for the drainage. . . ". 593
". . . we're getting out from underneath the liability. On drainage, which is a *huge* benefit to the United States . . ". 594
"I'm involved. . . . If there's a hearing I'll probably go testify. But, you know where the work's getting done? In the field, with the region, and the Regional Director working on the ground . . ". 594
Klamath Project Issues. 595
Reclamation and Drought in the West Since about 2000. 597
". . . *for the most part* we've been delivering less water and generating less power. . . ". 597
Emergency Drought Act Grants. 597
". . . on the Colorado River we've put new operating procedures in place to deal with drought. . . ". 597
"There are those who would say that the Bureau of Reclamation has been dealing with drought for 105 years, that the West is an arid environment and that drought has persistently occurred, and that's our job. That's the very *function* of our facilities is to deal with *drought* . . ". 598
"But, that said . . . we need to be doing a lot more because if precipitation patterns really are changing the assumptions that we've made in the past for how we manage water and how we manage our facilities are no longer valid. And so, we need to be taking a fresh look . . ". 598
". . . our role in drought has yet to be defined, and I think our role in dealing with climate change and drought is something that we will be defining over the next several years. . . ". 598
Reclamation's Art Collection. 599
Mark Limbaugh. 600
Trends in Reclamation Budgets. 601
". . . the biggest challenge, the biggest frustration for me has been the budget, as Commissioner. . . ". 601
". . . we could double the Reclamation budget and still not meet all the legitimate program needs that are out there to provide water, and power, and environmental protection, and everything else associated with it. . . " 601
"Now, our saving grace is . . . we've got a lot of support in Congress and Congress is not happy with the level of funding for the Reclamation program, and I think we can reasonably count on them adding money back in. . . ". 602
". . .OMB has an iron hand on the budget. They pretty much get to dictate the funding levels. They're focusing on a balanced budget by 2012, and . . . non-defense domestic discretionary is the only place they have any ability to control. . . ". 602
"So, water's got to rise to a matter of national importance in order for us to get the funding picture turned around for the Bureau of Reclamation. The Corps of Engineers are having the same problem. . . ". 603

"We have done lots of things to get creative . . . We used to appropriate a lot of money for O-&-M of our power facilities *and* our water facilities . . . and then we'd turn around, and the water and power users would pay that back to the Treasury in the same year that the money was appropriated. Well, we've gone to what we called 'direct funding' or 'off-budget funding' . . . we're asking the customers to pay them directly . . . that created room in our budget for other activities. . . ". 603
Congress Is Allowing Reclamation to Use CAP Repayment Monies to Fund Indian Water Delivery Systems. 604
Another "Off-Budget" Possibility Is to Get Legislation That Will Permit Reclamation to Use Money Deposited in the Reclamation Fund Without Needing Additional Congressional Authorization. 604
Drop 2 Reservoir on the All-American Canal. 604
Off-Budget Funding Is Planned for the San Joaquin River Restoration Effort 605
On Glen Canyon Dam Reclamation Can Use Power Revenues for the Glen Canyon Adaptive Management Program. 605
Reclamation's Appropriated Budget Is about a Billion Dollars, but "Off-budget" Funding Raises Reclamation Spending to about 1.5 Billion Dollars a Year 605
". . . the *role* of the Bureau of Reclamation is going to be more important in the future than it's ever been in the past, because of these limited water supplies and these increasing demands that we have Westwide. . . ". . . 606
"Our staffing levels have been fairly stable, and quite frankly I don't *expect* them to change a lot in the immediate future. . . ". 606
Reclamation Staffing Policy. 606
". . . it's absolutely critical that Reclamation maintain its technical expertise . . ." 607
". . . we have been overlooking the resources that we have in the TSC, and some of our Area Offices, and some of our program offices have been automatically contracting out for work rather than looking to our own staff in-house. . . . I think there'll be more work for the TSC. . . ". 607
Rural Water Supply Projects. 608
"One of the problems we've had with rural water is we had rural communities that want to develop rural water systems and they've gone out on their own and developed grandiose, very, very expensive projects to take care of rural water needs. . . ". 608
Issues with Financing Rural Water Projects. 609
Black Rock Dam. 610
". . . it's a project that just, you know, can't be reasonably justified. . . ". . . . 611
". . . the state of Washington, Department of Ecology, is going to press ahead with further studies to look at more realistic alternatives. . . ". 611
Klamath River. 611
Trinity Restoration Program and the Klamath Project. 612
Central Valley Project. 613
A Record Drought is Affecting the Central Valley Project and the State Water Project. 613
". . . if you don't have any water in the system it doesn't matter if you've got a

biological opinion . . . you're suffering from the drought and the endangered species issues just exacerbates it. . . .". 614
Peripheral Canal.. 614
Don Glaser Appointed as Regional Director in the Mid-Pacific Region.. 615
San Joaquin River Restoration.. 616
Reclamation Is Working on Getting Legislation to Permit the San Joaquin River Restoration to Move Forward but Finding Reductions to Offset the Spending Increase Is Not Going Well. 617
The Exchange Contractors Are Concerned about the Negotiated Settlement and the Need for Legislation.. 619
Water for America. 619
"Endangered species problems, water supply for the environment, . . . drought and climate change, and population growth, are creating water supply crises throughout the western United States, and the Bureau of Reclamation is uniquely positioned to provide leadership in helping solve those problems. . . .". 620
". . . Reclamation is so uniquely positioned [because] . . . river basins don't respect state and local boundaries, and it's sometimes difficult for *all* the interests in a basin to come together on their own. And, the Bureau of Reclamation can be a neutral party that can bring all those interests in a basin together to look at the basin from a collective perspective. . . ." 621
Water for America Is a Broader Program than Water 2025.. 622
While the Reclamation States Emergency Drought Relief Act of 1991 Gave Reclamation National Authority to Implement Drought Planning, Reclamation Has Chosen Not to Go Outside the Traditional States in the West. 622
Secure Water Act. 623
Title XVI. 624
Senator Harry Reid's Bill on Urban Water Canals. 624
Truckee Canal Break. 624
". . . the safety standard for those canals in a urbanized area is a lot higher than the safety standard we would have for a canal that's in a rural area where there's no significant property damage that would occur from a failure. . . .".. 625
". . . we *redrafted* that legislation . . . Now, we *did* that without the involvement of OMB, and my guess is the Administration probably, *officially*, would not support the legislation that's pending over there. But, it's *better* to have crafted something that we can at least *live* with than to have something passed that we couldn't have accomplished. . . .". 625
"We did not involve OMB. Because, when you involve OMB all kinds of other problems start to develop and you really can't be successful in getting something that people can live with. . . .". 625
". . . one of the things that I've struggled with most as Commissioner is fighting the battle within the Administration over legislation and budget, with OMB . . . Every time we go to do something, OMB doesn't like it. Piece of legislation comes along, OMB doesn't like it. . . .".. 626

". . . we've gone out and really nurtured the relationships with the committee staffs and the members, and the staffs of the members. We have sponsored, in the last year, something like–I can't remember–ten or fifteen western tours for committee staff. . . ". 626
Political Appointees and Reclamation's Relationship to the Congress. 627
Kris Polly, Ryan Serote, Matt Maucieri, Carter Brown, and Brenda Burman 627
". . . we've been *lucky* to get a group of political staff who understand Reclamation, and supported, believed in the Reclamation program. And, they have just done a tremendous job for us . . ". 628
Matt Eames. 628
The Department Has Supported Reclamation. 628
". . . our relations with OMB are not good. I mean, the career staff and the political staff over there, their goal in life is to limit our mission and our budget and they want to micromanage everything that we do. . . ". . . . 628
Secretary of the Interior Dirk Kempthorne Is Interested in Water Issues. 629
Colorado River Shortage and Operating Criteria.. 630
Truckee River Operating Agreement.. 630
Dedication of Ridges Basin Dam on the Animas-La Plata Project. 630
Mni Wiconi Project. 630
". . . groundbreaking on the Drop 2 Regulatory Storage Project in southern California. . . ".. 631
"'. . . we're not the organization that we used to be.' Well, I'll tell you what, we're different than we used to be. We're more of a water manager. We're still doing construction. But, I think we're still doing just as many things and the mission that we're carrying out is just as important as it ever was. . . ".. 632
The Drainage Issue in the San Joaquin Valley Hasn't Been Settled. 633
". . . the bottom line is–if something isn't done there's going to be a lot of land in the San Joaquin Valley that goes out of production, and that's what the environmental community wants. They want the land, the irrigated land in the San Joaquin Valley, to go out of production so they can keep the water in the delta. . . ". 633
"Don really took on, when he became Regional Director out there, really took on a tough set of challenges. There are so many things going on in California and they're *all* contentious and very *difficult*. . . ". 634
". . . in total, 25 percent of the Reclamation budget goes to the state of California. The Bureau of Reclamation controls and delivers around, I think it's around *eleven million* acre feet in the state of California. . . ". 634
Operation of the Tracy Pumping Plant.. 634
John Keys.. 635
"I think if you go talk to Reclamation's customers they will tell you that John restored the relationship between them and the Bureau . . . I think Eluid Martinez moved us towards that, but I think John was the one that really brought the credibility and did the outreach . . ".. 635
Many Activities John Keys Worked on Culminated During Bob Johnson's Term as Commissioner. 635
John Keys Didn't Get the Support from the Assistant Secretary That Bob Johnson Enjoyed as Commissioner. 636

Working on Water Issues among Atlanta, Georgia, Alabama, and Florida. 636
Georgia Asserts it Has the Right to Use Any Water That Falls on the State. . . . 637
How Litigation Interfered with the Negotiation Process with the States. 640
"We did get the biological opinion in place, but we didn't get an agreement. But, we made progress and we laid a framework that they could pick up at a later date and work on it some more. I actually think that there's a solution out there, but you *need* more time. . . ". 640
"You need to do some engineering studies, you need to do hydrology, and that just doesn't happen right away. I mean, it's complex. And, you've got to do the studies and you've got to get facts on the table. . . ". 641
". . . that was a great experience. I enjoyed it. It was fun. They're where the western states were fifty or a hundred years ago. . . ". 641
Mancos Project. 642
Truckee Canal Break. 642
590 Homes Flooded. 642
"It's operated and maintained by the Truckee-Carson Irrigation District, so they had primary responsibility. Our engineers got involved. We did the repair work within about a month, and the forensic analysis indicated that it was probably caused by a rodent hole . . ". 643
". . . there's litigation. People were harmed. We're being sued because we own the canal. The district's being sued. The City of Fernley is being sued. We had done reviews of maintenance on the facility. We had never identified that particular canal as being a problem in any of our reviews of maintenance. . . ". 643
". . . the City of Fernley . . . probably has some liability because they allowed the development to occur and they didn't make provisions for drainage and there was actually some additional damage that was done because the City of Fernley built a road over a drainage ditch and basically blocked the ditch off and caused the flooding to be worse than it would have otherwise been. . . ". 643
Many Canals Now Run Through Urban Areas, and the Truckee Canal Break Served as a Wake-up Call about the Potential for Property Damage in Those Urban Areas. 644
"A permanent fix is going to be expensive. . . . a concrete grout curtain down the eleven-mile length of the canal that's near the developed area, and that'll cost in the tens of millions of dollars. It's probably beyond the ability of the district to pay, and so I think it's going to be a tough problem to figure out how to get that fix to the canal. . . ". 644
". . . it's made us set back and take a fresh look at our review of maintenance and urban canals and what kinds of *standards* of maintenance we ought to establish for urban canals. . . ". 644
Water Users, in a Meeting, Showed Significant Concern about Operation and Maintenance of Urban Canals. 644
Reclamation Has New Standards for Dealing with Urban Canals and Is Planning to Be More Involved in Helping Districts Deal with Development Around Facilities. 645
"We have *not been very proactive* when growth is occurring in getting in there

and make sure that as the growth occurs that the growth, not the irrigation district or the water district, has the responsibility to provide adequate protection in the event of a canal failure. . . . we're going to get more proactive in dealing with local communities when they do their zoning and they grant their building permits and that sort of thing to developers to try to head off the risk of failure . . .". 645
Salt River Project Is All Urban Now and They Have Been Able to Assure That Developers Build in the Costs of Safety and Drainage Measures. 646
The New York Canal in Boise Is an Issue. 646
Shortage Criteria on the Colorado River. 646
"I think the drought probably . . . made it urgent to try to figure it out. . . .". . . 646
". . . spring of 2005 the Upper Basin wrote a letter . . . [saying the] Secretary should limit the amount of water released from Lake Powell because conditions were so dry, and because . . . it was a wet year . . . on Lower Basin tributaries. . . . the Upper Basin maintains that the Lower Basin has an *obligation* to use their tributaries for meeting the water delivery requirements to Mexico. . . ". 647
". . . Lower Basin went ballistic because they . . . believe that the Upper Basin has an obligation to *always* meet half of the Mexican Treaty deliveries, and that Lower Basin tributaries are off the table for meeting that need. . . ." 647
The Secretary of the Interior's Response Didn't Please Either Basin Totally, but the Secretary Informed the Basins That since the Colorado River Basin Was in Drought That Interior Would Move Forward with Developing New Criteria Regarding Operation of the Reservoirs and How Lower Basin Shortages Would Be Administered. 647
". . . we *immediately* put out a *Federal Register* notice saying we were initiating a process to develop criteria. Well, there's nothing that motivates a group of states *more* than the thought that the Federal Government is going to make a decision *for* them. . . ". 648
"Amazingly, by the first of February of 2006 the Basin States came back with a consensus proposal . . . *beyond that* also, criteria that allows, that encourages *water conservation* and *water exchanges* within the Lower Basin. . . ". 648
". . . that was a huge breakthrough, and we now have a tool that allows the Lower Basin states, that encourages the Lower Basin states and water users in the Lower Basin to do conservation and save the water so that they're prepared for a drought when it comes, and a shortage condition when it comes. . . ". 649
Nevada Is Funding Two-thirds of the Drop 2 Structure While Arizona and California Each Are Funding One-sixth–Conserved Water Is to Be Allocated to the States in the Same Proportions as the Funding Paid. . . 649
The Lower Basin States Can Take Other Approaches to Conservation and Creating New Water Opportunities in the System. 649
". . . the reason why we're so successful on the Colorado River . . . relationships among the parties. . . . people that have worked together . . . for *long* periods of time, and relationships develop. . . . the other thing that makes the Colorado River tick is there's a tremendous amount of authority vested

in the Secretary of the Interior to *manage* the system. . . .”. 650
“. . . Reclamation *is* the main player on the river, and . . . we do draft the letters, we do do the technical analysis, we do do the facilitation in working with the states, and we do advise the Secretary on what steps should be taken. But, I mean ultimately it’s the Secretary who has the authority. . . .”. . . 652
The Upper Basin is concerned about operation of Lake Powell because “. . . if they can’t deliver it out of Lake Powell they have to *shut off* their uses with their Upper Basin users in order to meet the compact delivery requirement. So, Lake Powell is their bank account to deliver water to the Lower Basin. . . .”. 652
Senator Mc Cain’s Suggestion That the Colorado River Compact Be Revisited 654
Water Banking in the Lower Colorado River Basin and the Relations Between Nevada and California on the Issue.. 656
Evolution of Groundwater Banking in the Lower Colorado River Basin. 656
Nevada Has Banked Water in Both Arizona and California. 656
“Now, we have the new rule that says you can bank and have credit for water in Lake Mead. . . .”.. 657
Loss of the American and Mexican Representatives to the IBWC in a Plane Crash, Ciénega de Santa Clara, and Lining of the All-American Canal. 657
Dealing with Water Issues with Mexico. 658
Test Operation of the Yuma Desalting Plant. 659
Reclamation Is Discussing the Idea of the Lower Basin States Paying for Operation of the Desalting Plant and Receiving the Water in Return. . . 659
Selections of Senior Executives in Reclamation. 661
Lorri Gray, Don Glaser, Larry Walkoviak, Darryl Beckman, and Carl Wirkus 661
“It’s hard to get people to come to Washington. . . . I’ve used some of the tools that we have, relocation bonuses, those sorts of things, to try to attract people to come back here. . . .”. 662
Kris Polly and Ryan Serote. 662
Lowell Pimley, Mike Gabaldon, Dave Achterberg, Dave Sabo, and Perry Hensley 663
Bruce Babbitt, Gale Norton, and Dirk Kempthorne. 664
Water Is a Nonpartisan Issue as Far as the Secretaries of the Interior Are Concerned. 664
“Gale Norton . . . relied very heavily on the advice of Bennett Raley. . . .”. . . . 667
Thoughts on Reclamation. 670
Liked All His Jobs at Reclamation. 670
Considers His Best Job at Reclamation to Be Commissioner. 670
Retirement Plans. 671
Rural Water Projects. 671

Appendix 1.. 674

Brief Chronology

1951–born in Lovelock, Nevada

1969–graduated from high school in Lovelock, Nevada

1973–graduated from University of Nevada Reno in agricultural and resource economics

1973-1975–graduate school at the University of Nevada Reno

1975–started work at Reclamation in Sacramento as an agricultural economist

1977–graduated from the University of Nevada Reno with an M.A. in agricultural and resource economics

1979–moved to Reclamation in Boulder City, Nevada, as an economist

1981–selected as Economics Branch chief in the Lower Colorado Region

1985–spent a four month detail in the Washington, D.C., office

1987–became chief of the Contracts and Repayment Branch in Washington, D.C.

1988–became Operations Division chief in the Lower Colorado Region

1991–became Assistant Regional Director of the Lower Colorado Region

1995–became Regional Director of the Lower Colorado Region

October 2006 to January 2009–Commissioner of the Bureau of Reclamation

January 3, 2009–retired from Federal service

Joined Water Consult, a water consulting firm headquartered in Loveland, Colorado.

STATEMENT OF DONATION
ORAL HISTORY INTERVIEWS OF
ROBERT (BOB) W. JOHNSON

1. In accordance with the provisions of Chapter 21 of Title 44, United States Code, and subject to the terms, conditions, and restrictions set forth in this instrument, I, Robert W. Johnson, (hereinafter referred to as "the Donor"), of Boulder City, Nevada, do hereby give, donate, and convey to the National Archives and Records Administration (hereinafter referred to as "the National Archives), acting for and on behalf of the United States of America, all of my rights and title to, and interest in the information and responses (hereinafter referred to as "the Donated Materials") provided during interviews conducted on March 31, and April 1, 1994; February 23, 1995; January 11 and May 31, 1996; January 13 and 14 and December 15, 1997; July 19 and 20, 2000; and June 16, and December 14, 2004; February 17, 2006; February 14 and 15, and August 21 and 23, 2007; and March 25 and 26, and November 13 and 14, 2008, at the offices of the Bureau of Reclamation in Boulder City, Nevada, Denver, Colorado, and Washington, D.C., prepared for deposit with the National Archives and Records Administration in the following format: cassette tapes and transcripts. This donation includes, but is not limited to, all copyright interests I now possess in the Donated Materials.

2. Title to the Donated Materials is transferred to the Archivist of the United States. The Archivist shall accept by signing below.

3. a. It is the intention of the Archivist to make Donated Materials available for display and research as soon as possible, but the **Donor places the following restrictions upon their use: the Donated Materials may be released for research January 1, 2014.**

   b. The Archivist may, subject only to restrictions placed upon him by law or regulation, provide for the preservation, arrangement, repair, and rehabilitation, duplication, and reproduction, description, exhibition, display, and servicing of the Donated Materials as may be needful and appropriate.

4. Copies of the Donated Materials may be deposited in or loaned to institutions other than the National Archives, including the Bureau of Reclamation. Copies of Donated Materials may also may be provided to researchers. The Bureau of Reclamation may retain copies of tapes, transcripts, and other materials.

5. The Archivist may dispose of Donated Materials at any time after title passes to the National Archives.

Date: 7/4/2010

Signed: Robert W. Johnson
Robert W. Johnson

INTERVIEWER:_____
Brit Allan Storey

Having determined that the materials donated above by Robert W. Johnson are appropriate for preservation as evidence of the United States Government's organization, functions, policies, decisions, procedures, and transactions, and considering it to be in the public interest to accept these materials for deposit with the National Archives and Records Administration, I accept this gift on behalf of the United States of America, subject to the terms, conditions, and restrictions set forth in the above instrument.

Date:_____

Signed:_____
Archivist of the United States

(Intentionally blank)

Introduction

In 1988, Reclamation began to create a history program. While headquartered in Denver, the history program was developed as a bureauwide program.

One component of Reclamation's history program is its oral history activity. The primary objectives of Reclamation's oral history activities are: preservation of historical data not normally available through Reclamation records (supplementing already available data on the whole range of Reclamation's history); making the data available to researchers inside and outside Reclamation.

Researchers in and readers of these interviews will notice that many topics dealing with Reclamation's role on the Lower Colorado River Basin are discussed several different times. While there is repetitious information, each new discussion of a topic tended to add new and interesting angles and data to the discussion.

The Senior Historian of the Bureau of Reclamation developed and directs the oral history program. Questions, comments, and suggestions may be addressed to the Senior Historian.

Brit Allan Storey
Senior Historian
Land Resources Division (84-53000)
Policy and Administration
Bureau of Reclamation
P. O. Box 25007
Denver, Colorado 80225-0007
(303) 445-2918
FAX: (720) 544-0639
E-mail: bstorey@usbr.gov

For more information about Reclamation's history program see:
www.usbr.gov/history

(Intentionally Blank)

Oral History Interviews
Robert (Bob) W. Johnson

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Robert W. Johnson, Assistant Regional Director of the Bureau of Reclamation, in the Lower Colorado Regional offices in Boulder City, Nevada, on March the 31st, 1994, at about three-thirty in the afternoon. This is Tape 1.

Mr. Johnson, I'd like to ask you first where you were born and raised and educated, and how you ended up at the Bureau of Reclamation.

Born and Raised in Lovelock, Nevada, where he graduated from high school in 1969

Johnson: I was born in Lovelock, Nevada. That's a little town about ninety miles northeast of Reno. I was raised there all my life, grew up there, went to grade school and high school there.

Attended the University of Nevada 1969-1973, Went to Work for Reclamation in 1975, and Completed His Masters Degree in Agriculture and Resource Economics in 1977

Graduated from high school in 1969 and then went to school at the University of Nevada in Reno, and majored in agricultural and resource economics and graduated in 1973 with a bachelor's degree and went on to graduate school and went to work for the Bureau in 1975 without finishing my master's degree, and then wrote my thesis after I went to work for the Bureau. I actually got my master's degree from the University of Nevada in 1977, in agriculture and resource economics.

Had Planned to Go to the University of California at Davis to Earn a Ph.D. and Then Teach in a University

How did I go to work for the Bureau of Reclamation? I guess the long and short of it is they offered me a job! (laughs) I was going to go get a Ph.D. and teach at a university, was my plan.

Had Filled out a SF-171 and Was Offered a Job at Reclamation

I actually had plans to do that, was accepted at the University of California at Davis, and had an assistantship and was ready to go do that, and during the course of when I was getting ready to graduate with my master's degree, just as a ***fluke***, I filled out a 171 [Standard Form 171 or SF-171] and sent it to the Civil Service Commission in San Francisco, and forgot all about it.

"Out of the blue, the Bureau of Reclamation . . . gave me a call and offered me a job in Sacramento, and so I went to work for them, rather than going on for my Ph.D., and I've been there ever since. . . ."

Out of the blue, the Bureau of Reclamation had accessed that, and out of the blue they gave me a call and offered me a job in Sacramento, and so I went to work for them, rather than going on for my Ph.D., and I've been there ever since.

Storey: I'm sorry, did you say what year you were born?

Born in 1951

Johnson: In 1951, I'm sorry.

Storey: In Lovelock?

Johnson: In Lovelock, Nevada.

Storey: Lovelock, I believe is on one of our projects, isn't it?

Johnson: Yes, it is. Lovelock is the Humboldt Project. That's Rye Patch Dam, which serves the farming area around Lovelock.

Storey: I don't know, was Rye Patch there at that time?

Johnson: Oh yes, yes. Rye Patch was built in the 1930s. Of course they farmed at Lovelock before Rye Patch was built. The Humboldt River kind of flows down there, and there was ***some*** farming, although a lot more limited. But yeah, that area there is called the Humboldt Project. That is a Reclamation Project that was constructed.

Family Left Missouri During the Depression, Stopped in Lovelock on the Way West–Dad Eventually Owned a Car Dealership and Then a Ranch in Lovelock

My dad came to Lovelock in 1939. He and my mother were both from Missouri, and they were leaving the Midwest to get out of the Depression, and traveled through Lovelock, and it looked like a friendly place. He went to work on a ranch there, I think the dam probably had already been built. He eventually owned a car dealership in Lovelock, and sold cars and garage repair. He then sold the car dealership in 1955 and bought a ranch there in Lovelock. That's part of the Humboldt Project. And so basically from the time I was four, I grew up on a ranch. I guess when I was born, they lived in the town of Lovelock, just a little town. But from the time I was four years old, we moved to the ranch, and I grew up there on the ranch, which is part of a Reclamation Project.

Storey: Your ranch used Reclamation water then? Is that right?

The Ranch Used Water from the Humboldt Project

Johnson: Yes, uh-huh, from the Humboldt Project, that's correct.

Storey: What did it use Reclamation water for?

Father Owned 160 Acres and Leased Another 480 Acres

Johnson: That's a relatively short growing season, and the crops are limited to alfalfa, barley, grains, wheat. Alfalfa seed became a fairly major crop, but that's basically the crop that's grown up there. It was not a large ranch, my dad only had 160 acres, it was a small ranch. He leased about a section of land, so we had a larger farm, but in terms of ownership, he just owned 160 acres.

Storey: And what specific crops did ***he*** grow?

Johnson: Alfalfa, grain.

Storey: Alfalfa and small grains?

Johnson: And small grains, right. And alfalfa seed, he grew alfalfa seed too.

Storey: Did you work on the farm?

Johnson: Oh sure.

Storey: When do you suppose you started working?

". . . you always had little chores. . . . I was an active 4-H'er and an FFA'er [Future Farmers of America] and was pretty active in those activities. And so, you know, I had livestock. He also . . . always kept cattle. . . ."

Johnson: Oh, I probably started working when I was probably . . . . Well, I mean, you grew up, you always had little chores. I mean, I was an active 4-H'er and an FFA'er [Future Farmers of America][1] and was pretty active in those activities. And so, you know, I had livestock. He also had cows, always kept cattle.

". . . I just grew up there . . . I suppose with chores from the time we lived there . . . I think I actually really started working in the summer and actually helping with the crops and the farming and everything, when I was . . . about twelve or thirteen . . ."

So I just grew up there and worked on the farm, I suppose with chores from the time we lived there, having little things to do. I think I actually really started working in the summer and actually helping with the crops and the farming and everything, when I was probably about twelve or thirteen, something like that.

1. A note on editorial conventions. In the text of these interviews, information in parentheses, ( ), is actually on the tape. Information in brackets, [ ], has been added to the tape either by the editor to clarify meaning or at the request of the interviewee in order to correct, enlarge, or clarify the interview as it was originally spoken. Words have sometimes been struck out by editor or interviewee in order to clarify meaning or eliminate repetition. In the case of strikeouts, that material has been printed at 50% density to aid in reading the interviews but assuring that the struckout material is readable.

The transcriber and editor also have removed some extraneous words such as false starts and repetitions without indicating their removal. The meaning of the interview has not been changed by this editing.

Storey: And what were you doing specifically?

". . . I watched the water, did the irrigation. I usually did the night irrigating, stayed out all night . . . we worked twelve-hour shifts. . . . stayed out with the water all night with the pickup, and changed the water when it was down to the end of the field, into the next land. It's a flood irrigation system. . . ."

Johnson: Well, I irrigated, I watched the water, did the irrigation. I usually did the night irrigating, stayed out all night with the water, and we worked twelve-hour shifts. I have one brother, and either my brother or my dad would take the day shift, and I usually took the night shift, and stayed out with the water all night with the pickup, and changed the water when it was down to the end of the field, into the next land. It's a flood irrigation system.

". . . putting up the alfalfa hay, my job was to run the swather, initially, so I ran the swather, actually cut the hay, which was a *miserable* job, by the way. . . . it was dirty! I mean, it was *bugs* and . . . The swather has the reel in front of it, and as it goes through the hay, it pulls the alfalfa, and all the dust and all the bugs that are in the alfalfa hay, floats up into the air, and then *you* drive through. . . ."

And in terms of putting up the alfalfa hay, my job was to run the swather, initially, so I ran the swather, actually cut the hay, which was a ***miserable*** job, by the way.

Storey: Why?

Johnson: Oh, it was dirty! I mean, it was ***bugs*** and . . . The swather has the reel in front of it, and as it goes through the hay, it pulls the alfalfa, and all the dust and all the bugs that are in the alfalfa hay, floats up into the air, and then ***you*** drive through. It's just a dirty kind of a . . . In the process of haying, running the swather is probably the most unpleasant job. We didn't have a cab–in those days they didn't put cabs on the equipment, so there was no cab on the swather, so it was really a dirty job. I also baled. I mean, I did everything.

The Variety of Jobs on the Ranch

But ***initially***, for the first three or four years that I worked in the hay season, I ran the swather. I also ran the hay baler, I piled the hay. We had a harrow bed, which is a hay piler, and so I also ran the harrow bed and piled hay. Everything that you do on a farm, I drove the grain trucks for the harvest when we harvested the grain every year–just whatever there is to do on a farm–take care of the cattle, brand, and vaccinate cows, castrate the calves, help in the winter with the calves. There's a summer pasture that we sent the cows to, and in the wintertime we'd bring them in, and they always calved through the winter months, and so we would help with the calving. So whatever there was to do, we did.

Storey: Did you father have any hands to help on the farm?

Johnson: No. Well, he might hire somebody in the summer season. When we got into the haying, he might hire one man, usually. Sometimes he hired a man for the summer season, because there was more work. There's my brother, who's four years older than myself, and me, and my dad. And between the three of us and one part-time worker through the summer, we pretty much did all the work on the farm. I always used to joke that I grew up on a 160 acre (laughs) farm in a Reclamation project, although acreage limitation . . .

". . . I basically grew up on a Reclamation project on a Reclamation farm, and I did not know who the Bureau of Reclamation was until I went to work for them. . . ."

Let me tell you, it's interesting, I basically grew up on a Reclamation project on a Reclamation farm, and I did not know who the Bureau of Reclamation was until I went to work for them. The project had been built, had been turned over to the water district, the water district throughout the '50s and '60s and even today, the water district maintains and operates the dam. I think the Bureau's role is an oversight role. But the whole project is maintained by the district. Now I knew that the dam was built by the government, but that's all I knew. I didn't know that there was a Bureau of Reclamation out there, or what Federal agency had built the dam, but I knew it was built by the government. That's basically all I knew.

Storey: What district was that?

Johnson: I think it's called the Pershing County Water Conservation District, but it's the Humboldt Project, the Bureau of Reclamation.

Storey: I was having lunch with John Peterson, the Regional Archaeologist, today and we were talking about the fact that Reclamation has not been very good at signing its projects and telling the people that it exists.

Johnson: Yeah, I think that's true.

Storey: Yeah, and I think it may be a problem too, personally, but anyway . . . Tell me about your irrigation responsibilities. You started, you say, when you were about thirteen or so.

Johnson: Probably about that age.

Storey: Driving a pickup around in the fields.

Irrigation on the Ranch

Johnson: Yeah. What you did is, the head of water came in the ditch–of course they weren't lined ditches, they're dirt ditches–but we had concrete headgates. It was a flood irrigation system. The land was leveled and you had borders with a land. We called it "a land." One land was a piece of a field, usually it was about an acre of ground with two borders on the side that you would ***run*** the water, flood the water between those two borders, so that the water didn't just run. You couldn't run the water all

over the field, you had to kind of confine the water to a specific area of the field while you were irrigating. So you'd open up the headgates and turn the water out on the field and ***watch*** the water. You had to ***watch*** it, because we had gophers, gophers would dig holes, and occasionally you'd get breakouts. There'd be a gopher hole in the ditch and you'd get leaks out of the ditch and the field. You'd have to make sure that the ditch wasn't going to wash out, see. Somebody had to stay out there and watch the water all the time, and then we were careful to cut the water off before it got to the end of the field. Once you cut the water off, and start running the water into a new land, you knew about how far the water would run, once you put the gates back in the headgate, you know, of the ditch, the water would keep running for a period of time. So the irrigator would watch the water and make sure when it got down usually it was, I don't remember, maybe a hundred paces or something like that, from the end of the field, when the water got to that point, then you knew it was time to go up and pull the gates and open two new gates and put the water over into a new part of the field.

Storey: So you used gates of some sort?

Johnson: Right, headgates. They were concrete headgates that were blocked off with boards that held the water back.

Storey: And you could just lift the boards out?

". . . you watched the ditch. Had to keep your eye on the ditch all the time to make sure that you weren't getting any gopher leaks. If you got gopher leaks, then you got down in the ditch with a bale of straw and some manure, and you always piled bales of straw and manure around, and you'd stamp the straw and manure down in the gopher hole to stop the leak. . . ."

Johnson: You lifted the boards out and the water ran out the gate into the field, and then after the field is irrigated, then you go back and open up some ***new*** gates, and close those old gates off, and then shoveled dirt behind the gate so it wouldn't continue to leak. And then you just watched the water, you watched the ditch. Had to keep your eye on the ditch all the time to make sure that you weren't getting any gopher leaks. If you got gopher leaks, then you got down in the ditch with a bale of straw and some manure, and you always piled bales of straw and manure around, and you'd stamp the straw and manure down in the gopher hole to stop the leak. Because if you let the leak go very long, it washed the whole ditch out, so you had to keep a pretty close eye on what was happening all the time with the water. So I'd be careful. The idea was, be careful and manage the water.

"My dad was always very careful, he had all of his fields leveled so that the water ran evenly and smoothly across the field. He had his ditches and his headgates set in at the right levels. He always ordered a good-sized head of water so that you had enough water to push it through in a relatively short period of time. . . ."

My dad was always very careful, he had all of his fields leveled so that the

water ran evenly and smoothly across the field. He had his ditches and his headgates set in at the right levels. He always ordered a good-sized head of water so that you had enough water to push it through in a relatively short period of time. I mean, it's the same problem that farmers face today, in terms of having an efficient irrigation system.

"If you just got a little bit of water, it doesn't have enough push, and it never gets down to the end of the field, and you end up *wasting* a lot of water . . ."

If you just got a little bit of water, it doesn't have enough push, and it never gets down to the end of the field, and you end up ***wasting*** a lot of water, so by having a nice leveled field with ditches and headgates that are properly installed, and then you order a large enough head of water, so that you can push the water through in a hurry, you could get a more uniform application of the water across the field, and you used less water, it was more efficient. And being efficient with water was an issue, because the users there were limited to three acre feet. Three acre feet was an allotment.

"When you had *full* water supply, you got three acre feet of water. And your crops would use that much, or could use more, so that there was an incentive to be efficient in your use of your water, and make sure that you didn't run it off the end of the field . . ."

When you had ***full*** water supply, you got three acre feet of water. And your crops would use that much, or could use more, so that there was an incentive to be efficient in your use of your water, and make sure that you didn't run it off the end of the field, or pile it up or lose it through a gopher leak or anything like that, so there's an incentive to make sure that you irrigated or used your water as efficiently as you could.

"My dad used to get frustrated . . . There were farmers in our valley there that weren't efficient . . . weren't very responsible about watching the water, their ditches would wash out because they didn't watch their gopher leaks, or they wouldn't pace off and cut the water off before it got to the end of the field, and they'd pile a whole bunch of water up down at the tail end and you'd end up with what's called lots of tailwater running out into the . . . drainage ditches and that sort of thing. . . ."

My dad used to get frustrated, there were some . . . And I mean, with the emphasis on water conservation, I give this speech to the farmers down in Imperial every once in a while. There were farmers in our valley there that weren't efficient, that weren't very good water users. They didn't hire irrigators, or if they did hire irrigators, they weren't very responsible about watching the water, their ditches would wash out because they didn't watch their gopher leaks, or they wouldn't pace off and cut the water off before it got to the end of the field, and they'd pile a whole bunch of water up down at the tail end and you'd end up with what's called lots of tailwater running out into the burr [borrow] pits and into the drainage ditches and that sort of thing. So that did occur. I mean, not all farmers were that way, but there were

some ***large*** farmers and farms that weren't very well managed, that sometimes managed their water supplies that way and weren't very efficient. My dad took some pride in being fairly efficient in how he used his water.

Storey: Where did he learn it?

How His Dad Learned to Irrigate

Johnson: He did not come from an irrigated–he had a farm background, my dad was from rural Missouri and I know he grew up on a farm in Missouri where they didn't have any irrigation. He really didn't get into irrigation until they came to Lovelock, and I don't know where he learned it. Initially when he came to Lovelock, he worked on a ranch there, and did irrigation, and I think when he bought the ranch and went back into being a farmer, I think it was just part of being a good manager, you know, managing the farm well. And I think there were probably programs, Cooperative Extension Service was pretty active there in the Department of Agriculture.

Storey: That would be the Nevada office?

"He actually won, a couple of years, the award for what they called the Conservationist of the Year Award, for his management. He was a pretty progressive farmer in the valley, and was looked up to by most of the other farmers in the community there. . . ."

Johnson: Well, the county agent system that exists, you know, with all of the land grant colleges, part of the Department of Agriculture, the Cooperative Extension Service. In ***all*** rural areas, you know, you got your county agent, "Mr. Haney, the County agent," to give farmers advice and information. So there were programs there. The Soil Conservation Service was active, they had conservation programs and they encouraged farmers. They had programs that encouraged land leveling, and water conservation programs by the soil conservation service. My dad used those programs. He actually won, a couple of years, the award for what they called the Conservationist of the Year Award, for his management. He was a pretty progressive farmer in the valley, and was looked up to by most of the other farmers in the community there.

Storey: What was your dad's name?

Johnson: Dorsey Johnson.

Storey: D-O-R-S-E-Y?

Johnson: Um-hmm.

Storey: Was he active in the water district by chance?

Johnson: No, he wasn't, he wasn't a board member. He always shied away from anything like

that, he didn't want to . . . He didn't like to ever be in a position where he made anybody mad at him, and the water district and the board had a tendency sometimes to have to make tough decisions, and he just didn't want to get involved in that sort of thing.

Storey: Like when you ***didn't*** get your three acre feet.

Johnson: Right, exactly. So he didn't want . . . And that did happen, we had dry years. We had some years when we didn't get . . . We had several dry years in the early 60s, there were a couple of years there where you only got like a half or a third of an acre foot.

Storey: Was your father farming at that time? He was, wasn't he?

Johnson: Oh yeah, um-hmm, sure.

Storey: How did he respond to that limitation on his water supply?

How His Dad Managed in Years of Low Water Supply

Johnson: If there's no water, there's no water. What can you do? Didn't rain, the dam wasn't full, and that's all anybody got, so you just accepted it. What could you do?

Storey: Did he plant the same amount of acreage he'd done before?

Johnson: Oh, no. No. No.

Storey: How did he react to it? How did he manage it? Let me put it that way.

Johnson: Well, he irrigated what he could. He found out how much water he was going to have, and he decided, "I can only plant sixty acres of grain, and I've got to leave to rest fallow," whatever number of acres, and he just planted less crop.

Storey: And he did that on the basis of experience, I guess.

Johnson: Oh yeah, he knew very well how much water a crop would use, and he could plan pretty exactly how much to plant in order to use the amount of water that was available.

Storey: When you say your father was a farmer, was that his sole source of income?

Johnson: Yes.

Storey: So you had some lean years there in the early 60s, I would guess.

"We did not get drinking water . . . in the house until I was out of high school. . . . We have indoor water, well water, but it was very poor quality water, you couldn't drink it. So we hauled our drinking water from town. We lived about five miles from town, so it wasn't that far. But, I mean, you know, it was a farm, rural farm

life. . . ."

Johnson: Oh I'm sure, yeah. Although I didn't know it. I mean (laughs) I think I was probably ten, eleven, twelve years old. We did not get drinking water, tap water, in the house until I was out of high school. It was an old farmhouse, built back in the early part of the century, built around 1900. We have indoor water, well water, but it was very poor quality water, you couldn't drink it. So we hauled our drinking water from town. We lived about five miles from town, so it wasn't that far. But, I mean, you know, it was a farm, rural farm life.

Storey: Tell me more about what that rural farm was. Did you have electricity?

Johnson: Oh yeah, sure.

Storey: And indoor plumbing?

"We had electricity and indoor plumbing. . . . But we had a *big* garden, we raised our own beef and butchered our own beef. My dad always kept a few hogs and butchered hogs. . . . We had chickens . . . fresh farm ranch eggs. . . . milk cow . . ."

Johnson: We had electricity and indoor plumbing. We did, yeah. But we had a ***big*** garden, we raised our own beef and butchered our own beef. My dad always kept a few hogs and butchered hogs. Being from the Midwest, he was about the only farmer in the whole valley that had any hogs (chuckles), but not very many. And then in later years, he did get rid of the hogs, he didn't keep them. When I was younger, he had hogs. We had chickens, not a lot of chickens, oh, I don't know, probably fifty or sixty, and they laid eggs and my mom took care of the chickens. She was actually the local "egg lady." She would deliver eggs to the people in town that were interested, and fresh farm ranch eggs. So she actually delivered the eggs. She had a number of customers in town that she delivered eggs to. We had a milk cow. That was one of the chores that I did, I always had to milk the cow, and my mom made her own butter and buttermilk and cream. We drank the raw milk, we didn't pasteurize or homogenize the milk, always had to skim the cream off the top. (chuckles)

Storey: Did you have a separator?

". . . they always made a living. But they didn't spend much money. I mean, you know, you live on a farm like that, and you don't spend a lot of money. I mean, we *never* went out to eat. It was a *thrill* for me to go to a restaurant, and it only happened once a year, and that's when we went to the 4-H livestock show in Reno. . . ."

Johnson: We had a separator, yeah, we did. For a while, the milk cow we had was a jersey who really gave rich milk. My mom actually separated the cream and sold cream to a creamery for a few years. They didn't do that for a real long period of time. My parents weren't wealthy, but they made a living. They had some tight years there in those drought years, but they always made a living. But they didn't spend much

money. I mean, you know, you live on a farm like that, and you don't spend a lot of money. I mean, we ***never*** went out to eat. It was a ***thrill*** for me to go to a restaurant, and it only happened once a year, and that's when we went to the 4-H livestock show in Reno. (laughs) And we'd stay two nights in a motel in Reno and we'd eat in restaurants, and that was really a thrill to do that. But I mean, it just was unheard of for our family to go out for dinner.

Storey: Why did you go to the 4-H livestock show?

"My brother and I, usually we raised show calves for the show, and all the 4-H and FFA kids from rural Nevada each year would have a state show where everybody'd bring their animals in . . ."

Johnson: My brother and I, usually we raised show calves for the show, and all the 4-H and FFA kids from rural Nevada each year would have a state show where everybody'd bring their animals in and they would judge the livestock, pick the best ones, and give out ribbons–purple, blue, and red ribbons–depending upon how the judges . . . And then they'd pick a champion and a grand champion, and then they'd pick best of breed and all those things.

Storey: That would have been maybe August or September?

Johnson: That was usually in the spring. It was usually around the first of May. We would have a ***local*** show for the local area there where the kids would show their animals–the Pershing County show, the Lovelock show–and they would give ribbons at the local show. And the next week they would have the state show, and everybody would take their animals into the state show.

Storey: Was it sort of a hierarchy thing? If you won a ribbon in Lovelock, then you went to the state?

Johnson: No, everybody went to the state. If you had an animal and you raised an animal, you got to go to the state show.

Storey: So these are really yearlings?

Johnson: Right.

Storey: It's the previous year's calf.

Johnson: The previous year's calf. They were about a year old. You'd raise them up and fatten them up on grain and take care of them, ***wash*** them and ***groom*** them and braid their tail and shave their head, the whole nine yards.

Storey: And you and your brother did calves.

Johnson: We did calves, yeah.

Storey: What breed of calves?

Johnson: We did Herefords.

Storey: Your dad was a Hereford [rancher]?

Raised Herefords and Angus-Hereford Mix

Johnson: Well, yeah, for the most part, that's what he had, although he wasn't a registered Hereford owner. We had a few mixed breeds: Angus-Hereford mix, so you'd get what they called "black white-faced" cows, some of the cows that he had. He didn't keep an awful lot of cows, he kept about a hundred head of cows there on the ranch. Graze them on the aftermath of the alfalfa and the grain that was raised in the summer, through the winter months, and then feed them hay that we raised, to kind of tide them through.

"Usually you sold most of your good hay, and you kept your rained-on hay . . ."

Usually you sold most of your good hay, and you kept your rained-on hay–you know, if you get rain when you got your hay cut, it doesn't cure, it doesn't create the same ***quality*** of hay. And so you keep your rained-on hay, because you couldn't get as good a price for it, and you'd feed that to your cows and kind of tide your cows over.

Storey: How do you tell when it's been rained on?

Johnson: Well, it rains! (laughs) You know, it's laying on the field . . . Oh, a hay buyer can tell. I think a hay buyer can look at it and tell. It has a different coloration in the stack, usually. It doesn't cure quite the same. A hay buyer can spot, can probably tell it. And a manner of honor, you know. A hay buyer comes in, says, "I don't want any rained-on hay," you wouldn't sell him any rained-on hay, I don't think.

Storey: Because he might not come back.

Johnson: Right. And the hay buyers did, that was true. They got to know the farmers and what quality hay, and were the bales good, could you handle the bales and put them on a truck and haul them off, and was the quality of the hay good? The hay buyers knew who they could count on and who they couldn't. If you had good hay, they came back, you know, and did business with you.

Storey: I think I'm recalling that Nevada out in that area, Fallon, Lovelock, and so on, is sort of famous for its hay. Is that not true?

Alfalfa Seed Was a Profitable Crop in Lovelock

Johnson: Yeah, they raise a lot of hay there. I don't know if its famous for its hay. Lovelock was probably famous for its alfalfa seed. And this was not when I was young–when I

got later in high school, alfalfa seed became a major crop. And alfalfa seed was a much more ***profitable*** crop, the price for alfalfa seed. The potential income from alfalfa seed just so far outweighed the income from raising it for hay or raising grain. If you had a really good crop of alfalfa seed, you could get as much as a thousand pounds of alfalfa seed an acre. In a good price year, the price might be as much as $1.00 a pound, maybe $1.10, or even some years $1.20 or 30 cents a pound. So there were some years there where the gross income potential was as much as a $1,000 to 12 or $1,300 an acre from alfalfa seed. Where hay, at best, if you had a good crop of hay, if there was five tons of hay per acre, and back then if you got . . . I can remember when my dad thought $30 a ton for hay was a really good price–that's what he'd get for his best third crop. Third-crop hay had more leaves in it, a higher level of protein. And I can remember $30 a ton hay at that time was a pretty good price. I think by the time I got to be a senior, there might have been some 40 and 50 dollar hay years. But even then, that's $250 an acre, gross, as compared to $1,000 to $1,200 gross, and maybe $200 to $300 an acre gross on grain. You could get maybe three tons, three-and-a-half, if you ***really*** had a bumper crop, four tons of grain in a crop. With grain prices at the time being maybe anywhere from $50 to $100 a ton, so your income . . .

END SIDE 1, TAPE 1. MARCH 31, 1994.
BEGIN SIDE 2, TAPE 1. MARCH 31, 1994.

Storey: You were saying, I think, $200 to $600 gross on grain?

". . . the valley *really* went heavy into alfalfa seed. There became a major alfalfa seed refinery there in the valley that kind of refined the alfalfa seed. Well, alfalfa seed was a little more expensive to raise, and a little more risky. If you got a rainstorm and had to let the seed go to . . . You had a big expense in bees. You had to buy bees or rent leaf-cutter bees . . . a special type of bee that pollinates the flower on the alfalfa. . . ."

Johnson: Yeah, you could probably gross $200 to $600 an acre on grain, depending upon the price and how good of a crop that you have. And so alfalfa seed just far outweighed that, and the valley ***really*** went heavy into alfalfa seed. There became a major alfalfa seed refinery there in the valley that kind of refined the alfalfa seed. Well, alfalfa seed was a little more expensive to raise, and a little more risky. If you got a rainstorm and had to let the seed go to . . . You had a big expense in bees.[2] You had to buy bees or rent leaf-cutter bees–not honey bees–leaf-cutter bees, a special type of bee that pollinates the flower on the alfalfa. You've got lots of leaf-cutter bees out there in their field, they would do lots of pollination, and so you would get lots of seed that would develop on your growth.

Storey: And then you have to let it ***go*** to seed.

Johnson: So then you have to let it go to seed, and if you get into the fall of the year, and you've got a rainstorm or a hailstorm–hailstorms did occur, and you'd end up with all

2. Generally these are referred to as "alfalfa leaf-cutter bees," and leaf-cutter is spelled variously as leafcutter, leaf-cutter, and leaf cutter.

your seed laying on the dirt. (laughs) And so there was a lot more risk there, associated with something like that happening. And the ***cost*** of the bees, and then also the cost for the pesticides . . . With that much, you had a lot of insect problems in the alfalfa seed.

"You'd have to spray the insects with a special type of pesticide that would kill the pests but not kill the bees. The bees would go in at night . . . So you would come in and spray, apply the pesticide at night, to kill the insects, and then it was a very short-lived pesticide, it would kill the insects at night, and then by morning, when the bees came out, the effects of the pesticide had worn off. . . . It was a very expensive pesticide, and it was a very expensive application . . ."

And you had to be . . . You'd have to spray the insects with a special type of pesticide that would kill the pests but not kill the bees. The bees would go in at night–we called them "boards"–they laid their eggs in boards, and they went out during the day into the field and did the pollination, and then came in at night, and at night the bees actually came in and lived in these little–we built little houses out in the fields that housed these bee boards, and at night the bees would go into the boards. It's kind of like a honey bee going to their hive. So you would come in and spray, apply the pesticide at night, to kill the insects, and then it was a very short-lived pesticide, it would kill the insects at night, and then by morning, when the bees came out, the effects of the pesticide had worn off. It was very expensive. It was a very expensive pesticide, and it was a very expensive application, because you had to do it at night.

Storey: Do you remember the name of the pesticide by chance?

Johnson: Oh no, I don't remember.

Storey: Were there special equipment requirements also?

Johnson: Well, a lot of it was done by air, you know, the crop dusters applied it at night, which was dangerous, because there's telephone poles. But they would apply it at night. And then they did also apply the pesticide with tractor and a rig with tanks of the pesticide. And then the driver would have to wear special equipment to protect himself from pesticide: a breathing mask and a filter, and usually a big rubber outfit that comes over to keep the pesticide off of his skin.

Storey: It sounds to me as if this is something you hired done?

Johnson: Usually, if you had a plane do it, you hired that done. But my brother actually did some of the spraying himself. I never did do any of the spraying at night, but my brother did, with the tractor and that spray rig on the tractor.

Storey: When you raised alfalfa seed, were there other special equipment requirements that you didn't normally, for instance, have on the farm?

"You used a regular harvester, the same harvester that harvests grain harvested

alfalfa seed. And then you did defoliate in the fall of the year, usually September-, October timeframe, you would defoliate the field and come in and do the harvesting. . . .”

Johnson: No, you didn’t. You used a regular harvester, the same harvester that harvests grain harvested alfalfa seed. And then you did defoliate in the fall of the year, usually September-, October timeframe, you would defoliate the field and come in and do the harvesting. It was like harvesting grain at the end of the year, basically. But no, there was no special equipment, other than if you did your own spraying, and you had a spray rig. You might have a special spray rig for the pesticide. But I mean, that was not a big expense. What was expensive was, one, the bees. The ***bees*** were very expensive to either rent or own the bees, it was very expensive. And bee management was a science unto itself that got fairly complicated. And then the pesticides were very expensive–buying the pesticide–it was that pesticide that had that short life that you could spray on and would kill the insects and just have a short life. That was fairly expensive. And depending on how often you had pest problems and you needed to spray, you might end up with 4, 5, or a $600 an acre investment in a seed crop. So it was a little more expensive, but the income potential was a lot more too.

Storey: One of the things that I was interested in, in interviewing another person–I’ve forgotten which person, they’re all running together. This person was raised on a Reclamation project, but on a non-irrigated farm, and he, in effect, said, “Thank God it wasn’t an irrigated farm, because it’s ***so*** much work to irrigate.” (Johnson: Um-hmm.) How did you learn to irrigate? How did you learn the art of proper irrigation?

How He Learned to Irrigate

Johnson: My dad taught me. And I really don’t know how my dad learned. I think he learned by watching other farmers. I think he learned through, like I mentioned, probably the Cooperative Extension.

Dad Was a Progressive Farmer, Tended to Have Very Good Yields for the Area, and Was Financially Very Conservative

He was fairly progressive in adopting new management practices, like I said, and leveling his fields. He was a ***good*** manager. He was a ***good*** farm manager. His yields were always the best. (chuckles) It’s going to sound like I’m bragging, but everybody always compared . . . He was not a big farmer, we didn’t have a lot of land. He only owned 160 acres. My dad was very conservative financially. He came through the Depression. He had lost money in the Depression, he had lost a farm in Missouri in the Depression, and that made him very conservative. When he bought our 160 acre farm, he paid cash for it. He had saved his money in this garage business that he had. He sold that, took the proceeds from that, and bought the 160 acre farm. So he was very conservative. And ***then*** he leased land. But he was never willing to ***buy*** more land. If he would have bought more land and he would have been willing to take risks, he was such a good manager, he probably could have gotten very large, and he would have made lots of money. But because he was so

conservative financially, and was unwilling to borrow money or take financial risks, he never bought more, never had more, he died in 1977, still had 160 acres, and was still leasing another section of land, and farming another section of land. So he was a relatively small farmer, but he was a very good farmer, he ***managed*** his land really well, he knew how to watch the markets, he watched the markets very carefully, knew when to sell, always knew how to catch the market at the best price–***seemed*** to know. All the other farmers always came to him for advice on when to sell. They liked to talk to him, because he always seemed to have a good feel for when to sell, and also for advice on how he managed, because his yields and his production was always usually the best in the valley. Everybody'd get through with their harvest and figure up what their yields were, and go down to the feed store and sit around shooting the bull, and they were always comparing their yields, and my dad was fairly consistently, had the best crops and the best yields. And you could tell just by looking at the farm, the farm was neat, the weeds were clean. I probably sound like I'm bragging, but I was very proud of my dad. He was a good, ***honest***, ***hardworking***, good manager. And he took a lot of pride in that, and I think he was respected for that by most of the other farmers.

Storey: How did he teach you how to irrigate?

". . . I would go out in the field with him to kill gophers, and he would pay me so much for each gopher I killed, because the gophers were a pest, a nuisance. . . . The flooding would bring the gophers out of their holes, and then you'd kill the gophers. . . . cut their tail off as proof that I killed them, and then turned in the tails. He usually gave me a nickel, and then later on I think he gave me a dime apiece for each gopher . . ."

Johnson: He just took us out there in the field and said, "Here it is." We did it with him. He'd take us out in the field. Well, even before we ever irrigated, I think we just watched him. What we used to do when I was little, before I was old enough to really have the responsibility of watching water, I would go out in the field with him to kill gophers, and he would pay me so much for each gopher I killed, because the gophers were a pest, a nuisance. So I would go out while he was [irrigating]. The flooding would bring the gophers out of their holes, and then you'd kill the gophers.

Storey: How did you kill them?

Johnson: With a shovel, carry a shovel, hit them over the head, cut their tail off as proof that I killed them, and then turned in the tails. He usually gave me a nickel, and then later on I think he gave me a dime apiece for each gopher that you could kill. So initially my dad was out there irrigating, and I was out there with him, kind of just killing gophers and just watched him. And then I think as you got a little older and he started giving you responsibility, and he'd tell you, "Watch the ditch. Make sure you don't get a gopher leak. If you get a gopher leak, get in and . . ." And he would actually order the water. You would go to the ditch rider and tell the ditch rider you wanted a head of water and how big the head was going to be. He always knew how many second feet of water he needed, and so he'd order so many second feet of water

to be delivered. He would just told you, "Here's the way you do it, here's the way the water is running, cut these lands off about a hundred paces from the end of the field. Be sure and watch those gates. Be sure and throw lots of dirt and manure behind the headgates when you shut a land off, so that it doesn't leak. (chuckles) He'd just give you instructions.

Storey: When you say, "behind the gates," do you mean the water side or the other side?

Johnson: The water side.

Storey: How long do you suppose before it took you to learn this process before he sent you out there by yourself?

"I was probably thirteen or fourteen before I irrigated by myself . . ."

Johnson: Oh, I don't know, I can't remember how old I was when I first started irrigating all by myself. I was probably thirteen or fourteen before I irrigated by myself, somewhere in that range.

Storey: So you might have been observing for how long?

Johnson: Oh gee, I probably started killing gophers when I was seven or eight years old, walking out through the field and killing gophers for him.

Storey: When you first started irrigating by yourself, did you have any problems, any catastrophes, any memorable events?

". . . I lost a gate one time–I mean a *big* gate. . . . a check gate. . . ."

Johnson: Yeah, I lost a gate one time–I mean a ***big*** gate. Every so often in your ditches, you've got to put a cross gate in. You would level your fields–that was before they had laser leveling–and so they leveled the fields, and you would have a ditch, and in order to get the water up high enough . . . You see, the land had a little slope to it, it wasn't dead level. It had a ***little*** bit of slope to it. And so every so often in a ditch, you had to have a cross gate, a big concrete cross gate.

Storey: Or maybe what we call a "check" nowadays.

Johnson: Yeah, a check gate. It was much bigger than the gates that just let the water out into the field. You also had the little concrete headgates that let the water out into the fields. You have a cross gate, and the cross gate was there to back the water up and hold the water up high enough in the ditch, so that the water would run out of the gates into the field, and you could push the water out. There was enough slope from one end of the field to the other end, that if you didn't have that cross gate, the water level wouldn't be high enough in your first few lands that you're irrigating, that you'd be able to get a good flow of water out of those headgates. So you had to have those cross gates. Well, one time we had put a ***new*** gate in. It was a ***ditch*** that we'd had problems getting enough height to the water to push the water out at the upper

end of the field. And so we put a new headgate across the ditch, a concrete headgate. And it had boards in it too, but they were much bigger boards. And I had to move the water–I finished one field–this was in the middle of the night–and I had to ***move*** the water from one field to another field, and into this other field, and then started irrigating in this . . . And so the ditch was sitting there, and it'd been empty, and I turned the water out of one ditch into a new ditch, and this cross gate was a brand new cross gate that was in there, and the water came into that and started backing up against that cross gate, and I went down to check it, because it was a new gate, and I knew it was a new gate, and my dad had ***told*** me it was a new gate. He said, "Be sure and keep an eye on it, because sometimes new gates leak." It's just like a dam. You know, you get water leaking around a dam, and it starts to wash out. So if it starts washing out, you got to get it plugged up real quick. Well, I went down there to watch it right away, and that thing started leaking right away, and I started shoveling straw and manure and dirt and I shoveled and I shoveled and I shoveled, and the water kept getting higher, and the leaks just kept getting worse– I'd get one plugged and another one would start. And I just couldn't get it stopped. It washed the whole big gate out. So that was a memorable experience. But I lost the whole head of water basically, when that big cross gate . . . It was not that big a deal. I did get wet, clear up over the top of my head, trying to punch straw and dirt into the washout that was occurring. What I did was I just turned it on down into the field, opened up the gate down there and started irrigating at the other end of the thing, and went to the house and changed clothes and went back out and watched it for the rest of the [night]. What we had to do then, we couldn't irrigate the upper end of the field because the gate was missing, and we had to get in there and replace that gate before we could go back and irrigate the field. But we had to dry the ditch up and everything before we could do that. That was one memorable experience.

Coyote Scares His Dog While out Irrigating

Probably one of the other memorable experiences that I had doesn't have anything to do with irrigating itself. I always took the dog with me to irrigate nights, and the dog was initially a pretty young pup when I first started taking him out with me. He was a good dog, but he liked to run and chase things, and knew no fear. One night the dog and I got out of the truck to go up to check the water and the end of the gate, and I carried a lantern with [me], a pretty bright lantern that shines light out. And shining the lantern out ahead at the field where we were walking, we were walking down the levy of the field, and boy, probably a hundred yards away, a pair of eyes shining back at us. Well, I knew what it was, it was a coyote out there in the field with me. And my dog got excited, took out after the coyote, thinking it was another dog, and he was used to playing and having fun, and he ran a hundred yards up to that coyote and got two feet away from that coyote, and that coyote must have looked up at him and growled (laughs) and the dog turned around and ran back to the truck. I could never, from that day forward, get that dog to go out with me again to irrigate. (laughter) He just wouldn't go with me.

Storey: He was smaller than the coyote?

Johnson: No, he was bigger than the coyote. The coyote just really put fear into him, and I could just never get the dog to go with me after that.

Storey: I've seen that happen to lots of dogs–coyotes scare the ***devil*** out of them.

". . . irrigating at night, you'd sit in the truck a lot and listen to the radio, and get out and walk up and down the ditch every once in a while, make sure everything was going okay. . . ."

Johnson: Yeah, scared him real bad. But other than that, really, irrigating at night, you'd sit in the truck a lot and listen to the radio, and get out and walk up and down the ditch every once in a while, make sure everything was going okay.

Storey: What radio [station] did you listen to in Lovelock?

Johnson: There was no radio station in Lovelock. At night you could pick up–I think I could get some San Francisco channels and I just listened to whatever I could pick up, whatever a kid would listen to, usually a rock and roll station.

Storey: Was leveling the fields something that was done just once, or did it sort of have to be redone every year, or touched up, or how was that done?

Leveling and Releveling the Fields for Irrigation

Johnson: They didn't have laser leveling then, and they didn't have it down to as fine an art as it is now. The leveling was done with a stake process. The SCS [Soil Conservation Service] would come out and they would use the survey equipment to stake out, and you would go out and every hundred feet you would pound a stake into the ground, and then they would shoot the field with their survey equipment, and they would then tie ribbons onto each stake that was laid out through the field. They were like I think about 100 feet apart, 100 feet squares, just these little wood stakes, and you'd go out and pound them in the field in straight lines, and they would go out, and they would shoot each one of those stakes from a common point in the field, and then they would mark the stake, from the top of stake, down, the number of inches of cut or fill that needed to be made at that particular point in the field, from the survey. I can't remember, I think you used blue and red ribbons, and if it was a blue ribbon tied five feet down from the top of the stake, then that meant that there was five feet of fill that was required there at that stake. If it was a red ribbon five inches down from the top of the stake, then there was a five inch ***cut*** required at that point in the field. So you get your field all laid out with all these stakes in it, and they'd come and shoot it with all these red ribbons, and then they'd lay that out on a kind of a map, and then you'd have your land leveler come in, and he would study the map and see what parts of the field had more dirt in it than other parts of the field, and then he would just drive through the field and make approximate cuts according to the way the stakes were marked, and fills according to them, and just level the land out, with kind of a cut-and-fill process, following what was laid out on the map and the stakes and the red and blue ribbons that were laid out throughout the fields. That's how they leveled the land.

Storey: They just did it once?

Johnson: I didn't answer your question!

Storey: No, I'm just pursuing it further.

Johnson: No, they would come back and relevel from time-to-time. My dad would have fields reshot and releveled periodically, because you lose your level. I mean, you irrigate and you get wind and one thing and another, so over a period of . . . You wouldn't do it every year, it was pretty expensive to level your land. But I would say my dad probably releveled every four or five years, something like that.

Storey: Okay, I didn't know that, actually.

Johnson: But I mean it varied. There were some farmers that ***never*** leveled their land, had very poor slopes, and as a result had fairly inefficient irrigation. So it depended on the farmer, whether or not he was progressive in terms of trying to lay out his fields in a way that he could get that water applied uniformly and efficiently. Other farmers, you know, it depended on a farmer and how progressive he was, and whether or not he was willing to get out there and spend the time and effort to level his land. My dad always said, "I get better yields, I get level land, I get better application of the water, I get better yields, it's better management of the water, I'm more efficient." And he always thought that was the best way to do it. But you'd have a lot of other guys, they only looked at the dollars you spent, not the dollars you could get in return. So I don't think everybody leveled that often up there.

Storey: You mentioned SCS. Is this something they just did for you? Did you have to pay for it? Do you know how that worked?

Johnson: No, there was a cost-sharing program associated with that. And I don't remember what the percentage was. I think the percentages varied over the years, but the SCS did ***pay*** for a part of the cost of the improvements.

Storey: Did they also pay part of the leveling costs?

Johnson: Oh yes, that's what I meant, part of the leveling costs. I think they actually did the survey work, may have done that for free, come out and surveyed your land and laid it out. You'd have to do the stakes and the ribbons, but they would do the survey and lay out the plot, and then you'd go through and tie the ribbons on according to the map of the field with all the stakes.

Storey: Were you involved in this process in any way, personally?

Johnson: Oh, I used to help pound the stakes in and tie the ribbons on. I never ever shot any fields or did anything like that. I never ran the level. That was an art. A good land leveler, that was an art, to be able to do it. Now they have these laser levels, and they just set a laser with a device in one part of the field, and the machine automatically

adjusts itself, and so all the driver has to do is just drive around the field, and the machine automatically adjusts itself, and they get a perfectly level field. Well, back in those days, whoever operated that leveling equipment, that was a fairly skilled job, in order to know how to run that leveler and know where to make the cuts in the fields, and the fills, and do it efficiently–you know, not carry dirt all over the field more than you need to, and end up with a good level field, you know, that irrigated well.

Storey: What kind of equipment did they level with?

Johnson: They were big carryalls. I don't know how to describe them. They had a big . . .

Storey: Bucket scraper type things?

Johnson: Yeah, big bucket scrapers, and they would go through and scrape dirt up, and then they would haul it and then they would get to a place where there was fill, and they would set it so that it dumped dirt out. Big bucket scraper.

Storey: Okay, not bulldozers or graders or anything?

Johnson: Well, there were some bulldozers, there were no graders. They were these big bucket scrapers that picked the dirt up and cut and filled. But some of them were self propelled, they had a big engine, but some of them had caterpillars that just pulled the grader behind. Then they usually finished a field off, after they leveled it, they always finished it off with a land plane. A land plane is just a blade that's on four wheels that are just real far apart. Okay, so you've got a blade, and you've got wheels that are like, oh, maybe fifty, sixty feet apart, big huge land plane. And what the land plane did is it picked up the high spots and the low spots and kind of evened them out. After you did your leveling, you'd go over it with the land plane and it would help give you a smoother surface. Now sometimes my dad might do a land plane on a field, and not do the whole leveling, not go out and shoot the field and have a grader come in, you know, with the buckets. He'd just get a land plane and get out there and go over the field with this land plane, once in a while, too. And that might be done every couple of years, maybe.

Storey: Well, now you all had 160 acres, plus 640 that you were irrigating?

Johnson: No, it was 640 including the 160 that my dad owned. He leased another–what is that?

Storey: Three-quarters of a section.

Johnson: Right, three-quarters of a section of land. So it was about 640 total, including the 160 acres.

Storey: And was all that under irrigation?

Johnson: Yes, all of it was irrigated.

Storey: Okay, now how many days a week did you spend irrigating, on average? Do you have any idea?

". . . you did it like when it needed it. Now, alfalfa you would usually irrigate an application of water after each crop. So you would usually apply–irrigate and run the water, flood the land–in the spring, one time, and then the crop would grow up, you'd cut the crop, put that hay up, and then right after the hay was put up, then you would irrigate. Now, we could irrigate about, oh, we probably could cover about sixty acres in a twenty-four-hour period . . .something like that, if you had a good head of water. So to get over all of your land, you had 640 acres, it would take you about ten days. . . ."

Johnson: It was more like, you didn't irrigate . . . You didn't do it like so many days a week, you did it like when it needed it. Now, alfalfa you would usually irrigate an application of water after each crop. So you would usually apply–irrigate and run the water, flood the land–in the spring, one time, and then the crop would grow up, you'd cut the crop, put that hay up, and then right after the hay was put up, then you would irrigate. Now, we could irrigate about, oh, we probably could cover about sixty acres in a twenty-four-hour period, irrigating–something like that, if you had a good head of water. So to get over all of your land, you had 640 acres, it would take you about ten days. See, you'd just get your head of water and you'd irrigate until you got all your alfalfa irrigated. Now on the grain, you'd irrigate that in the spring. It depended on whether you had winter wheat.

". . . you would watch your crop . . . My dad just went out and watched. He could tell when . . . the plant was suffering a little bit. . . . he would dig down in the soil and grab the soil down and feel the soil to see if it had any moisture in it. Usually, on a wheat crop or a barley crop, you would irrigate it maybe two times, maybe three times. It would depend on whether or not you got any rain or anything like that, how hot the weather was. . . ."

But then you would watch your crop, and you'd watch your soil, and you would test your soil. Now, they didn't have neutron probes and all of those techniques. My dad just went out and watched. He could tell when the crop was starting to, the plant was suffering a little bit. He could see when it was stressed. And he would dig down in the soil and grab the soil down and feel the soil to see if it had any moisture in it. Usually, on a wheat crop or a barley crop, you would irrigate it maybe two times, maybe three times. It would depend on whether or not you got any rain or anything like that, how hot the weather was. But you might irrigate that two or three times during the year to get the crop off.

Storey: How about on your small grains, how often did you irrigate?

Johnson: Two or three times to get the crop off.

Storey: I'm sorry, I must have missed what you were saying.

Johnson: That was on grain.

Storey: Yeah, okay. Before we go away from leveling and irrigating, if your dad leased about three-quarters of his land, and he liked nice level land, how did this work for him? Did he level the leased land also?

Leveling the Land Which Was Leased

Johnson: Yes, he did.

Storey: Did he work out some sort of system? That's obviously, I would think, a ***benefit*** to the ***owner***.

Johnson: Yes, he did. He would make a deal with the owner. If it was a permanent improvement like leveling, he would work out a deal with the owner, where the owner had to pay for it, would paid the cost of the leveling. He [his father] would do all the work, he would set it up, and he would get out there and do all the work, wouldn't charge anything for that, but when he hired the carryall to come in and all that, then the owner of the land had to pay for that. In some cases, where he did improvements, he would go ahead and pay for them, but then he would have a lease contract whereas if the lease didn't extend for a long enough period of time for him to get payback on the lease, then he had some clout, he would put clauses in the lease contract that would require them to pay back whatever investment he had made. He did that particularly when he planted alfalfa. Alfalfa was a frail crop, and you ***invest*** in the planting of the crop, and it costs you an investment just to get the crop established. I think he'd get five year leases, but there was always an option at the end of the year for the lease not to be renewed, and he had clauses in there that if he had planted an alfalfa field, and they didn't renew the lease so that he got the benefit of the planting, then they would have to pay him again a dollar amount. They estimated what his investment was, and the owner of the land would have to pay him back for his investment. But there were ways.

"The owners of the land that he leased were fairly progressive. It was the family right next to us–and they were an old family there in Lovelock . . ."

The owners of the land that he leased were fairly progressive. It was the family right next to us–and they were an old family there in Lovelock, and it was a widow, her husband had died many years before and she was still living there. ***All*** her kids had grown up. Her son was an SCS, Department of Agriculture employee, and he was really progressive and got his mother to be very progressive about managing . . .

END SIDE 2, TAPE 1. MARCH 31, 1994.
BEGIN SIDE 1, TAPE 2. MARCH 31, 1994.

Storey: This is Tape 2 of an interview by Brit Storey with Robert W. Johnson, on March the 31st, 1994.

So they supported the improvements and the costs of improvement and so on.

Johnson: Right. They were fairly progressive in their views because of the son's involvement with the Soil Conservation Service, and they supported that, yeah.

Storey: I had the sense for a minute there that he wasn't always leasing the same land. Was that a correct sense?

Johnson: Yeah, he wasn't always leasing the same land. He leased the 160 acre farm right next door, and then another 160 acre farm, one more over. And that was all owned by this family. He also, for a period of time, leased some land three or four miles from our ranch, another 160 acre piece, and then there was another piece of land four or five miles away that he had leased for a couple of years at one time too. But the three parcels right next to our place, he leased that for many, many years. And then some of these other pieces, he would lease, and then he would give them up, or the owner would want to sell, and somebody would buy them, and he wouldn't be able to renew the lease.

Storey: What were the cash crops that were raised on your farm?

Johnson: Alfalfa, grain, and alfalfa seed.

Storey: And cattle?

Johnson: And cattle.

Storey: No pigs, I take it?

Johnson: A few hogs, but they were mostly just for butcher. He didn't have that for a lot of years, he quit keeping the hogs. He gave up on the them. They were dirty and smelly, and he finally said, "Ah, they're not worth keeping," and quit keeping them.

Storey: You mentioned ordering water from the ditch rider. If you know it, what was the precise process that was used?

"Basically, what you did is you called up the ditch rider and you tell him, 'I need to irrigate my alfalfa. I got about 150 acres to irrigate, and I need a head of water of about fourteen cubic feet per second, and I figure I'm going to need it for about three days. When can you get me the head of water?' Now the ditch rider would then tell you . . ."

Johnson: He would call the ditch rider up. Basically that valley was broken into two major valleys: there was an upper valley and a lower valley, and there was one ditch rider for each valley, that worked with the farmers. Basically, what you did is you called up the ditch rider and you tell him, "I need to irrigate my alfalfa. I got about 150 acres to irrigate, and I need a head of water of about fourteen cubic feet per second, and I figure I'm going to need it for about three days. When can you get me the head of water?" Now the ditch rider would then tell you, "Well, I got Farmer 'X' over here and he's going to finish tomorrow, and you can have his head of water when I'm

finished." ***Or*** he would say, "Gee, I don't have anybody out there that's going to be finishing in the next couple of days. If you're really in a hurry, I can order a new release." They had a control structure, a regulating reservoir below Rye Patch, down in the valley, and he'd have to order water from that, released down in. And it would take about twelve hours for that water . . . If you were really in a hurry, he would order more water down to cover your field. We didn't have a lot of problem with not being able to get the water in a timely way. The system was set up well enough that you didn't have to wait for the guy next to you to finish before you could get the head, you could usually, within a twelve-hour period, get the water that you needed.

Storey: What kind of advance notice did it require?

"I think you could just about always get water within . . . a day's notice. Sometimes, if it really wasn't urgent, you might wait a day or two . . ."

Johnson: I think you could just about always get water within a day–you could call and get water within a day's notice. Sometimes, if it really wasn't urgent, you might wait a day or two, you know, to wait for somebody else to finish. But I mean, you didn't ***have*** to do that, you could usually get water in a day or so usually.

Storey: So by the '50s and '60s you were using the telephone to order up water (Johnson: Yeah.) and they're in their pickup, opening and closing the gates and turnouts and so on.

Johnson: Right. The ditch rider went out and turned the water and did all that, yeah.

Storey: Up on Belle Fourche, I was out in the storage shed by accident, I saw these little metal boxes and I said, "What are those?" "Oh, well those are ditch rider mailboxes." And I said, "Oh, tell me about this," and evidently on the main canal, they had a little mailbox that they put a card in that told them when to deliver water and everything, and that's where the name comes [from]. They actually ***rode*** the ditches to check all those mailboxes.

Let's see, drainage is another issue you mentioned just briefly. Were there major drainage works on that project?

". . . there is a system of drains throughout the valley that drains water. The soil is a good quality soil, there's not any real heavy clays. . . ."

Johnson: Yeah, there is a system of drains throughout the valley there that drains water. The soil is a good quality soil, there's not any real heavy clays. So the soils all drain pretty good. Although in some areas you'd have some salinity problems. But by and large, there weren't any salt buildup problems. And I suppose the drains helped flush that out. But it was just a set of big open drain ditches. Throughout the valley there were no tile drains. And it was not a real sandy soil either–it was really a pretty good quality soil, kind of a loamy soil. And the water would drain into these drains and ultimately the drains would dump and carry water down to the Humboldt Sink, and they ended up down in the Humboldt Sink, on the lower end of the valley.

Storey: You mentioned that the district had taken over O-&-M on the project. How did that work? Did they levy work from the individual farmers for O-&-M of the ditches and drains, or was that hired, or how did that occur?

". . . farmers were responsible for their own . . . on-farm ditches, but the ditches that delivered water to the farms . . . the whole system was managed by the district. And they had all of their own equipment and all of their own staff . . . the district basically O-&-M'ed the whole system. . . ."

Johnson: Well, the district had a staff that managed the whole irrigation system, the delivery ditches. Now farmers were responsible for their own ditches, for their own on-farm ditches, but the ditches that delivered water to the farms, where the whole system was managed by the district. And they had all of their own equipment and all of their own staff that did the operation and maintenance of the system. So the district basically O-&-M'ed the whole system.

Storey: Okay. Do you ever remember hearing about or being involved in any water disputes on the project?

Johnson: No.

Storey: Interesting. The first adult discussion I ever remember was over water rights. (Johnson: Is that right?) And a big fight. And a number of other people have had the same experience.

You mentioned that you were in FFA or 4-H. (Johnson: Both.) What were your projects in those?

Active in 4-H and FFA for Which He Usually Raised, each year, a Show Animal and a Cow and Calf

Johnson: Basically, in 4-H and FFA both, I had the calf, the livestock. My dad gave me a couple of cows that were mine (laughs), my dad gave them to me, and I would raise the calves and sell them, you know, at the end of the year, and put the money in the bank. So basically my project was a show animal, plus a cow and a calf that I'd take care of. Actually, we just took care of her along with the rest of the cows that my dad owned. And that basically was the limit of my project for 4-H and FFA. I was active in a lot of different parts of the 4-H. I was active in livestock judging, participated in the livestock judging contests. Our 4-H team won the state contest a couple of times, the team that I was on. I did the same thing in FFA, I was active in livestock judging, I was active in meat judging, I was on the meat judging teams. They had competitions like that all the time.

". . . I was active in . . . parliamentary procedure contests and activities . . . and I was fairly active in their speech programs and speech contests. . . ."

And I was active in the parliamentary–they had parliamentary procedure contests and

activities, I was active in that in FFA. And they have speech contests, both 4-H and FFA, and I was fairly active in their speech programs and speech contests.

Storey: And were 4-H and FFA associated with your schools?

Johnson: Well, 4-H wasn't, 4-H was associated with the Cooperative Extension Service, and that was not through the school. The county agent actually ran the 4-H program, and then there was volunteer adults that provided leadership, so the 4-H program wasn't through the schools. But the FFA was through the schools: there was vocational, agricultural, teacher. One of my classes all through high school was vocational agriculture: learned how to weld, learned how to work in the shop. And then they taught ag [agriculture] courses in the high school. Every year I took one vocational agriculture class. And it was good, I think I learned a lot.

". . . I was the state president of Nevada FFA in my senior year . . ."

I was active in FFA, I was the state president of Nevada FFA in my senior year, elected in my senior year of high school, so I was pretty active in the FFA program.

Storey: What was high school like for you? You were out on a farm, I presume the high school was in Lovelock.

Going to High School in Lovelock

Johnson: Yeah, it was a small school, had about 200 kids in the school. My class was the biggest class I think they've ever had before or since–we had fifty-five kids in my graduating class. There was a lot of stability–out of that fifty-five kids, there were probably thirty of them that had gone to school from kindergarten through high school with me, so there was a lot of stability in the community. It was a small school, small rural school. I played football. It was a small enough school that you could play in athletics and get to participate, and not necessarily have to be a great athlete to get on the football team or anything like that. We had a good football team when I was in high school, we played for the state championship, I think in my junior and my senior year both, we had a good team. It was a good school. It's isolated, small town, rural area, and pretty typical, I suppose of those types of schools.

Storey: What kind of subjects did you like?

"I took the college preparatory, but I was not a great student. . . ."

Johnson: I was not a great student. I took math, and I liked social sciences. I liked history and I liked civics and government classes. English, I took four years of English. I took the college preparatory, but I was not a great student. I mean, I was a "C," "B" high school student. Grades were not a priority for my parents. I mean, it was not a big deal to my parents, they didn't put a lot of pressure on for grades, and as a result, it was just not a big deal to me. And so I did what I had to do to get a passing grade and "C" was a passing grade, "C" or a "B." I got a few "A's," and I made the honor roll a few times, I suppose, with a "B" average, but I wasn't necessarily a motivated

student.

Storey: And then, let's see, it would have been about 1965, you went off to U-N-Reno.

Graduated High School in 1969 and Went to the University of Nevada at Reno

Johnson: That was '69. I graduated from high school in 1969.

Storey: Oh, I'm sorry, that's when you graduated high school.

Johnson: Yeah, and I went to U-N-R.

Storey: There's so much, I lose track of what's going on. (laughs) Why did you go into agricultural and resources economics?

Received a Scholarship from the Department of Agriculture at UNR and Ended up in Agricultural and Resource Economics

Johnson: I got a scholarship in the Department of Agriculture. I probably would have majored in business. I think I probably would have majored in business, I don't think I would have gone into–although I came from a farm–I was not a cowboy, I didn't wear cowboy boots and even though I grew up on a ranch, I wasn't really a great horseman or a rodeo . . . And business and economics was more my interest than agriculture. But I got a scholarship in the Department of Agriculture, and so ag business, economics, fit my interests best, and so that's kind of why I ended up in that area. I didn't have a plan, at that time. When I started, I didn't have a plan, I didn't have a goal. I wanted to go to college, and I wasn't sure what I'd do. I thought maybe I'd go back and farm, or, you know, go have a career. I wasn't sure.

Storey: Was it a foregone conclusion that you were going to college?

Knew He Was Going to College, and His Parents Supported That

Johnson: Yeah, that it was. Yes, it was a foregone conclusion that I was going to go to college. Never ever gave it a second thought.

Storey: It was a foregone conclusion for you ***and*** your parents?

Johnson: Yeah, I think so. Well, I don't think it was real important. If I would have not wanted to go, it would have not been real important. My parents, my dad, had an eighth-grade education, my mom graduated from high school. And it was my choice, whatever I wanted to do.

Storey: But for ***you*** it was a foregone conclusion.

". . . for *me* it was a foregone conclusion. I mean, from day one in high school, I'd always planned on going to college . . . It was always a foregone conclusion even

where–it was going to be the University at Reno. . . ."

Johnson: But for ***me*** it was a foregone conclusion. I mean, from day one in high school, I'd always planned on going to college, and I'm not sure why, other than that's what other kids were doing. I mean, that's what most other kids that I knew, and my brother did the same thing, went on to [college]. It was always a foregone conclusion even ***where*–it** was going to be the University at Reno. I didn't even consider other schools or apply to other schools. I mean, it was just kind of like a natural progression that when you finished high school, you went to Reno and went to the University.

Storey: Did you know that you were going into agricultural resources-economics, say your freshman year when you went in?

Johnson: No.

Storey: How did you arrive at that?

Was an Ag Business Major

Johnson: Well, no, I did. I did pick a major, and I said, "Okay . . ." And it wasn't agricultural resources-economics, it was ag business. I picked an ag business major, because that's where my interest was. I was interested in business, and I had a scholarship through the Department of Agriculture. I think if I hadn't had the scholarship to the Department of Agriculture, I would have just gone to the Business School at U-N-R. I probably wouldn't have been in the ag school, I would have just gone to the Business School, probably.

Storey: When you went to Reno, did you plan to go back to the farm?

Johnson: I thought I might, but I didn't know for sure. I thought I might, but I just didn't know. That was an option.

Storey: By that time your brother would have graduated?

Brother Eventually Moved Back to Lovelock, Worked the Farm, and Developed Other Businesses

Johnson: Yes, my brother graduated, and ***initially*** my brother did not go back to the farm. My brother stayed in Reno for a couple of years and got a real estate broker's license and was selling real estate in Reno. He did that for a couple of years while I was, I think, a freshman and sophomore. And I think probably ***about*** the end of my sophomore year, ***he*** decided to go home and farm. My dad was getting older, and so my brother went home and went in with my dad on the farm. My brother's still there today, farming.

Storey: On the same farm?

Johnson: On the same farm. He built a house, built his own house, has four girls going to the same high school. He's ***bought*** more land. He's branched out and he's a businessman. He has a gas company, petroleum, gas distributorship, sells gas to farmers and mines and heating oil business there in the local town. And then he's also a farmer.

Storey: What was his major in college?

Johnson: He was a business major, he was not in the ag school. He didn't get a scholarship like I did. (laughs) He just majored in business, and got his degree in just business administration.

Storey: By the time you had gone through four years of undergraduate work, it seems as if you were pretty committed, since you went right on to start an M-A program. (Johnson: Yeah.) What had happened in there?

Took a Lot of Economics Classes and Decided to Go on for a Masters Degree

Johnson: I think I matured a lot. I got through my freshman and sophomore year, I really wasn't a good student, but I got by. I mean, I got through the first two years. The end of my sophomore year I just resolved, I went home to work on the farm for the summer, and I just was getting a little older and I said, "Gee, I'm going to have to go make something of my life." And I got very interested in economics, I took a lot of economics classes, not necessarily ag economic classes, but ***business*** economic classes. The theory classes from the Economics Department. I took not as many of the ag. I only took the ag economics courses that were actually required, and I ended up focusing most of my–I took business law. Actually, I had some initial thoughts about going to law school. So I took business law, I took business administration, I took a lot of economics classes. I took history, some political science, and I took a few ag classes. The ag curriculum required you to take chemistry and biology, a couple semesters of biology, a couple semesters of chemistry, so I took that. I took quite a lot of history and social sciences and then a lot of economics. And I became a fairly good student my last two years, got good grades, not straight "A's," but 3.5, 3.6, 3.7 GPA [grade point average] in my last couple of years as an undergraduate, and graduated and what it really amounted to, going to graduate school was . . . The bottom line is, I didn't find a job. (laughs) When I got my bachelor's degree I did send out some résumés. I got to know the professors at the University pretty well, they knew me, I'd taken classes from them. And in the ag and Resource Economics Department, got to know them pretty well. I had an advisor there who I developed a pretty good relationship with. And since I hadn't found a job, and they liked me, they said, "Gee, why don't you apply?" My grades, because I didn't do real hot my freshman and sophomore years, my grades weren't something really great, and I wasn't really sure that law school was something that I wanted to do anymore. I never did take the L-S-A-T [Law School Admission Test], and I never applied at any of the law schools, but my freshman and sophomore grades weren't that hot, but my last two years had been good grades, and they knew me, they knew who I was, and they said, "Why don't you apply for an assistantship in our ag and Resource

Economics Department? We hire graduate students." And they paid, I think, at the time it was like $4,000 a year. They paid your tuition and your books, and then they gave you $4,000 a year, and it was a research assistantship. What they were paying me for was to do some research and write a thesis, write a paper with one of the professors there, try to get it published, something like that.

Storey: This was at Reno?

Johnson: This was at Reno, yeah.

Storey: Not at Davis?

Did Really Well in the Graduate Program at UNR

Johnson: Not at Davis, no. This was from a bachelor's degree to a master's degree. So I went into . . . You know, there were no jobs there, so I went into the graduate program, and got *very* good grades in the graduate program, all "A's," took all the statistics, ***again*** went over to the Business College and took a lot of economics from the Business College. And the reason I did that is I felt that the curriculum and the quality of the classes that I was getting in the Business School was better than I was getting from some of the professors in the ag school, and so I tried to go over there and get all of my classes over there. And so anyway, I went to graduate school, and I did my research, and what I did my research in, was my advisor at the University took me under his wing, and he was not an ag economist, he was a ***resource*** economist–natural resources, water, recreation–his specialty was in recreation economics. He had done his Ph.D. dissertation in recreation economics, natural outdoor recreation type economics. He kind of took me under his wing, so I became ***his*** graduate student, and I actually did my research and my master's thesis on the demand and value of outdoor recreation in northeastern Nevada. So through that, then, what I did is I got out of kind of the agricultural focus and into kind of a natural resource focus. I took some economics of renewable natural resources, I got into the theory of outdoor recreation and resource economics and did all my data gathering and statistical analysis and all the research and literature searches in the area of resources economics, and kind of got away from really ag economics. And that's what I did my thesis in, was resources economics, rather than ag economics. The ag economics and the resource economics kind of go hand-in-hand in most universities. They kind of call themselves the College or the Department or Division of Agriculture and ***Resource*** Economics, with the ***resource*** being usually on natural resources–water economics, land economics–those types of areas. So that's what I kind of gravitated into.

"I got through with that program . . . and I thought, '. . . I'm going to go get my Ph.D. and I'm going to teach and do research at a university.'. . ."

I got through with that program, and I liked, in the course of taking those courses, I taught a class and helped teach a class, and kind of thought that I had a flair for maybe teaching, and an interest in teaching, and I thought, "Well, gee, maybe I'll just go . . . And I really like what I'm doing here, I've kind of got into the statistics

and the analysis of it all. I'm going to go get my Ph.D. and I'm going to teach and do research at a university." That kind of then became my goal.

Storey: And ***then*** you were going to go to Davis? Is that where Davis came from?

Planned to Transfer to the University of California at Davis for His Ph.D. and Received an Assistantship There

Johnson: That's where Davis came from. I ***finished*** my master's thesis, they didn't offer a Ph.D. program in Reno, and then I was going to transfer to Davis. And I had the assistantship at Davis, I was accepted for an assistantship at Davis, to get a Ph.D. So I was going to go to Davis and do more in the natural resource economics area and get my Ph.D.

Storey: That very much parallels the way I went ahead and got my Ph.D., and what I'm interested in now is, why did you turn in a 171?

Turned in a SF-171 to the Civil Service Commission

Johnson: My advisor at UNR said, "You know, you got nothing to lose. Sit down, fill out a 171, send it to the Civil Service Commission. You never know. Just send it in. If you can get on with the government, those are pretty good jobs and pretty good careers. You ought to give some thought to doing that. That's really an area where you could contribute, and you ought to think about doing that."

"'Oh, man, I don't want to work for the government!' . . . I was really pretty excited at the time about going on for a Ph.D. But the Bureau came back, and they offered me a GS-9, which was good. . . . I think I started at $12,000 a year . . . which seemed like a *lot* of money to me. If I went on for my assistantship, it was three more years at $4,000 a year, maybe $4,500, something like that, and I'd gotten married in graduate school and my wife was anxious to start a family . . ."

And my reaction at the time was, "Oh, man, I don't want to work for the government!" (laughs) That was my reaction! But he hounded me, he said, "Send in your 171." So it was just kind of like a fluke. "Well, maybe something will come of it, maybe it won't." And I was really pretty excited at the time about going on for a Ph.D. But the Bureau came back, and they offered me a GS-9, which was good. At the time it was like, I think I started at $12,000 a year, or something like that, which seemed like a ***lot*** of money to me. (chuckles) If I went on for my assistantship, it was three more years at $4,000 a year, maybe $4,500, something like that, and I'd gotten married in graduate school and my wife was anxious to start a family, and she wanted to buy a house and do all the things that you do after you get married, so the offer from the Bureau just looked attractive enough that we took it.

Storey: How long did it take after you turned in your 171 to get a response, do you happen to remember?

". . . you didn't even apply to a particular agency. And I can remember them telling me at the time that the chance of you getting a Federal job was one in 5,000. . . . And the hiring restrictions were such that agencies didn't have direct hire authority, they had to do *everything* through the Civil Service Commission. . . ."

Johnson: I bet you it was six months. You see, you didn't even apply to a particular agency. And I can remember them telling me at the time that the chance of you getting a Federal job was one in 5,000. The chances are pretty slim that you'll get a job. And the hiring restrictions were such that agencies didn't have direct hire authority, they had to do ***everything*** through the Civil Service Commission. And so the application was just a generic application to the Civil Service Commission.

Storey: Right. Yeah, I think when I applied, up to a GS-9, you just sent it in and it went into this black hole (Johnson: Exactly.) at the Civil Service Commission.

Johnson: That's exactly right.

Storey: One last question for today: Your advisor, what was his name?

John "Jack" McNeely

Johnson: Dr. John McNeely.

Storey: N-E-L-L-Y?

Johnson: M-C, capital N-E-E-L-Y.

Storey: Was he one of the people you might pick out as a mentor?

Johnson: Yeah, I think he was. He helped me a lot, as an undergraduate and as a graduate student. He was not a great professor. He was a real . . . . (tape turned off and on)

Storey: Did you maintain contact with Professor McNeely?

Johnson: Yeah, as a matter of fact, I have. I get a Christmas card from him every year, and it's really a matter of coincidence, about two years ago my wife and I took a vacation. We took a cruise along Mexico down to Puerto Vallarta, got on the cruise, who do you think is on the cruise? My professor, John–they call him Jack–McNeely. He was on the cruise. Had a great time visiting with him. He and I went deep sea fishing. It was the first time I'd seen him in years, but every year I get–he puts one of those little newsy computer letters together every year, sends it out to everybody he knows. I still get one from him every year. I send him a card. I stay in touch.

But yeah, he was real helpful to me as an undergraduate student, kind of helping me pick classes and kind of guiding me through, and kind of encouraging me to get into the graduate program. You know, he was one of the ones that kind of encouraged me to apply for the assistantship when I was there, and he encouraged me

to apply to the Civil Service Commission. He did have quite an influence, although just in terms of being helpful, not necessarily in terms of what he ***taught*** me as an economist, or from a professional–but more from a personal standpoint of encouraging me to get into graduate school. More of an encourager, rather than from a professional standpoint in terms of . . .

END SIDE 1, TAPE 2. MARCH 31, 1994.
BEGIN SIDE 2, TAPE 2. MARCH 31, 1994.

Storey: . . . good relationship with him.

Johnson: Yeah, still have a good relationship with him, and like we went on that cruise that I mentioned, and just had a great time with him. He's no longer at the University. He left and became an appraiser. He actually is . . . What do they call them? An MIA [Member, Institute of Appraisers] appraiser. He owns an appraisal company up in Reno now, and actually does real estate appraisals. So he got out of the University.

Storey: Well, I guess tomorrow, since our time is up, would be a perfect time to start on your career at Reclamation.

Johnson: Okay.

Storey: I'd like to ask you now whether it's all right for researchers from within Reclamation and outside Reclamation, to use the material on this tape and in any resulting transcripts for research purposes.

Johnson: I don't know why not!

Storey: I take it that's a yes.

Johnson: Yeah.

Storey: Good, thank you.

END SIDE 2, TAPE 2. MARCH 31, 1994.
BEGIN SIDE 1, TAPE 1. APRIL 1, 1994.

This is Tape 1 of an interview by Brit Allan Storey, with Robert W. Johnson, Assistant Regional Director of the Lower Colorado Region, in the offices of the Lower Colorado Region, in Boulder City, Nevada, on ~~May~~ [April] the 1st, 1994, at about six-thirty in the morning.

Storey: Yesterday we were discussing your life on the farm, and I'm wondering if you remember anything more about the way the district operated or your father related to the district.

Relationship of Dad to the Irrigation District

Johnson: Most of the time, no, it was usually a pretty smooth relationship. I do have some memories of my dad complaining in the dry years when there wasn't enough water, about the ditchrider charging him for more water than what he thought he may have used. Water was tight and it was really important that you get all that you had the right to. He thought that the ditchrider was maybe a little more conservative in how much water he charged him for than he needed to be. Occasionally there would be interaction with the district on hiring some of their equipment or some of their personnel. They would do work associated with cleaning ditches and that sort of thing, that you used, or maybe sometimes you had two farmers that might share a ditch, and you'd get the district to come in and do some work on cleaning out a ditch, doing a dragline or hauling in some rock or something like that to stabilize an area. I just kind of occasionally remember my dad dealing with the district as it relates to that. But by and large it was really a pretty smooth relationship with the irrigation district. There was not a lot of dissension or differences of opinion. Usually in most years there was three acre feet, which is what everybody thought that they were entitled to, and so it really worked pretty smoothly.

Storey: Now when you say three acre feet, you mean three acre feet per acre of irrigated land?

Duty of Water on the Humboldt Project

Johnson: Right, three acre feet per acre of irrigated land.

Storey: One of the things I was interested in, as I was contemplating our discussion yesterday, is how do you convert cubic feet per second to acre feet? Is that just something you do by experience?

Johnson: It's based on time, so many cubic feet per second for an hour is an acre foot, and I don't remember what the conversion was. But ***normally*** an irrigation would use one acre foot, roughly, one application of water on the farm would usually utilize about one acre foot per acre.

Storey: Per acre?

". . . you had about three irrigations per acre during the year, on average. . . ."

Johnson: Right. So you had about three irrigations per acre during the year, on average.

Storey: Okay. Well, why don't we move on? We finished our discussion yesterday, talking about you sending in a 171 and all of a sudden here came a job offer from Reclamation. What was the job offer for?

Accepts a GS-9 Position as an Agricultural Economist in the Sacramento Regional Office in 1975

Johnson: It was for a position in the Sacramento regional office. The title of the position was agricultural economist, it was a GS-9 position.

Storey: Was that a standard position in the Sacramento Office at that time?

Johnson: Yeah, I think so. They had two or three different job titles that they used for economists in Sacramento. They had agricultural economists. I think they had a title they used there called a Regional Economist, and then they had just the title of economist. So they differentiated a little bit between different types of economists in the office, although for practical purposes, everybody did basically the same work in the branch.

Storey: As I recall, you said they came and offered you a position as a GS-9 agricultural economist?

Johnson: Yes.

Storey: And you accepted that offer.

". . . I had cited my farmwork experience on the 171. And so that was the reason why they were particularly interested in me. And they had some difficulty finding people with that kind of background . . ."

Johnson: Yes. Personnel Officer or one of the personnel people called me up and said, "We've gotten your 171 from Civil Service Commission. Would you be interested in coming to work for the Bureau of Reclamation?" And I said, "Well, who's the Bureau of Reclamation?" (laughs) And the personnel guy gave me the standard answer, you know, seventeen western states, water development agency traditionally related to irrigation development. And at the time, he emphasized why they were particularly interested in me, was because I had grown up on a farm. And although my 171 did not say that I grew up on a farm in a Reclamation project, or anything like that, but I had cited my farmwork experience on the 171. And so that was the reason why they were particularly interested in me. And they had some difficulty finding people with that kind of background, and that's why they were interested in hiring me, is basically the explanation that I got from the Personnel Officer.

". . . right off the bat, it wasn't a job offer, it was "Would you like to come over for an interview?" is what it was. So I drove over to Sacramento . . ."

And right off the bat, it wasn't a job offer, it was "Would you like to come over for an interview?" is what it was. So I drove over to Sacramento–I lived in Reno at the time–and I met Ray Gaines [phonetic spelling] who was the chief of the Economics Branch at the time. He and one of the senior economists there by the name of Ed Gralien [phonetic spelling], interviewed me and it was just a nice relaxed conversation. They didn't offer me a job on the spot, but when I got through they were very friendly and seemed positive. And then within a day or two I heard back from the personnel guy again, offering me the job, and then I received a letter. I thought about it a little bit, because I was all set to go to Davis, had made plans, and we had even gone so far as to have gotten a reservation for an apartment at married

student housing at U-C-Davis. But basically, Sacramento and Davis are like fifteen miles apart, so it was basically we were going to be living in the same area. Anyway, after weighing all the pros and cons and considering my wife's interest in starting a family and the difference in income levels that were involved, we decided to go ahead and accept the job–so we did.

Storey: Do you happen to remember how long you contemplated it?

Johnson: Oh, I don't know, not too long, a couple of days, two or three days maybe.

Storey: So it wasn't a big earth shattering problem for you or anything like that.

". . . it was a crossroads, and I think we recognized it as a crossroads. You know, you come to those at various points in time in your life, and I think we recognized it as an important decision. . . ."

Johnson: Oh no. Well, you know, it was a crossroads, and I think we recognized it as a crossroads. You know, you come to those at various points in time in your life, and I think we recognized it as an important decision. "This is going to make a big difference." And so I think we did give it full weight and considered that it was an important decision, and recognized that if I did this that I was really kind of committing to a career in government service. I kind of think I recognized that at the time, although certainly when you first go to work, you're not really thinking ***that*** long-term, but it was out there as a possibility that something we might pursue. I think I was twenty-four years old at the time.

Storey: And how did the idea of government service seem to you?

Johnson: Well, I guess it seemed okay, but that was not originally my career plan. Like I think I mentioned yesterday, when my advisor said, "Why don't you submit a 171?" My reaction was, "Ah, gee, I don't know that I want to work for the government." That was my initial reaction. But as I weighed it, as I looked at the job offer that I had, and had met the people there that I was going to work ~~at~~ [with], it kind of became a little more real, and seemed more acceptable, maybe than what it had when I had filled out my 171. ***Obviously***, I wasn't that opposed to it, or I would have never filled out the 171. (chuckles)

Storey: And how long before you actually went to work then?

Went to Work for Region II of Reclamation within a Few Weeks of Receiving the Job Offer

Johnson: Oh, I don't think it was too long. I think within three or four weeks of the job offer, I reported to work.

Storey: And you worked for Mr. Gaines?

Johnson: Yeah, Ray was the branch chief, I think there were about four or five economists in

the branch at the time that I went to work. I worked more directly with Ed Gralien, initially. They weren't officially my supervisor, but from a practical standpoint, they were the ones that were kind of showing me the ropes: Ed Gralien and a guy by the name of Lynn Hansen. Ed retired within a year or two of when I went to work, but Lynn Hansen is still in Sacramento, working as an economist. I still keep in touch with Lynn and visit with him from time-to-time.

Storey: So they were staff members?

Johnson: Yeah, they were on the staff there, in the Economics Branch.

Storey: And they were all agricultural economists?

All the Economists in the Region Were in the Economics Branch of the Planning Division

Johnson: They had similar backgrounds to what I had. They had majored in ag economics. I think they had bachelor's degrees, I don't think they had master's, I don't think they had a graduate degree, but they were from an agricultural background, had grown up on farms. Ed Gralien had actually been a farmer at one time in his life. So they had a similar background. I think formerly their title–I don't think they carried the title, I think they had the title of Regional Economist, I don't think they had an agricultural economist title, but they were basically agricultural economists.

Storey: So all of the economists were concentrated in this one branch (Johnson: Right.) in the regional office (Johnson: Right.) fulfilling different kinds of functions.

Johnson: Doing economic analysis. The Economics Branch was part of the Planning Division, was associated primarily with planning new Reclamation projects and the economists did the benefit-cost analysis for the projects that were under consideration in the planning program.

The Economists Did Two Kinds of Studies–Financial Analysis for Cost Allocation and Repayment of Projects and Benefit-Cost Analysis of Potential Projects under Study

And the economists did the financial analysis for repayment of the projects, so there was kind of two types of analysis that was done in the branch: one was a benefit-cost analysis, and one was a financial analysis to determine how the projects would be repaid, how the costs would be allocated and how they would be repaid over time. A big part of the office's work was maintaining the Central Valley Project cost allocation and repayment analysis, and updating that on an annual basis and determining water rates and how those costs were allocated and to be repaid. That was a big part of the branch's responsibility. And it's still there, they're still doing that there. They've reorganized, and they've now made what used to be the Economics Branch part of the Finance Division, so it's no longer in planning. But that same function is still being carried out by a staff and people there.

Storey: And what did they assign you to do when you got there?

". . . I initially did farm budgets, which are analysis of typical farms in areas that we either served water to, or that we were planning to serve water to, and they were used to determine the economic *value* of the water and the benefit-cost analysis. . . ."

Johnson: Well, I initially did farm budgets, which are analysis of typical farms in areas that we either served water to, or that we were planning to serve water to, and they were used to determine the economic ***value*** of the water and the benefit-cost analysis. If you developed water and you used it for irrigation, you used the farm budget to determine what was the economic ***value*** of that water. The farm budget was just simply an accounting of all of the costs and revenues that a typical farm in an area could expect, under conditions with and without a water project.

". . . you could determine the incremental value that was created by irrigation. And then the farm budgets were also used to determine what we call payment capacity, and that was to determine how much the farmers could afford to pay. . . ."

And by making those comparisons, you could determine the incremental value that was created by irrigation. And then the farm budgets were also used to determine what we call payment capacity, and that was to determine how much the farmers could afford to pay. The Reclamation Law says the farmers will pay ***up*** *to* their ability to pay. And so the farm budget analysis was used to determine what their ability to pay was, and it was used as a factor in setting water rates in the Central Valley Project.

". . . my first job was to do the payment capacity study for Westlands Water District. . . ."

So I initially went to work doing farm budget analysis. The first one I worked on was doing a farm budget analysis for Westlands Water District, which is one of the major districts there. That's part of the San Luis Project. Westlands is the district that has gotten all the controversy related to acreage limitation out of Sacramento. So my first job was to do the payment capacity study for Westlands Water District.

Storey: This would have been about 1975?

Johnson: That's right, 1975.

Storey: Well, since you've raised the issue quickly, let's go into it, because it's a fascinating issue. What kinds of judgmental factors come into a farm analysis like this? For instance, you pointed out yesterday that your father conducted his farming business in a very different way than some of the other people. Do you take a sort of the "middle of the road" farmer? Do you take a sort of "low end of the scale" farmer, sort of a "high end of the scale" farmer? How do you go about making a decision about how to do, ***where*** you're going to ***set*** your values on one of these analyses?

Developing a Farm Budget Analysis Study

Johnson: Well, it's hard to get published data on that. I mean, there's ***some*** published data on it, but how reliable it is, is questionable. The Bureau keeps crop reports on all of its districts, and they do provide in there estimates of yield, you know, for the various crops that are growing in the district. I can remember looking into how that data was collected, and it was usually windshield survey type approach by the irrigation districts, maybe a ditch rider would rough out an estimate of all the lands and what crops were growing, and there wasn't a lot of quantitative data to support the numbers. So that was a source of data. The agricultural commissioners in California published data on crops that are grown and production on an annual basis for all of the various counties in the state of California, and there was a source of data. And I'm not sure how they developed their yield estimates. One of the problems with that was is it would be fairly broad, it wouldn't isolate yields to a particular area. It would be countywide data, and there was no data on specific areas, and there's quite a bit of variation within a county, and variations in irrigated agriculture, and non-irrigated agriculture–it was all thrown into one pot. So you didn't really have a lot of confidence in that data. The best source that we always determined was just calling up people that were knowledgeable about farming in the area and talking to them and trying to get a general sense of how farmers in the area did, what typical farmers produced in terms of their crops.

Storey: And the kinds of expenses that went into the production of those crops?

". . . farm budgets are a fairly sensitive . . . You don't have to change an assumption [very much] on something like a yield, production, or a price, to make a big difference in the bottom line of the farm budget. A 5 percent or a 10 percent change in yield in the farm budget . . . The reasonable range certainly could be within a range of 25 percent. But a simple 5 or 10 percent change in yield, could make as much as a hundred percent change in the bottom line of a farm budget analysis . . ."

Johnson: Yeah, uh-huh, the types of practices and the types of crops that were grown, and the crop rotations that were used, you know, in the various areas. We would rely pretty heavily on county agents and the Cooperative Extension Service. In California they had a system, they called them "farm advisors," but they were really the county agents, and they could generally give you ideas. And we would talk to the districts, we would sometimes talk to farmers in districts, go out and do some interviews with farmers, talk to them about what was growing and what kind of yields you could expect. And really, it's pretty hard. It's not real clear cut always. And farm budgets are a fairly sensitive . . . You don't have to change an assumption [very much] on something like a yield, production, or a price, to make a big difference in the bottom line of the farm budget. A 5 percent or a 10 percent change in yield in the farm budget, which is ***easily*** within the realm of error (chuckles), reasonable error, and probably the range of error is within 25 percent, you know, on most yields–you know, on what could really be the typical for what's in an area. The reasonable range certainly could be within a range of 25 percent. But a simple 5 or 10 percent change

in yield, could make as much as a hundred percent change in the bottom line of a farm budget analysis on what was the income generated from that. Because ***basically***, when you determine the profit on a farm, there's usually not a lot of additional costs associated with additional yield. So when you change the yield, there may be a little change in some of the costs of production, but the change in the costs of production are relatively small. So most of the change in yield really comes out on the bottom line, and can make large changes in the bottom line in estimating payment capacity and benefits associated with irrigation. So it was . . . Not a lot of good published data and just a pretty good range of what kind of results you could get from the analysis, that was within reason.

Storey: So you might say that it was an art, rather than a science.

". . . you know, you'd like to think that it's objective, but yeah, there was some art associated with that, that's right, yeah. I think anybody that's done farm budgets would probably confirm that. . . ."

Johnson: Well, you know, you'd like to think that it's objective, but yeah, there was some art associated with that, that's right, yeah. I think anybody that's done farm budgets would probably confirm that.

Storey: Now, for instance, did Reclamation take a conservative approach consistently? Or a liberal approach, and would that affect the way down at the bottom line you figured repayment costs and so on? Is that a clear question? (laughs)

"We did try to be fair and objective, and I think we tried to take some pride in not trying to skew the numbers one way or another, although I think Reclamation has always been accused of that, and I don't know if it's true. There's a big range in a farm budget analysis of what a reasonable answer can be. . . ."

Johnson: Oh yeah, I understand. We did try to be fair and objective, and I think we tried to take some pride in not trying to skew the numbers one way or another, although I think Reclamation has always been accused of that, and I don't know if it's true. There's a big range in a farm budget analysis of what a reasonable answer can be. And there is some art associated with it. And . . . I think we always tried to be as objective as we could in the analysis.

Storey: How did that play out, then, after you had done the farm analysis? How large an area was that for?

Johnson: Westlands was a big district. I think it was 500,000 acres. It's a ***big*** district.

Storey: I don't know what size it is. So you would do a farm analysis for each district, generally?

". . . we would focus in on each district. It might be several farm analyses, because there might be a lot of variation of types of farms, especially in a district as big as Westlands . . . You had some specialty crops, maybe some grapes or

citrus . . . row crop . . . melons and you had some lettuce and those types of crops . . . field crops . . . grains, and then cotton and those types of crops. And so many times you would do a *series* of farm budgets to represent an irrigation district that would represent the various types of farms . . ."

Johnson: Right, generally for each district we would focus in on each district. It might be several farm analyses, because there might be a lot of variation of types of farms, especially in a district as big as Westlands, what types of, you know, different . . . . You had some specialty crops, maybe some grapes or citrus or some of those types of farmers that specialized in those types of crops, and then you had your row crop, you know, you had some melons and you had some lettuce and those types of crops being grown, and then you had field crops, you had farmers that focused in on the more basic grains, and then cotton and those types of crops. And so many times you would do a ***series*** of farm budgets to represent an irrigation district that would represent the various types of farms to estimate incomes that could be generated from the various types of farms. And then those incomes would be weighted together, based on the proportionate acreage of those various types of farms in the district to get a single weighted kind of an answer on the payment capacity or the benefit.

Storey: So once you had gotten the representative set of farm analyses for a district, what was the next step in moving toward a repayment schedule, say?

"In the Central Valley Project, it was a simple policy that said that the farmer paid the cost of service or the payment capacity, whichever was less. . . ."

Johnson: You would get a payment capacity. In the Central Valley Project, it was a simple policy that said that the farmer paid the cost of service or the payment capacity, whichever was less. So you would do a payment capacity analysis and if the payment capacity analysis was less than what we computed the cost of service to be from a cost allocation, we would determine if you were going to repay the project without interest, the interest-free subsidy was worked into the repayment analysis, given the projection of how much irrigation water you had to deliver, and the costs that were then allocated to irrigation, and adding in the O-&-M costs and all those things, you would determine what the cost of service was from the cost allocation. So it costs ten dollars an acre foot to deliver water to the farmer. We would then compare that to our estimate of the ability to pay, to see if the ability to pay was greater than the cost of service or not. If the ability to pay was greater than the cost of service, then the water rate would be set at the cost of service. ~~If the payment capacity was ***less*** than ability to pay, then the water rate would be set at the estimate of the ability to pay.~~ [On the other hand, if cost of service was more than the ability to pay, then the water rate would be set at the ability to pay.] I'm not sure, but I think that's a policy that still applies on the Central Valley Project in California.

". . . if there wasn't enough payment capacity to pay the full costs, then on the Central Valley Project they relied on *power revenues* to pay what irrigation couldn't pay. . . ."

Now, if there wasn't enough payment capacity to pay the full costs, then on the Central Valley Project they relied on ***power revenues*** to pay what irrigation couldn't pay. That was the traditional approach in a Reclamation project, to allow the power revenues to pay off those costs that were beyond the irrigators' ability, and that was applied in the Central Valley Project when I worked there.

Storey: Now let me see if I understand this: You figured out the ability to pay. Is the ability to pay equivalent to their ability to pay for ***water***? In other words, you have other things: you've got to pay for equipment, you've got to pay for maybe chemicals or fertilizers or pesticides or whatever. You've got to have a ***profit*** to live on, and so on. And one of your expenses is the cost of water.

How Ability to Pay Was Calculated

Johnson: Well, no, the cost of water was the only thing that was left out of the analysis, because that's what we're determining, was what they could ***pay*** for water. So the cost of water is the only thing that's left out of the analysis.

Storey: So all these other things were factored in.

"Everything else was factored in . . . the return to the investment, what we called the farm family living allowance, return to profit, so that the farmer still had some money left over. And then what we determined was left over after all that was what we said was the ability to pay for water. . . ."

Johnson: Everything else was factored in, all of the things that you talked about: the return to the investment, ~~the farm family,~~ what we called the farm family living allowance, return to profit, so that the farmer still had some money left over. And then what we determined was left over after all that was what we said was the ability to pay for water. Now we might include the costs of the on-farm irrigation system in there. What we were trying to determine is what he could pay for the ***water*** delivered to the farm headgate, and then we would include the costs of irrigation, and the costs of his on-farm irrigation system in his analysis. But we left out the cost of the delivery of the water off the farm.

Storey: Uh-huh. Good.

"In other projects, if you were doing planning studies, and the ability to pay came in at less than the cost, and if it was a project that did not have any potential for power revenues to provide an offset, then you would make a determination that it wasn't financially viable. . . ."

Johnson: That was the application in the Central Valley Project. In other projects, if you were doing planning studies, ~~in other projects,~~ and the ability to pay came in at less than the cost, and if it was a project that did not have any potential for power revenues to provide an offset, then you would make a determination that it wasn't financially viable. So if you were looking at a new project, you didn't go to this cost of service. On the Central Valley Project you had this integrated financial project with power

revenues and everything to provide financial assistance. In other projects, if you didn't have those power revenues that were there, and you did an ability to pay analysis, and you determined that ~~there was an ability–that~~ the cost was greater than the ability to pay, unless there was some other source of revenue or nonreimbursable nature, then you would determine that the project was not viable.

Storey: That would be doing studies for future projects.

Johnson: Right, not existing projects.

Storey: What about, say you did a study on the Newlands Project, which is part of Mid-Pacific Region's responsibility, and you said–I'm speaking hypothetically, because I don't understand this ***or*** know any details–they had a forty-year repayment responsibility, and their ability to pay did not match the needed payment for that year, to meet that forty-year repayment responsibility. Did that happen? And if it did, ***what*** happened?

Reclamation Does Have Some Ability to Defer an Annual Repayment

Johnson: I don't think that . . . Well, yeah, there are provisions in Reclamation law to account for that. If the farmers are having financial difficulties, and they're not able to meet the payment in a given year, they can request a deferment. And there is authority under an amendment to the 1939 Reclamation Act for Reclamation to grant them temporary financial relief, if in fact they can't make their payment in a given year. So there is provision for that in Reclamation.

Storey: So in effect what we do is extend the repayment time?

Johnson: Yeah, that happens, yes, although under the law you can't extend it beyond the period that's authorized by law.

Storey: Which is forty years now?

Johnson: ***Usually*** forty years, some projects fifty years. So you were restricted to staying within the repayment period allowed by the law, but you could take a payment for . . .

END SIDE 1, TAPE 1. APRIL 1, 1994.
BEGIN SIDE 2, TAPE 1. APRIL 1, 1994.

Storey: You could move it out and tack it on.

Johnson: Yeah, you could take a payment, if they were unable to make a payment or a part of a payment, you could either give them forgiveness in that year and re-amortize that out over the remaining period, if they were already up against the limit allowed by law, or you could add it on if they were in a repayment period that was less than allowed by law, you could add it on at the end of the repayment period, and make it longer, as long as you were within the forty or fifty years allowed by the authorizing act.

Storey: Back when you were there, did you become involved in any of the controversy about increasing water rates and so on, that we now see on the Central Valley?

". . . IG [Inspector General] audits . . . came in and concluded that the Central Valley Project was not financially solvent . . . they'd . . . committed to sell water to farmers for forty years at three dollars an acre foot. And over time, inflation pushed up the O-&-M costs so that the O-&-M was greater than the three dollar rate. And so we were actually delivering water for three dollars and losing money on it. And it was *during* the period of time that I was there in Sacramento, that that issue came to the forefront. . . ."

Johnson: Yeah, that was beginning at the time when I was back there. There was some IG [Inspector General] audits that came in and concluded that the Central Valley Project was not financially solvent, that the rates that were set and the long-term three dollar . . . What they'd done, they'd entered into those three dollar contracts for forty years, and committed to sell water to farmers for forty years at three dollars an acre foot. And over time, inflation pushed up the O-&-M costs so that the O-&-M was greater than the three dollar rate. And so we were actually delivering water for three dollars and losing money on it. And it was ***during*** the period of time that I was there in Sacramento, that that issue came to the forefront.

Storey: So the repayment agreement covered both O-&-M and the water costs for the repayment?

Johnson: On the Central Valley Project, the long-term contracts that had been entered into, yes.

Storey: Yeah, I didn't understand that that would happen. The projects that I've looked into closely, there were two separate figures: one was an annual O-&-M cost, and one was a repayment cost.

On the Central Valley Project Repayment and Annual O&M Costs Were All Included in One Contracted Rate

Johnson: Right. On the Central Valley Project, they did it all under one rate, and entered into forty-year contracts for one rate without any adjustment.

Storey: Well, tell me, from an agricultural economist's point of view, what did those kinds of discussions say to you about the economics of the Central Valley Project? How did you respond to those kinds of discussions at the time?

". . . I think everybody there at the time felt like it had been a mistake to enter into those long-term contracts with forty-year terms at a fixed rate. . . ."

Johnson: Well, I think everybody there at the time felt like it had been a mistake to enter into those long-term contracts with forty-year terms at a fixed rate. I think everybody said, "Gee, that was dumb. Why did we do that?" (laughs) And now we got a problem.

Storey: And when would those contracts have been executed?

". . . about the mid-'70s . . . inflation had caught up and the auditors came to the conclusion that the project was losing money . . . they were trying to get power rate increases at the time, to increase the power revenues to provide more irrigation assistance, and that was becoming controversial. And they were having difficulty getting the power rate increases. . . ."

Johnson: Well, they were probably executed in the '50s and '60s, most of them–maybe a few of them in the very early '70s, but I think most of them were executed in the '50s and '60s, and was about the mid-'70s that inflation had caught up and the auditors came to the conclusion that the project was losing money and could not pay for itself. They were having difficulty, they were trying to get power rate increases at the time, to increase the power revenues to provide more irrigation assistance, and that was becoming controversial. And they were having difficulty getting the power rate increases. So the IG came out, and the IG came in and did some different things with different assumptions about interest rates, and ran up some huge numbers that really got the press' attention and maybe used some assumptions that made it look more extreme than it really was. But it was a problem. I mean, that was a significant problem that we had these forty-year contracts there. And we have no basis to go back, and we'd entered into a contract, it was a binding contract, and there was no basis to go back and change those with the water users. So that period of time was the beginning of the controversy. I was there for four years, and I left in 1979. But that was the beginning of the controversy on the Central Valley Project while I was there. So I heard some of the debate. The debate has changed a lot since, and there's been things happen. There's been some acts passed by Congress that have dealt with the issue. A lot of those forty-year contracts have since expired and we're renewing those contracts now, to get the rates up so that we can get the project into a viable repayment status. So there's been a lot of activity since, but that was the very beginning of that, when I was working there.

Storey: Well, when you went there, you started out working on Westlands, but how many individual districts with individual contracts do you suppose that the region was dealing with in the Central Valley?

Johnson: Oh, gee, there's a couple hundred over there. During my four years there, I ended up doing farm budget analysis on an ***awful*** lot of districts over there for one reason or another. I bet I did maybe fifty, or sixty, or seventy of the districts' payment capacity, studies for as many as fifty or sixty districts over there.

Did a Payment Capacity Analysis for the Newlands Project

I didn't even mention Newlands. I did do a repayment analysis or a payment capacity analysis for Newlands, associated with some safety of dams activities that were going on at the time. I don't remember all of the details. It wasn't a long deferment or anything like that, but they had a safety of dams program and they were trying to determine the reimbursability of the work associated with safety of dams,

and so we did an ability to pay analysis for that area.

The 1977 Drought Assistance Program Necessitated a Large Number of Payment Capacity Studies

I was there during the 1977 drought, which at the time it was the worst drought of record. We've since ***broken*** the record, this last drought that we had in California broke the '77 record, but that was the worst drought that California had experienced to date back in 1977. There was a special act of Congress making funds available for financial assistance through the Bureau of Reclamation to irrigators, to help them offset the impacts of the reduced deliveries from the Central Valley Project, and we processed probably, just in one summer season, probably twenty or thirty applications for–or maybe forty or fifty applications for drought assistance to irrigation districts. We did payment capacity studies for every one of those on a kind of real ad hoc, hurry-up kind of a basis. So that was kind of interesting on the drought program.

Storey: So you would be doing capacity studies under drought conditions, is that right?

"The idea was we were going to give them a loan and the drought was going to get over and they'd repay the loan after the drought was over. And so what kind of terms should we give them when the drought was over to repay the loan? . . . And we based that on their ability to pay. . . ."

Johnson: Yeah. The idea was we were going to give them a loan and the drought was going to get over and they'd repay the loan after the drought was over. And so what kind of terms should we give them when the drought was over to repay the loan? How many years should we allow them to pay the loan? And we based that on their ability to pay. Should we give them a twenty-year period, or a ten-year period or a fifteen-year period? How long of a period of time should we give them to repay this emergency drought loan that they're asking for? And so we did analysis of ability to pay on each one of those districts, to set what the terms for repayment would be on those loans.

Storey: As an uninitiated person in all of this, if there were repayment contracts that specified a fixed sum for O-&-M and for repayment costs–say it was three dollars–and you knew that's what they were going to pay, why would you need to do these studies, the farm analysis studies?

Johnson: On loans?

Storey: Why would you need to do them at all, because you ***knew*** that all you were going to get was three dollars.

Johnson: Oh, on a fixed contract? (Storey: Yeah.) Well, we would do it in areas where there were new contracts, new contractors were going to sign up and it was a new contract, they weren't locked into their fixed rate. So we didn't go out and do it on those that had the three dollar contract, but there were some contractors who were coming in for

new contracts for delivery of water. The reason why I initially went to work on Westlands was Westlands was very controversial, it was getting a lot of attention, and Westlands had a contract for a fixed rate, although their contract was different, it was a more modern contract. I think Westlands was paying $7.50 an acre foot, and I think it had provisions for escalation to reflect O-&-M costs.

Storey: So that was a new-enough contract that the errors of our way had been identified.

Johnson: Yeah. And so it was controversial and they said, "We need a new estimate of ability to pay for Westlands." So I just did that.

Congress Directed Creation of the San Luis Task Force to Look at Reclamation's Construction and Management of the San Luis Unit

One of the other things that happened while I was there, they had the San Luis Task Force, which was a congressionally mandated oversight of the San Luis Project, which was the project that served Westlands Water District, and they had the Commissioner of Reclamation and the solicitor and Guy Martin, who was the Assistant Secretary for Reclamation at the time in the Department and was the chairman of the task force. And they were generally looking into Reclamation practices as it related to the San Luis Project, as kind of a case study, with an eye towards criticizing the way Reclamation had built and had managed the project. And so this payment capacity analysis that I initially did got used by that task force as a piece of information that they took into consideration in their overall deliberations. They wrote a report that was fairly critical of Reclamation at the time for the way that Reclamation had built the project and questioning whether or not Reclamation had exceeded it's authority in certain areas, you know, or sized facilities, or decided on what lands were going to be irrigated, and did Reclamation deviate from the planning report and the feasibility study and irrigate more lands than were originally intended when Congress authorized it? Those were just a lot of the issues that this task force was looking into.

Storey: Now, the Central Valley Project is a ***huge*** project, I think, in Reclamation terms, and with a lot of districts in it. So, for instance, power revenues is what I'm interested in discussing here. Reclamation has, for a ***long*** time, used power revenues as a way to subsidize–to pay off repayment costs on water. Now say you had the Trinity Project, which I recall, is way up at the north end of the project, producing electricity. Could the revenues from the Trinity Project be used down on the southern end of the Central Valley Project (Johnson: Um-hmm.) because it's one large project? (Johnson: Right.) In spite of there being 200 districts. (Johnson: Right.) They're all benefitors (Johnson: Right.) from the whole project. (Johnson: Right.) Is this the concept? (Johnson: Right.) So you have these fixed contracts where the money that's coming in isn't really even, sometimes at least, paying the O-&-M costs. Was Reclamation then trying to take the electrical revenues to make up the deficit in the repayment contract? Is that what I'm understanding?

Johnson: Yeah, I think that was part of the controversy. That's been a long time ago, and a lot

of things have changed since, and I'm not a current person on the Central Valley Project . . .

Storey: We're talking about ***then***. (laughs)

". . . the Central Valley Project, the concept of it was it was like a utility. Utilities don't differentiate on the rates that it charges to customers, based on where they're located. All the facilities cost so much, and it goes into their rate base, and the utility charges everybody the same rate, irregardless of where they're located or what it might cost to serve that one outlying customer out there. . . ."

Johnson: Right. But back then, yeah, I think that was part of the plan, was the power revenues . . . See, the Central Valley Project, the concept of it was it was like a utility. Utilities don't differentiate on the rates that it charges to customers, based on where they're located. All the facilities cost so much, and it goes into their rate base, and the utility charges everybody the same rate, irregardless of where they're located or ***what*** it might ***cost*** to serve that one outlying customer out there.

". . . there was a financial integration of all of the features of the Central Valley Project, so that the revenues from one part that might have been built years ago, could be used to help pay off the costs of a new, more expensive piece of the project that was being added. . . you would . . . use those power revenues to pay off those costs that couldn't be covered from other sources. . . ."

And the Central Valley Project had kind of adopted that idea, and there was a financial integration of all of the features of the Central Valley Project, so that the revenues from one part that might have been built years ago, could be used to help pay off the costs of a new, more expensive piece of the project that was being added, you know, currently. And so in essence that was the concept, is that you would get your power revenues and use those power revenues to pay off those costs that couldn't be covered from other sources.

Storey: So for instance somebody provided water from the San Luis canal was not just charged on the basis of the San Luis Canal's costs.

Johnson: That's correct, he was charged on an integrated financial analysis that took the whole project into consideration and financially integrated it and showed that the whole project could be repaid over the whole . . . That was the concept that was in effect when I was there. Now there has been some slight modification of that since, I think. I think that they have modified the way they allocate the costs where they have tried to reflect costs of service for various users, based on where they're located, where they lump groups of users.

Storey: But back then that was just a big integrated project.

Johnson: It was just one big integrated project.

Storey: And am I correct in thinking that you had this pool of money coming in that

sometimes didn't cover repayment? You had the electrical revenues coming in that were being used to offset those shortages in payments. Was there enough money from the electrical revenues to cover all the shortages?

Reclamation's Power Customers Resisted Rate Increases Designed to Provide Repayment of Irrigation Costs

Johnson: No, not at the time. Now the power rates were also very low, lower than what the power was worth. And it was clear that if you could charge, all you needed to be able to do was increase the rate to a fraction of what it was really worth, and you could show that you could generate enough power revenues to pay off the whole project. But in fact, the rate structure that was in place at the time was not adequate to cover all of the costs. And what they were doing is they were out in a rate setting process. That was before Western was created, and then Western got created about that same time, but they were out trying to increase the rates, and the power customers were resisting that. Power customers were saying, "No, you can't do that! We're not going to pay all these other costs over here on this project. That's not our responsibility." They were objecting to the rate increases, is basically what was happening. So it was generally the view of Reclamation at the time that all we had to do was get a power rate increase, and we would do that, that was just problematic, we just had to work through the rate setting process, and that we would in fact have a viable project. But we were having problems with the power customers and getting that rate adjustment made.

Storey: Let me see if I can say this in a way that isn't too controversial. So, if I'm understanding this, we were subsidizing the water users ***and*** we were subsidizing the power users.

". . . because the facilities had been constructed years ago, at a relatively inexpensive price . . . and you had had inflation since the construction of the project. The power rate had become very favorable to the power users. They were getting a good deal, it was very cheap power. . . ."

Johnson: Well, the power users would have been paying at least the costs allocated to them, with interest. Okay? (Storey: Okay.) I don't know that you would say that the power users were being subsidized. But because the facilities had been constructed years ago, at a relatively inexpensive price that produced the power, and you had had inflation since the construction of the project. The power rate had become very favorable to the power users.

Storey: They were getting a good deal.

Johnson: They were getting a good deal, it was very cheap power. But to say that they weren't paying their share of the costs would not be accurate. I think probably the costs that were allocated to them were being paid by the rate that had been set. But now what we were doing is we were applying that concept of Reclamation law that says where there's an inability of irrigation users to pay, you can increase power rates to cover

that inability. And Reclamation kind of looked at it as well, "Well, this power rate is such a good deal, we can increase it enough, it's still a good deal for the power customers, but we can increase it enough that we can keep the project financially solvent over here. And it's still a good deal for the power users, but they'll just have to pay a little more. We'll just go to the power users and they'll have to pay." That was kind of the attitude Reclamation took. Now you've got to remember, I was a junior staff member there, and by no means was I an expert on what was . . . This is just my observances as really a junior staff member. Being involved, I really wasn't in a policy role at all on what was going on. But I think that's probably fairly accurate, what was going on. I think I had a pretty good understanding of what was happening.

Storey: Were you watching the creation of Western Area Power Administration also?

Johnson: Well, you know, I was pretty new to the organization, and yeah, I saw that happen, and watched that happen, and listened to all the talk within the organization when it occurred.

Storey: Was some of that talk there was going to be a disconnect between the power aspects of Reclamation projects and the water supply parts of Reclamation?

Creation of the Western Area Power Administration and How it Affected Reclamation

Johnson: I don't know that there was necessarily going to be a disconnect . . .

Storey: I think that was a poorly put question. Why don't we abort that one and try again? What I'm wondering about was, what were the feelings in Reclamation about the creation of WAPA, and in the case of the C-V-P, if I'm understanding this correctly, the relationship between power revenues and water repayment was very important. Were there concerns about whether or not we were going to lose some control or ability to control Reclamation projects because of this?

Johnson: Yeah, I think there was some concern there. Again, I don't know what the high policy levels of the organization were thinking. I did, every day at lunch, went down for coffee with Ray Gaines, my boss, and Ray happened to be a good friend of the Power Division chief, Gordon Estes was his name. He was the Power Division chief here at the time. And I can remember when all this was going on, just hearing the lunchroom talk between Ray and Gordon, just sitting there listening to their conversation about what was happening. And generally, the view was it was not good, that this proposal was coming forward with the creation of the Department of Energy and that the power aspects of Reclamation were going to be put into a separate agency, and the initial view of Reclamation was this was not good, we resisted it, and comments on the legislation, comments to the Administration at the time, I think Reclamation looked forward and said, "No, that's dumb, that doesn't make any sense. These are part of our projects, it doesn't make sense to take the power part of it. The dam and powerplant are connected. (chuckles) It doesn't make any sense to create a separate entity to manage the power." Those were the

arguments that were forwarded by Reclamation at the time. And I can remember the lunchroom conversation going, "Well, we're responding and we're telling them why it's not a good idea." And then I can remember the conversation going, "Well, it's going to happen whether we like it or not. So we got to figure out how to do this, our Power Division is going to become a new agency." And I can remember Gordon kind of saying, "Oh, gee, this is not good." Gordon ended up being the first Area Administrator for Western then, in Sacramento. He became the area office ***head***, the Power Division chief there in Sacramento became the Area Office agency chief in Sacramento. Initially, it was Reclamation employees that went over and created Western. I think there were concerns, but also it was still the same employees, there was a good working relationship. You know what I mean? All the employees came, they had the Reclamation view, the Reclamation philosophy. So ***initially*** I think there was some thought, "This can work, because these are really our guys, they're going to be in a different agency, they came from Reclamation, they understand the project and how power is a part of that. And it's going to work just fine." Well, I don't know, that was kind of at the staff level, you know, the conversations with Gordon and Ray that I kind of picked up. Now I don't know what the policy thinking–I'm sure from a policy perspective everybody was recognizing, look you're setting up a new organization, who is now going to have a political constituency that is ***different*** than Reclamation's political constituency, and that is going to force those people who used to be Reclamation employees to take on a new view, a different view, more of a power users' view, rather than a broad project view that also has irrigation and M-&-I [municipal and industrial] and all the other aspects of a Reclamation project and a Reclamation constituency to consider. So I'm sure that from a policy perspective, there were people there that were thinking that, but I wasn't picking that up in the conversation that I was having, and what I was hearing in our lunchroom talk at that time.

Storey: Let's pursue this a little further, though. On the basis of your subsequent experience, do you think it's working, or do you think there are problems, in terms of Reclamation and using the electrical revenues for repayments and those sorts of issues?

Johnson: I think it's worked okay in some areas, and in other areas it's been more difficult, is my sense on a Reclamationwide basis. I think that Salt Lake area and Billings area, and some of those areas have had more difficult working relationships. Quite frankly, in this region here, we have continued to have a good working relationship with Western, I think, in terms of setting rates and determining repayment and having power revenues enhanced. I mean, we're still doing that. Central Arizona Project, we are selling power from Navajo [Generating Station] and Hoover that supplements the repayment of the Central Arizona Project, and we have worked very well with Western, and successfully with Western to enhance those revenues to benefit the Reclamation project. So I think the process has worked okay.

". . . I don't think that it helped government efficiency to have done that. I think that we now have a whole agency that performs the function that previously a division of Reclamation did, and that in fact when you created Western, you

created *all* the bureaucracy and all the administrative functions that go with creating a new agency. . . ."

Quite frankly, I don't think that it helped government efficiency to have done that. I think that we now have a whole agency that performs the function that previously a division of Reclamation did, and that in fact when you created Western, you created ***all*** the bureaucracy and all the administrative functions that go with creating a new agency. So I'm not convinced from an efficiency standpoint ***anywhere*** that it was necessarily a good move that the power and the cost of the power is more expensive now as a result of the creation of Western, just because you created an agency and all the costs that goes along with managing an agency. But certainly you created an agency . . . . If you were a power user, you created an agency that now has an obligation to look out after your–who will be more sensitive to the–I wouldn't say an obligation, but just by its nature will be more sensitive to the interests of the power community.

Storey: Does Western only market Reclamation power?

Johnson: Yes, I think that's right, strictly Reclamation power.

Storey: Really?! I did not know that. I presumed it was dealing with other sources of power also.

Johnson: No. Yeah, I think that's all they do is market Reclamation power.

Storey: You mentioned earlier, crop reports, acreage statistics, yield statistics, all of those kinds of stuff, and we annually collate those into a report, a statistical report. From your experience back then, how accurate do you think our annual collations are? Is there a lot of art to that also?

Johnson: The area that I questioned was the yields. We do report crop yields and crop production and their total crop production on Reclamation projects. I think that there's a lot of art in those numbers. I wouldn't rely on those numbers. I think, generally speaking, that that data is useful and is probably fairly accurate in terms of the cropping patterns, the mix of crops that are grown, and the acreages that are served by Reclamation, probably fairly accurate from that perspective. So yeah, I think that those are useful information about the Reclamation program.

Storey: While you were in Sacramento for your four years, did you change jobs at all, change responsibilities?

Johnson: I was promoted to GS-11 after about a year, but no, the whole time I was there I held the title of agricultural economist, the same series. It was a banded nine/eleven [GS-9/GS-11][3] job and I got promoted shortly after I was there to an eleven. But no, I did

3. Referring to a position advertised as a "banded position." Using a GS-9/GS-11 example, generally the new employee is hired as a GS-9 but with promotion potential to GS-11 without further competition. Or, sometimes, the new hire, if qualified, may be brought in at the GS-11 level. Generally this personnel approach is used for positions (continued...)

not change, although I did do different things in my job. I did a lot of farm budget analysis. When I first went to work there, they did all the farm budgets by hand, with a calculator and sheets of paper.

Developed a Computer Program on the CYBER for Doing Farm Budgets

And I developed a computer program that computerized the process. There was a program that had already been developed, but they weren't using it, they didn't know how to use it. The staff there didn't have a lot of computer knowledge. In my graduate program I'd done quite a lot of computer work and had taken programming, and so I was more computer-versant, and so I took all the programs and kind of developed them and developed the farm budget programs on the computer system, developed a data base on the computer system, set it up so that you could do farm budgets pretty quick.

Storey: You could fill in the blanks and say "calculate"?

Johnson: Pretty quickly, yeah. I developed a data base with ***all kinds*** of data. I mean, I had farm data on the whole Central Valley of California on a farm data base. I had it all set up to where you could just sit down at the terminal, interactively, and I wrote a program that would query questions and ask you questions about what county you were doing your farm budget for, what district you were doing your farm . . .

END SIDE 2, TAPE 1. APRIL 1, 1994.
BEGIN SIDE 1, TAPE 2. APRIL 1, 1994.

This is Tape 2 of an interview by Brit Storey with Robert W. Johnson, on April the 1st, 1994.

Storey: . . . prices and all of those things.

Johnson: Right, I had an interactive program, and basically, you'd just sit at the computer, rather than sitting down there all day doing arithmetic, I'd set up a computer program that you could just answer all the questions interactively on the computer, and it would actually pull all the data together for you and give you a farm budget. You could develop a farm budget in about an hour or less, probably in a half-hour, an initial farm budget. Then you'd have to go back and check and gather your data and review the thing. But you could throw a farm budget together with the computer program pretty quickly, whereas before, sit down and do all the calculations when I first went to work there, it took you a couple of days to do a farm budget, to gather all your data and put it together and run out all the numbers. So I kind of had brought in some computer knowledge, and then the other guys picked up on it, and the other guys kind of started learning computers and digging into them, and the other guys there kind of picked up on that.

3. (...continued)
where it is expected the learning/training curve the first year will be quite high and will result in professional growth and experience justifying promotion at the end of one year.

Storey: Now, we're not talking about desktops here?

Johnson: No, this was the CYBER, and you didn't have Lotus and spreadsheets. They do their farm budgets on spreadsheets now, but back then, we had the CYBER in Denver–you know, the centralized computer system. And fortunately, U-N-R, where I went to graduate school, had the same system, they had a CYBER system. I actually wrote the FORTRAN program. If you wanted to do computer work then, you had to know how to program. So I actually sat down and wrote the program to do it, and developed the program, and ran the program and everything. So that was one of the things I did, but I did lots of other things there too. I did some flood benefit analysis which was really interesting. We had some floods that were occurring on a creek there in Central Valley and they needed a benefit-cost analysis on it, and I put together a flood damage curve analysis, which was kind of interesting. It was new, something that I hadn't done, and I had to go back to some of the theory and dig out some textbooks and kind of read up on how you did it. But that was interesting. I did some work on the cost allocation on the Central Valley Project, helped out on that periodically. I was not primarily responsible for that, but I did it. I did some what we called regional economic analysis where we would try to assess what were the local regional economic impacts outside of the farm. You know, when you build a project, and you bring in construction workers and they spend money in the local economy, and then you deliver water supply long-term, and that generates additional money. What kind of regional effects does that have in terms of generating additional income? I did some analysis while I was there related to that. So it was interesting, it was not just all farm budgets. I probably did more than at least half of my time doing farm budgets while I was there, but I also got to do some of these other things, so it was kind of interesting.

That was the initiation of the debates on the principles and guidelines for planning. *Principles and Guidelines*[4] were a set of procedures that were promulgated by the Water Resources Council that defined how Federal agencies would do their analysis for water planning, and when I was in Sacramento, the first critical look–well, some of the initial critical looks at how Reclamation and agencies–not just Reclamation–Corps of Engineers, Soil Conservation Service had some water projects that were guided by these principles. I think it was called *Principles and Standards* at the time. And basically they were broad standards that defined how you did . . . They were mostly, they were not completely, but mostly dealt an awful lot with economic analysis, and how you did economic analysis. And the Water Resources Council came out with a new set of guidelines on how we would do our economic analysis for water projects at the time, that were very controversial–at least for Reclamation, because they were coming out with new procedures that were going to result in substantial ***reductions*** in the values of water. It would make it more difficult, basically, to justify Federal expenditures for water projects, so they were very controversial for Reclamation. I got involved in that a little bit when I was in Sacramento and reviewing those guidelines and writing comments on them.

Storey: That would have been late '70s?

4. U.S. Department of the Interior, Bureau of Reclamation, *Guidelines for Implementing Principles and Standards for Multiobjective Planning of Water Resources* (Washington, D.C.:Bureau of Reclamation, 1972).

Revision of the *Guidelines for Implementing Principles and Standards for Multiobjective Planning of Water Resources*

Johnson: Right, uh-huh, '77, '78, the "hit list" and the Carter Administration came in and made a big deal out of revising the *Principles and Standards*, and managing how water projects were managed. So I got involved in helping respond to some of the changes that were being made there. It was kind of interesting.

Storey: And the *Principles and Standards* actually went into practice.

Johnson: Yes, they did.

Storey: And did they continue in use after the Carter Administration, do you know?

". . . the Reagan Administration . . . changed them to guidelines, so that they were more flexible in their application. But, by and large, the changes that were made in the economic analysis carried over. . . ."

Johnson: Well, they did. By and large they did not change that much. What the Reagan Administration did is, they changed them to guidelines, so that they were more flexible in their application. But, by and large, the changes that were made in the economic analysis carried over. The Reagan Administration did not in fact, I don't think, make substantive changes from what the previous Administration had put forward, other than changing them from a strict set of standards that had to be applied, to now put them under the guise of guidelines, which were implied less restrictive in their application.

Storey: That's very interesting, because from a historical perspective, Reclamation's last major projects were authorized in the mid- to late '60s. And then in the late '70s you had the *Principles and Standards* coming in, making it even ***harder*** to justify the Federal projects, combined with the environmental changes in the late '60s and early '70s, and the first hint that I have picked up in interviews is that in the early '80s some of the most (chuckles) astute people were beginning to realize Reclamation was not going to bounce back and start building dams again.

Johnson: Yeah. Although Reclamation did not believe that in the early 80s, I don't think.

Storey: No, very few people had picked up on that, and most people were not picking up on it until the very late 80s.

Johnson: Right. That's right.

Storey: Very interesting to me.

"With the new standards . . . I did lots of analysis that said, 'No, not justified.'. . . and with the increasing interest rates that made it more difficult to justify the projects, it was just really tough to be able to show any kind of economic

justification. Projects were very expensive, and it just wasn't penciling out. . . ."

Johnson: And the writing was on the wall. With the new standards that were there, I mean, I did lots of analysis that said, "No, not justified." We would do planning studies and some of them, a lot of them, would come out, "No, it's not economically justified." And the standards that we had to apply, and with the increasing interest rates that made it more difficult to justify the projects, it was just really tough to be able to show any kind of economic justification. Projects were very expensive, and it just wasn't penciling out.

Storey: Were you doing those kinds of analyses while you were in Sacramento?

Johnson: Some.

Storey: And they weren't penciling out then?

Johnson: No.

Storey: You know, there are people who believe that Reclamation tended to manipulate its [benefit-cost] ~~cost-benefit~~ ratios and things, going from individual projects to river basin management and various other things like that. Do you have any perspectives on that? That was before your time, but I'm wondering as an economist, your perspectives on that.

"I think the people of Reclamation really believed in what they were doing, and they honestly believed that they were right . . . honestly believed in what they were doing, that there was an inherent rightness in the Reclamation program and in irrigation development, kind of an agrarian fundamentalism concept, and, you know, 'feed the country,' (chuckles), cheap food ethic. . . ."

Johnson: I think the people of Reclamation really believed in what they were doing, and they honestly believed that they were right, and that the things that they were doing were reasonable and I don't think that they were doing anything that was . . . I just think they honestly believed in what they were doing, that there was an inherent rightness in the Reclamation program and in irrigation development, kind of an agrarian fundamentalism concept, and, you know, "feed the country," (chuckles), cheap food ethic. I think they just believed that they were right.

Storey: And this was one way of forwarding their mission.

Johnson: Yeah. And it was ***just*** and ***right*** and a good thing to do.

Storey: And what Congress had told them to do.

Johnson: Exactly, and what Congress had told them to do.

Storey: I'd like to go back to your farm analysis and the CYBER. Now, if I understood you, you said that somebody had already done some work on this. (Johnson: Um-hmm.)

Did you take an existing program and adjust it and alter it, or did you just start out new?

Work on the Cyber Farm Budget Program Took off from a Cumbersome Existing Program Already in the Sacramento Office

Johnson: I took an existing program, farm budget analysis program, that they had there in Sacramento. I don't know ***who*** developed it–somebody, somewhere in Reclamation, developed an initial . . . It was a FORTRAN program that ran a farm budget scenario, that had been written. Our guys there in the office had tried to use it, and it was kind of cumbersome, because you had to put together the data cards, you had to keypunch up all the data cards, and then you had to take it down and feed them in and get the runback. And there were some certain calculations that were done in the program that didn't fit the way they did farm budgets, and they didn't know how to modify the program to have it calculate it the way they did it– you know, make the arithmetic come out the way they did it. And they just concluded that they didn't like it, and they put it over on the shelf, and it wasn't useable.

Storey: I guess in modern terms it wasn't user friendly.

". . . it wasn't user friendly. And they weren't computer literate. . . ."

Johnson: Yeah, it wasn't user friendly. And they weren't computer literate. I mean, they didn't really know how to get in and make a change to a program in order to get it to calculate. "This is what the computer gave us," and they didn't know how to tell the computer to give you something, to change the program to give you something more. So what I did is I took that program and modified it, changed the code in the program so that it did the calculations and printed out the data. They also didn't like it didn't print out all the calculations. It printed out some summary pages, but it didn't show you how all the calculations were done. So I got into the program and rewrote it so it printed out all the data, so you could see all the data and the calculations. And then also changed ***how*** it calculated some of the things. I don't remember, the return to the farm family, or the return to management. They didn't like the way it calculated that, it based it on a different percentage than they liked to use. So I made some changes to the program that gave a result and gave them all the data where they felt comfortable. You have this thing giving us the same answer that we would get if we set down with our adding machines and all of our pieces of paper. So I modified the program so that we could satisfy ourselves that it was doing that.

But then what I did was I wrote a ***new*** program that was a data base management program that made it interactive. I created a data base, I took ***all*** the information, ***all*** the raw data that we had related to farm budgets, put it on the computer system, and then I wrote a program that accessed that data and then through this interactive process came back and allowed you to define all the parameters interactively. What ***that*** program ***did*** is put your farm budget data file together for you. Before we had that, you had to sit down and get all the data and punch it up on your computer cards, your data cards, and go down and feed it in. And that was a

cumbersome, time-consuming process. Every time you wanted to do a farm budget, you had to get your sheets and fill in all of your data cards, and then go down and have it keypunched, and then get it verified, and then run the program, and then modify it, then modify a few things and run it again. It was a fairly cumbersome process. So the ***new*** program that ***I wrote*** was a kind of a data management program. We put all the data on a file in the system and then accessed the data and it actually put together a data file, that then this farm budget program would execute. And so it hooked that up. It was a pretty big program. It took me quite a while to write it. It had 3,000 or 4,000 program statements in it and everything, so it was pretty big.

Storey: When you say "quite a while" . . .

Worked on Writing the CYBER Program for about Two Months in 1979, a Month in Sacramento and a Month in Boulder City

Johnson: Well, what happened is, I actually ended up writing that . . . We started that in about 1978. We started using the program, we got the program running and I made the modifications to the program when I first went there in, I don't know, '76 or so, I got the program up and made the modifications so that we could see them. And then I said, "Well, gee, this would really be nice if we could eliminate this process of putting these data cards together every time." And I got this idea of writing this program, and I told them, "Why don't I write this program?" Well, we were busy on other stuff, and writing a program wasn't always your top priority. But we did start putting a data file together. So I kind of laid out how the data file would go together, and we hired a summer student, and the summer student went through all of our data that was in our file drawers and punched it all in, and we got the data file created with a summer student. And that was about 1977 to '78 that we were working on it a little bit.

Transferred to Boulder City in 1979

And then what happened is, in 1979, I transferred to Boulder City, and when I found out I was going to get the job and I had one month left on the job there in Sacramento, I said, "Okay, guys, I'm only here for one more month, what do you want me to do?" and they said, "Get that program finished!" (laughter) So I worked that month on that program, writing that program, and I worked ***hard*** for that month, trying to get that program written. And I had most of it written when I left, but I still didn't have it all done, so I brought it with me to Boulder City. And when I came to Boulder City, we didn't have our house sold yet, so I left my wife in Sacramento for I think probably about a month before she got down here, and I was staying in a motel room, and I ended up finishing that program down here in Boulder City over that month. I'd work at night, I'd go back into the office at night, and I finished it at night. But I got it all done and it worked and I gave it to them, and they used it, and they really liked it and used it all the time. And then I used it here in Boulder City and I gave it to the Denver Office, and I think the Denver Office made it available to some of the other regions. I don't know if the other regions used it or not, but we used it here, and Sacramento used it for a number of years. They don't use it anymore, they use spreadsheets, do it on personal computers–it's really outdated now.

So it took me about two months to write it when I finally got down to that.

Storey: CYBER was an early version of the computer, of course, and it was in Denver. What kind of problems did you have using the CYBER, or ***did*** you have problems?

Issues in Dealing with the CYBER System

Johnson: It would go down, and you would have the communication link that would go down. Initially you did everything with data cards, and you would do your keypunching and get your data cards together and deliver it to the ADP [automated data processing] office there in Sacramento, and then they would run the cards through the machine and run out the results. Then you'd go back later and pick up your output. It was frustrating, because you would type your cards up and you'd get a typo on one of your cards, and that would cause the computer to bomb out, so you'd go do a run and it'd take you two or three hours to get a run back to get your batch job printed out, and then you'd get it back and you'd look at it and you found out, "Oh, gee whiz, I had a typo." (chuckles) You know, you'd have to go through your cards and find what little mistake you made and change the comma to an asterisk or something, whatever it was that was wrong in the card. So it was very time-consuming and detail oriented, to be able to get the computer to run your data right, and you really had to really pay a lot of attention to detail, and run it over and over and over again, and get a lot of blown runs, you know, and a lot of . . . That's probably still true today on use of the computers. But it took so long because you weren't interactive right away. You know, I guess my recollection is the frustration of it at the time was it took a lot longer to do things, to run all the data, because you didn't interact. But now your feedback from the computer is immediate. You know, you have the spreadsheets and everything was user friendly. Back then it wasn't nearly as user friendly as it is today.

Storey: Why did you decide to leave Sacramento?

Left Sacramento for Personal Reasons

Johnson: You know, I liked it there. It was really more for personal reasons. My wife did not like it there, she didn't like living there. At the time there was a crime problem, there was a rapist that was breaking into houses and we actually had somebody try to break into our house. We don't know for sure that it was the rapist, but I can guarantee you, you couldn't convince my ***wife*** that it wasn't the rapist. (chuckles) She had just gotten to the point where she just didn't feel safe, and wanted to move somewhere else. So it was more for personal reasons. I liked working there, I liked the people there, and I was kind of reluctant to leave. But she said, "Gee, why don't you see if there's any other jobs anywhere." And then Boulder City had a job for an economist and so I applied for it and got it.

Storey: Was it a promotion?

Johnson: Yeah, it was. So I was an eleven there, and I came here for a GS-12.

Storey: Did you take on supervisory responsibilities?

Johnson: No, not at that time.

Storey: You were working in a branch here?

Worked in the Economics Branch of the Planning Division in the Boulder City Regional Office

Johnson: Yeah, it was the same thing. It was the Planning Division, and within the Planning Division, this was a Regional Office with a Planning Division, and I worked in the Economics Branch of the Planning Division.

Storey: Well, I'd like to keep going, however our time is up. I'm one minute over, unfortunately. Let me ask you if it is alright for Reclamation researchers and outside researchers to use the data on the tapes and transcripts from this interview?

Johnson: Yeah, I don't think there's anything that I–absolutely, yeah, no problem.

Storey: Good, I appreciate it, thank you.

END OF SIDE 1, TAPE 2. APRIL 1, 1994.
BEGIN SIDE 1, TAPE 1. FEBRUARY 23, 1995.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Assistant Regional Director of the Lower Colorado Region, Robert W. Johnson, on February the 23rd, 1995, in his offices in Boulder City, Nevada, at 3:30 in the afternoon. This is tape one.

Last time I think we were talking about you being at the Central Valley Project as a farm economist. I was wondering what kinds of things you did and how they related to the contracting process that goes on there. Of course, Central Valley's so controversial about the contracts.

Work in the Sacramento Office Doing Farm Budgets

Johnson: Yeah, when I first went to work in Sacramento, the first assignment that I got was to develop a set of farm budgets for the Westlands Water District. Of course, Westlands is the controversial district. It's the San Luis Project, and it's the big irrigation district that's west of Fresno that's always been pointed at as the example of large corporate farming with subsidized irrigation development, you know, for Federal taxpayer subsidies for farmers that own thousands of acres.

Issues with Westlands and Long Term Contracts

So when I first went to work, the controversy around the San Luis Project in Westlands Water District was brewing. There was a lot of criticism of the Bureau over that project, and large acreages that were being served. And also there was the

Central Valley rate issue on water deliveries was beginning to come to everybody's attention. The long-term contracts that they signed in the Central Valley Project to deliver water for three dollars an acre foot was a big issue. The Westlands District, my recollection is that the Westlands District, because they were relatively new, it was a newer project. They had gotten a long-term contract for seven dollars and fifty cents an acre foot. So they were, in fact, paying more.

"It wasn't initially our purpose, but it *became* our purpose, then, to also do some evaluation of the farm size and the economies of scale that result from farming in large farms and could, in fact, smaller farms be economically viable, was there an economic viability question there for small 160 acre farms, could they, in fact, be viable? . . ."

So I think they wanted–they had me develop farm budgets for Westlands because they wanted to get a handle on, or an idea, on a couple of things. One is, could the farmers there ***pay*** more than seven dollars and fifty cents an acre foot, and what is their ability to pay? It wasn't initially our purpose, but it ***became*** our purpose, then, to also do some evaluation of the farm size and the economies of scale that result from farming in large farms and could, in fact, smaller farms be economically viable, was there an economic viability question there for small 160 acre farms, could they, in fact, be viable?

So the study kind of transpired from an initial effort to determine what their ability to pay was, and to try and to assess whether or not large farms were more efficient than small farms, and whether small farms in the 160 acre size were, in fact, economically viable units that could produce a living for a farm family.

So that's the two things that, the initial things, that I got involved in when I first went to work doing farm budgets. They had the San Luis Task Force, which was a congressionally, I think it was congressionally mandated, task force which was mandated with looking into the San Luis Unit of the Central Valley Project and developing a report[5] on how that project was managed and constructed, and make recommendations on how Reclamation ought to be managing future projects. So our analysis on farm size became something that was considered by that task force at the time. I think that was 1977 that they had the San Luis Task Force.

Storey: What's a farm budget?

Johnson: Well, a farm budget is an analysis of the costs in revenues that a typical farm in a service area can generate, an analysis of crops that are typically grown and the production from those crops and the revenue from those crops and the cost of growing those crops, and what's the net income that can be earned, and what does that translate into in terms of value of water. If you're using water to grow the crops, what value then if you can measure the income from the farming operation, you can place a value on the water and that can be used for what we used to do, a benefit-cost

5. Department of the Interior, Bureau of Reclamation, *Special Task Force Report on San Luis Unit: Central Valley Project, California* (Washington, D.C.: U.S. Government Printing Office, 1978).

analysis for Reclamation projects. And then also what we call the ability-to-pay analysis, which was to analyze how much farmers could pay for water. So that's what a farm budget is.

Storey: And what did you find out?

Johnson: On Westlands?

Storey: Uh-huh.

Johnson: Well, on the ability-to-pay question, I think we probably concluded, and I don't remember the numbers, but I'm sure we concluded that they could afford to pay more than seven dollars and fifty cents an acre foot. I don't remember what the number was, but the payment capacity came out ***above*** seven dollars and fifty cents an acre foot.

"On the farm size analysis, we concluded that there was, in fact, economies of size that existed, and that there were unique considerations for different types of crops that probably did dictate and justify larger farm sizes in the Westlands area. . . . there were specialized types of contracts for sale of crops that you had to have . . . and it was impossible for small farmers to be able to meet the terms and conditions of those specialized types of contracts. . . ."

On the farm size analysis, we concluded that there was, in fact, economies of size that existed, and that there were unique considerations for different types of crops that probably did dictate and justify larger farm sizes in the Westlands area. Tomato crops and other vegetable type crops that were grown over there required– I'm trying to think what the–I can't remember exactly what the reasoning was, but there were specialized types of contracts [for sale of crops] that you had to have in order to grow tomatoes, and it was impossible for small farmers to be able to meet the terms and conditions of those specialized types of contracts.

So we concluded that there was some economies of scale in Westlands that, you know, which was–I mean, that was not a earthshaking finding, because, you know, that's a standard thing in agricultural economics is that there are economies of size in this farm size. The trend in farm size in agriculture has been to larger farms. I haven't studied agricultural economics in many years, but my recollection is that farm sizes, at least the data that we looked at back in 1977, showed that there had been a continual increase in farm size on a nationwide basis, not even in any restricted area, and that that was really a result of economies of scale that could be achieved at larger farm sizes. Large investments in equipment made it very difficult for small operators to operate efficiently. You had to have large amounts of land to spread that capital base over, to operate on an efficient basis. So it's just difficult for a small farmer, as small as a 160 or 320 acres, to really be able to make a viable operation, unless he had an ***awful*** lot of capital, you know, to invest. But even then it becomes difficult if he doesn't have the acreage to spread the depreciation and the amortization costs over a long-term period, you know, over a lot of acres, over a lot of acres of land.

". . . I think the average farm size in Westlands at the time was 2,400 acres, and I don't think we made any conclusions that that was optimal. I think we were of the opinion that substantially smaller size farms than 2,400 acres could be viable. But 160 acres was probably not a good limitation. It probably needed to be something larger . . . we ended up with 960 acres later on when the Reclamation Reform Act was passed. . . ."

So we concluded that there were some–but I don't think we concluded that–I think the average farm size in Westlands at the time was 2,400 acres, and I don't think we made any conclusions that that was optimal. I think we were of the opinion that substantially smaller size farms than 2,400 acres could be viable. But 160 acres was probably not a good limitation. It probably needed to be something larger, which ultimately, you know, we ended up with 960 acres later on when the Reclamation Reform Act was passed.

Storey: That would've been about '78, was it? Or am I thinking wrong?

Johnson: No, I think it was '82. It wasn't until '82 that Reclamation Reform finally got passed.

Storey: So you would've been working about five years before that?

Johnson: Right.

Storey: Which actually leads me to my next question, which is, did you ever see politics play into the way you did your studies?

Johnson: No, I don't think so, not in California. I don't think I saw, not in a direct way, anyway, I don't think I ever saw in a direct way where somebody came and said, "This is the answer that we want politically." (laughter) You know what I mean? I don't think that there was ever that kind of pressure put on people directly.

Politics Came into Play in the San Luis Task Force Deliberations

Certainly politics came into play. I mean, the San Luis Task Force, itself, was political, and there were debates. I can remember going to one of the task force meetings where we had put out our study on farm size. We'd compared the 2,400 acre farm size with the 160 and 320 acre farm size, and prepared a little report. I can remember some of the small farm advocates on the task force, on the San Luis Task Force, had gotten a copy of our study in advance, and they had hired another agricultural economist to critique our study, and they had gotten a guy from the University of California at Berkeley, who wrote a critique of our study, and he was pretty critical. He didn't like the conclusions that we drew.

It became a debate at a political level within the task force. It was a big–at least to me, at the time, it seemed like a big debate. It wasn't, but we had the Commissioner on the task force, and we had the solicitor from Washington, I think it was Leo Krulitz was the solicitor. He was a member of the task force. It was

following the [Jimmy] Carter Hit List on Reclamation projects. There was a variety of interest on this task force. And it was being covered by the press, and it was kind of a big deal. And the one representative, I think he was a California state legislator, and he was kind of supporting the small farm advocates.

Quite frankly, I didn't have–I mean, all I did was do an analysis. I didn't have an axe to grind one way or another. (laughter) And they got this economist from Berkeley who had written this critique of our analysis, and we looked at his critique, and, quite frankly, we had very good responses to very point that he reached. We had really good responses to. We heard that it was going to become an issue in the task force meetings. So we got some time with the Commissioner, who was Keith Higginson at the time, and we sit down with him and went over the points of the U-C-Berkeley professor and our counterpoints, and explained it all to him.

Then in the task force meeting, itself, the state legislator made a speech and attacked our study and was very–oh, I don't know what the right word is, really outspoken and very critical in public. And Keith Higginson won a soft spot in my heart for life when he jumped in the middle, before the guy even finished, and he says, "I want you to know that we've reviewed that university professor's report, and we think it's like Swiss cheese–full of holes." (laughter) And it was. It was full of holes.

I don't remember all the details, but we did a good study, and there were economies of scale from far larger sizes. And we weren't saying that small farms weren't viable. We were just saying that there were economies of scale associated with large farms, and that small farms might have difficulties growing some types of crops because of the large investment and some of the marketing considerations that they would have. I don't even remember what the marketing considerations were, but especially tomatoes, and dealing with the canneries, and being able to meet the schedules that the canneries require when it comes harvest time on the tomatoes and all those, small farmers just had a difficult time being able to grow those types of crops.

So our report, it was a factual report. That's all it was. We weren't trying to grind an axe. So I saw this political axe trying to be ground out of what we thought what was just a technical study on our part. (laughter) So certainly politics come into play. You know, politics always came into play. Taken the analysis, and is this project viable or is that project viable in trying to make something out of the analysis that–

Storey: But down at that level in the organization, it wasn't politicized. It was the results of the studies that then became politicized.

Johnson: That then became politicized, yes.

Storey: That's interesting. What else were you doing in California at that time? Did you happen to do anything on the Newlands Project?

Farm Budgets on the Newlands Project for Safety of Dam Modifications That Were Needed

Johnson: Yeah, I did. I did some farm budgets on the Newlands Project. At the time, they were in the beginning stages of doing a safety-of-dams study on Lahontan Dam, which is the Newlands. They needed a payment capacity study to determine how much of the safety-of-dams costs would be reimbursed by the local district. So I did a farm budget analysis to estimate payment capacity for the Newlands, for that irrigation area over there, for that study.

Storey: For instance, a very different agricultural area than Central Valley. Mostly, I gather, forage crops.

Johnson: Yeah. There's no vegetables. The growing season's short. There's no vegetables. It's alfalfa pasture, cattle operations, maybe a little grains, small grains, wheat and barley, maybe some corn for silage in that area, and that was pretty much what they had over in Newlands. My recollection was, is we didn't show that there was hardly very much payment capacity. I think our conclusion was, is that Newlands Project ability to pay was pretty limited.

Storey: So, not a rich agricultural area?

Johnson: Not a rich agricultural area, in comparison to the Central Valley and in comparison to the Westlands area, where you've got longer growing season, and–yeah, the soils are fine over there, but really related to growing season. The growing season just doesn't support those types of–like you do in the Central Valley in California, vegetable crops and those sorts of things.

Storey: Were you doing farm budgets all the time you were in Sacramento? I think that was '75 to '79.

"I didn't do *all* farm budgets. I did some work on the Central Valley Project, cost allocation and repayment analysis, the financial, the accounting for all the costs of the project, and determining what water rates should be, and the payout of the project with power revenues . . ."

Johnson: Right. Yes. I did farm budgets from, well, not everything. I didn't do ***all*** farm budgets. I did some work on the Central Valley Project, cost allocation and repayment analysis, the financial, the accounting for all the costs of the project, and determining what water rates should be, and the payout of the project with power revenues, and, you know, breaking down all the features of the project. Allocating the costs of flood control, recreation, fish and wildlife enhancement, irrigation, power and municipal and industrial use. Doing the allocation of those costs.

I was not the ***primary*** person charged with that. That was a big ***deal***. They had one person who was really primarily responsible for doing that, but I provided, at the time, some assistance to him in preparing that analysis.

Storey: How did we do that? Did we do that by, let's see, I think they call them units of the Central Valley Project?

Johnson: They had it broken down by units. It's changed a lot since I was there. They've made a ***lot*** of changes in how they do the allocation and the repayment analysis, and I'm not familiar with how they do it. But back then, they did, they broke it down by unit. They had the Friant Unit.

"The Central Valley Project doesn't have a contract with a single entity who's responsible for paying all the costs. What the Central Valley Project is, is it's like a utility, like you're a public utility, and you have all of these people that you're selling your utility service to. . . ."

But it was also–the whole project was still consolidated. It was treated like a utility, and all of these facilities–and the other thing that's unique about the Central Valley Project is the use of Nine-E water service-type contracts, as opposed to what we call Nine-D repayment contracts. The Central Valley Project doesn't have a contract with a single entity who's responsible for paying all the costs. What the Central Valley Project is, is it's like a utility, like you're a public utility, and you have all of these people that you're selling your utility service to. In this case, it's water, but it would be like a power utility, too. None of your ratepayers are responsible for the overall repayment. You set your rates in a manner so that you can collect all of the investment in your facilities. And that's what a Nine-E water service type contract is. It's really more of a utility type contract, where they're buying the water service and they're paying a rate for the service that's provided. That was kind of the concept that was incorporated in the Central Valley Project, whereas most other Reclamation projects, the Central Arizona Project, most others around the West, are Nine-D, what we call Nine-D repayment contracts, where the contractor signs and becomes responsible for paying ***all*** of the capital costs, and there is a schedule of repayment. We know what the costs are, and there is a schedule of repayment that shows how those costs are going to get repaid, and how much the contractor is going to pay each year, not a whole bunch of contractors, each one getting a piece of service and paying a per acre foot water rate that then under the Nine-E system, you know, you've got to collect enough money in your rates to cover all the costs, whereas under the Nine-D concept, you have a single entity that's generating revenues.

Storey: Such as C-A-P.

Johnson: Such as C-A-P, and sending the United States a check for the amount due every year. So it's a different kind of a concept on the Central Valley.

Storey: This leads us back to a question that I want to ask about why cost allocation would change. Isn't cost allocation determining what's reimbursable and what isn't reimbursable?

Johnson: Um-hmm.

Storey: And then figuring out what has to be paid in order to repay the reimbursable parts?

Johnson: Right.

Storey: Why would that change?

Johnson: On the Central Valley Project?

Storey: Yeah.

Addition of Features to the Central Valley Project over Time Resulted in Incorporation of New Costs into the Cost Allocations and Required Recalculation

Johnson: Because the project wasn't complete, and they were still building features of the project. And as they built features of the project, they incorporated the costs of those new features in with the old features. So the new features didn't get repaid independently. They were financially integrated with the other features.

". . . when Auburn Dam was being built, for instance . . .it was a separate unit of this C-V-P. But its cost was going to be paid by the ratepayers of the Central Valley Project as a whole, and its cost was going to be financially integrated with the other costs of the project, and the rate adjusted to reflect what's required now to repay that whole project all over again, *all* of the *original* investment, *plus* this new investment that's added. So we were always adding these new features to the project. . . ."

So when Auburn Dam was being built, for instance, which was under construction when I was there, which they stopped construction on while I was there, the Auburn Dam was not yet a unit of the project. Its cost was being financially–it was a separate unit of this C-V-P. But its cost was going to be paid by the ratepayers of the Central Valley Project as a whole, and its cost was going to be financially integrated with the other costs of the project, and the rate adjusted to reflect what's required now to repay that whole project all over again, ***all*** of the ***original*** investment, ***plus*** this new investment that's added. So we were always adding these new features to the project.

The other thing that was happening is they didn't have all the water contracted, and there was additional water yet to sell, so there was potential for adjustments in how much water got used, for instance, the M-&-I use, which is interest-bearing versus the irrigation, which is non-interest-bearing. So there was potential for those amounts of water to change in the amount of interest-bearing versus non-interest-bearing to change over time, too.

So it's a constant process of updating those costs of those new features that were being added, and integrating them into the cost allocation on an annual basis, so that the reports to Congress could be made as part of the budget justifications. It's just a constant process of updating that cost allocation to reflect that.

Storey: Let's see if I understand this. Auburn, I believe, was part of the Auburn-Folsom

Unit, or it may have been the American River Unit? I've forgotten.

Johnson: I don't remember the units.

Storey: Which is one of maybe six or eight major units in the Central Valley Project. As Auburn's costs were being allocated, were they being allocated to the unit for the people who benefitted from the unit to repay, or were they being benefitted to the Central Valley Project?

Johnson: They were being integrated with the whole Central Valley Project.

Storey: So the guys over in Westlands–well, maybe Westlands isn't a good idea. Friant were paying for the building of Auburn?

". . . they had long-term forty-year fixed contracts at three dollars an acre foot, and so there was no mechanism to adjust. But when their contracts expired, then they would have had those costs of Auburn integrated into their new rate. . . ."

Johnson: Yes. Well, except they had long-term forty-year fixed contracts at three dollars an acre foot, and so there was no mechanism to adjust. But when their contracts expired, then they would have had those costs of Auburn integrated into their new rate. It's just like a utility. That's why I say it's a utility concept. I pay my power bill every month to Nevada Power Company, and my bill goes up from year to year as they add new facilities that cost more and additional power sources to meet their customer load. When they add a new facility, I could argue that that powerplant, since I've lived in the Las Vegas Valley for fifteen years–well, I moved away once and then I came back, but since I'm a longtime resident, I could argue that, look, when you're building that new powerplant out there, that's to service this new customer of yours over here. Right?

Storey: So he should pay it.

Johnson: So he should pay it, right? That's not the way the utility works. That rate gets incorporated and ***everybody*** pays, even the existing contractors. That was the concept of the Central Valley Project. You had a new unit that came on line. It was financially integrated. It was a service, and people were contracting for the service, and ***everybody*** paid for that service. That was the concept, the utility concept, that was embodied in the cost allocation and repayment of the Central Valley Project. That's the way they did it.

". . . you know, this has been how many years ago? Seventeen, eighteen, nineteen years ago that I was involved in all this. And I know it's *changed substantially*. . . ."

Now, you know, this has been how many years ago? Seventeen, eighteen, nineteen years ago that I was involved in all this. And I know it's ***changed substantially***. They've done away with a lot of those concepts. They've changed their rate setting, and the rates are much higher now. They're amending all the

contracts. They may, in fact, have moved away from that concept, and they may now be charging the direct beneficiaries more for those particular units. But back then, when I was working on it, that's the way it was done.

Storey: This is a history interview, so we're looking for that. That's interesting. It's really tough because of the variations between projects and between regions to understand–

Johnson: That's my recollection of how it worked.

Storey: Any other major things you worked on while you were there at C-A-P?

Johnson: Or at C-V-P?

Storey: C-V-P, excuse me. ***Wrong*** region.

Johnson: I worked on a variety of things. I was in planning, and everything that was in planning that required some irrigation. And I did other types of analysis. I did more than just ag economics, although my title was ag economist. I spent a lot of time doing farm budgets and agricultural types of analysis, but that was not all I did. I also did flood control analysis for some flood control facilities that we were looking at in the Central Valley. It was called–it never did go anywhere. I did a lot of studies on and a lot of analyses on a lot of projects that never ever came to fruition.

Worked on a Number of Other Things While in Sacramento Including the Buttes Valley Study, Klamath River Diversion, the Washoe Project, and the Value of Improved Water Quality in the Delta

There was a Buttes Valley Study that was done way up in northern California, almost on the Oregon border. There was a Klamath River Diversion proposal to divert Klamath River water and divert over into this valley between Mount Shasta and the Oregon border, and develop irrigation up there. I did some studies on that. I did studies on–it was the Washoe Project, which was Watasheamu Dam, which was on the Carson River in Nevada, to develop a municipal water supply for the Carson City was the primary focus of that project. But it also had some potential irrigation development. I worked on that.

There's just a million little–some south delta[6] studies. I did some water quality analysis of what was the value of improved water quality in the delta. There were some projects that we were looking at, trying to develop some facilities that would change–it wasn't a peripheral canal, but it was looking at doing some work in the delta that would allow some of the fresh water from the north part of the delta to get down into the south delta. The ***benefit*** of the project was the improved water quality, and so I was trying to get a handle on what was the economic value of that improved water quality, and when you increase this water quality, you know, what

6. Referring to the Bay-Delta of the Sacramento and San Joaquin rivers on the northeast side of San Francisco Bay–actually on the northern and eastern end of San Francisco Bay which is referred to generally as the San Pablo Bay.

economic value does that have. So some of that was agricultural related, too, because we were trying to evaluate what were the additional costs. Were there yield changes in crops from poor quality, or cropping changes that could occur as a result of the approved water or are there other farm practices that change as water quality changes, and those sorts of things.

Storey: Did you try and factor in environmental things?

Johnson: No, although in the planning process that was used at that time, and the buzzword at that time was "multiobjective planning," and we had a set of guidelines. There was Water Resource Council guidelines and then Reclamation guidelines called Multi-objective Water Planning Guidelines that required us to develop what was called an EQ Plan, an Environmental Quality Plan. And then also an NED plan, which was a National Economic Development Plan. And so that there was always those options before decisionmakers when they looked at developing a project. Here's a plan that emphasizes environmental quality, and here's a plan that emphasizes economic development, and then other plans could be developed, too. So in that sense, the planning process itself was trying to address environmental needs. But in terms of ***economic*** analysis, trying to put ***value*** on the environmental quality part, there was not a lot of effort put into that by the Bureau.

I just mention, when I went to graduate school, my emphasis in graduate school was recreation economics and renewable natural resource economics, which was more focused in that area. So my training was in my area, but our view and our analysis at the time that I was there in Sacramento was always focused on traditional types of values–power and flood control, and irrigation development and those sorts of things. And so we did spend . . .

END SIDE 1, TAPE 1. FEBRUARY 23, 1995.
BEGIN SIDE 2, TAPE 1. FEBRUARY 23, 1995.

Johnson: . . . non-monetary terms. So we did spend a lot of time trying to do a quantitative monetary analysis of environmental benefits, but it was ***part*** of the planning process.

Storey: Let's see. Anything else you did there? Did you happen to do anything with the rivers flowing into the Pacific up in northern California?

Reclamation Studied Rivers Flowing Directly into the Pacific in Northern California for Project Development, but Their Designation as Wild and Scenic Rivers Ended Those Studies

Johnson: No. There had been a limitation put on that at the time. Those were declared wild and scenic rivers, so there was a moratorium. Those had been studied by the Bureau many years. There was a major . . .

Storey: Prior to this time?

Johnson: Prior to this time. No, I didn't do anything on it. There was a project called the

Consumnes Project. There's a Consumnes River which flows into the ~~Sacramento River. Not the Sacramento,~~ the American River. It's a tributary of the American River. There was a dam site up there, and we did some analysis, some economic analysis on that. There are four years and just, I can't think of–a lot of little economic analyses.

Studying Repayment Capacity for Loans Made During the 1977 Drought

Most of the analyses, it's really interesting, most of the analyses, I mean, payment capacity analyses, we had all kinds of payment capacity. We had a drought in 1977. Congress passed an Emergency Drought Act. Reclamation made loans, emergency drought loans, to farmers throughout the Central Valley. I was very active in that effort when that went on. We gave, I think, forty-four or forty-five loans to irrigation districts over a three month period, and we did economic analysis on all of those loans. I was the primary person that did most of those. We had a number of small loans that we did economic evaluation for, or reviewed reports for, the small loan program that Reclamation traditionally had. I had some involvement with that. So, you know, the normal things that anybody does when they work for the Bureau of Reclamation and they're an economist.

Storey: If I'm remembering correctly, while you were in Sacramento, the Teton Dam failed.

Johnson: Yes.

Storey: Do you remember the way people reacted to that within Reclamation?

Reaction in the Sacramento Regional Office to the Failure of Teton Dam

Johnson: Yes, with shock and with great concern. You know, that's really a big deal. I was kind of new to the organization, and didn't really appreciate what all that meant, but I do remember when that happened and what a big deal it was.

I think it happened over a weekend. I remember when I heard about it, I think I was working. It was a Saturday, and I think I went in the office to work on a Saturday. I had some stuff to do on the computer, and I went in and there was a guy there, somebody else there. It was a common computer room. That was back in the days when in the whole Regional Office there were like three computer terminals that you could get on. You couldn't do interactive, but you could set up your control language and your programs and your routines to do analysis on the CYBER in Denver. It wasn't a LAN system like we have now, but you could write programs and you could do stuff on the system.

But anyway, there was a guy there also working on the weekend, and I can remember how upset he was. That's where I heard. He told me, another Reclamation employee, and he was in there talking about the fact that Teton had failed and what a disaster that was.

Storey: Did it affect the way work was done for a while? What do you remember about all this?

Johnson: You know, not working in the design end of the program, I don't think from where I sat, I did not see a lot of changes. I think it may have heightened concern about dam safety. I think we saw an overall shift with more concern about dam safety and design standards. It did not affect me personally in the work that I was doing, I don't think, but I think it had an impact on the organization.

Storey: When you moved down here to Boulder City in '79, did your job change or just the title? I think before you were called a farm economist, and then . . .

Johnson: An agricultural economist.

Storey: And then you became an economist?

Why He Believes the Job Title Changed from Agricultural Economist in Sacramento to Economist in Boulder City

Johnson: Right.

Storey: Was that just a locational difference or was that a real difference? Is it because they had a different title here in Boulder City?

Johnson: I think it was because they had a different title here in Boulder City, a little bit different way. I think the reason why I was an agricultural economist in Sacramento is Ray Gaines [phonetic], who was the chief, the branch chief, the Economics Branch chief in Sacramento, when he hired economists, he wanted somebody with a ***farm*** background. He wanted somebody that had grown up on a farm. That was who Ray Gaines wanted when he hired somebody as an economist to come to work for Reclamation. That's ***all*** he would hire. Everybody on Ray's staff was an old farm boy. (laughter) And he wouldn't hire anybody that wasn't.

So what Ray found with the hiring restrictions that OPM [Office of Personnel Management], and it was called the Civil Service Commission at the time, it wasn't OPM yet, but they had fairly strict standards for hiring people, and agencies were pretty much limited from going out and recruiting for people. The only way agencies could hire people would be to go to the Civil Service Commission and get a list of people who had applied for Federal employment in general.

So Ray had, a number of times, gone to Civil Service Commission saying, "I want to hire an economist, and I want him to have a farm background." So they would go through their lists of economists, and they would come back and they would give Ray these lists of people, the best qualified people on the list that had applied, and none of them had farm backgrounds. Ray would say, "I want somebody with a farm background."

And they would say, "No, you've got to take who we've qualified as the

highest. This is the Federal Government. You just can't hire who you want. You've got to follow the rules, and the rules are we've gone through a process, we give you a list of names, and you've got to select from those names."

So Ray was frustrated with that. So I think to accommodate that, Sacramento had developed a unique job description called agricultural economist so that they had a better chance when they went to OPM of getting somebody off the list who had a farm background. When I went for my interview–that's why I applied to the Civil Service Commission, and when I went for my interview, the first question, before I even came to the interview, Ray Gaines–first of all, personnelist called me, and personnelist said, "What's your background?"

I start telling them, "Well, I'm getting my master's degree."

"No, no. What's your background? Where did you come from? Where did you grow up?" (laughter)

And then I'd tell them, "Well, I grew up in Lovelock."

"Well, what did your dad do?" (laughter)

"Well, what's that got to do with anything? He was a farmer."

Immediately, you know, the light went on. "Oh, we want to interview you." (laughter)

So I think it was a unique type of job description that Ray Gaines had. When I came here, the chief economist here, that was not such a high priority to get somebody with a farm background here in Boulder City, and so they didn't necessarily use agricultural economist as a job title. They just used economist as a job title.

Basically Did the Same Work in Sacramento and Boulder City

But in essence, the work I did, both in Sacramento, from a practical standpoint, the work I did in Sacramento and the work that I did when I initially came here was basically the same kind of work–you know, what's the value of water for all kinds of different uses, municipal and industrial irrigation, you know; what's the value of power, you know, if you produce additional power with hydropower; financial analysis; how do you allocate costs among purposes to determine reimbursability and nonreimbursability; flood control benefits; multipurpose project evaluation.

So the ***job*** was exactly the same; the job title was different. It was basically the same job.

Storey: Do you remember any of the projects you worked on then, specifically?

Johnson: When I first came here?

Storey: Yeah.

Worked on Buttes Dam, a Proposed Component of the Central Arizona Project

Johnson: Oh, yeah, sure. The first project I did when I came here was Buttes Dam,[7] which is a feature of the Central Arizona Project, and there was interest in . . . C-A-P was under construction. The aqueduct was being constructed. None of the other features of the project, the big study on Orme Dam, the regulatory storage alternative, was under way. They had not concluded those studies, but they had been initiated.

They had a number of other features of C-A-P that they needed to do more planning studies on. One of them was Buttes Dam, the upper units of the Central Arizona Project. So the first thing, one of the things that they did when I came here is they wanted to take a quick look at Buttes Dam and determine ~~if~~ whether or not it was a study that was worth pursuing, whether or not they should do any further studies on Buttes Dam. Was it economically–you know, was it going to pass an economic test? Would it be economically viable?

"I concluded that Buttes Dam, under current planning guidelines that we had at the time, was not justified, was not economically feasible. . . ."

So the first thing I did was they sent me down to Phoenix and said, "Go take a look at Buttes Dam, find out what it's all about, and give us some idea of whether or not it will pass the test." So that was my first assignment. I went to Phoenix, I gathered all the data, I did an analysis, and I wrote a little report. This is an anecdote. It's really off the subject. I concluded that Buttes Dam, under current planning guidelines that we had at the time, was not justified, was not economically feasible.

Storey: And I believe it has not been built?

". . . most of the studies that I did in Sacramento, I concluded that they weren't economically feasible, almost always concluded that they weren't economically feasible. So it was rare that we found one that looked like it was feasible with the planning criteria that was in place. . . ."

Johnson: It's not been built, no. And another thing, just a comment, most of the studies that I did in Sacramento, I concluded that they weren't economically feasible, almost always concluded that they weren't economically feasible. So it was rare that we found one that looked like it was feasible with the planning criteria that was in place. Reclamation had just recently gone through changes in the interest rates, how you did your economic analysis. The criteria had changed substantially. That was a big debate back then. We used to constantly debate on a Reclamationwide basis, with the Water Resources Council, and the Department of Interior,[8] and others, OMB [Office

7. Buttes Dam was proposed as a feature of the Central Arizona Project, but it was never built.
8. Bureau staff often use shortened titles such as Interior Department or Department of Interior when referring

(continued...)

of Management and Budget], what criteria do you use to evaluate these projects? What types of benefits can you include and measure and include in your benefit-cost analysis? And how do you measure those, and then when you do, how do you measure them, how do you discount them? What's an appropriate way to do that? So we debated that, *ad nauseam*.

That was the big issue in an economist's life at the time. And it was interesting. There was some interesting academic arguments, you know, about what was the appropriate way to do it. University professors got a lot of papers published over issues of how you do economic analysis of water projects. And so that was a big issue.

". . . most of the water projects that we were looking at were pretty expensive. The truth of the matter was, most of the good water projects had been built by that time . . . most of the good sites had been developed. So it was . . . difficult to find projects that were economically viable. And so usually, if you did an honest analysis, you concluded that they weren't viable. Buttes Dam was another one. . . ."

But the guidelines that we have were pretty–I don't know if they're restrictive. I think they were fair guidelines, and, in fact, most of the water projects that we were looking at were pretty expensive. The truth of the matter was, most of the good water projects had been built by that time that produced lots of power, or most of the good sites had been developed. So it was, it was difficult to find projects that were economically viable. And so usually, if you did an honest analysis, you concluded that they weren't, that they weren't viable. Buttes Dam was another one.

". . . I evaluated Buttes Dam based on the new rules and based on the old rules. And when I did Buttes Dam on the *old* rules, it was justified. You could get–I don't remember what it was, but it was a BC [benefit-cost] ratio of greater than one. Did it under the new rules, it was less than one. . . ."

I concluded–I also did an analysis on Buttes Dam on the ***old*** criteria, the criteria that existed when C-A-P was authorized, and that was always a debate. What's the grandfather date? If a project was authorized prior to the change in the rules on how do you evaluate the project, do you use the old rules or the new rules? So I evaluated Buttes Dam based on the new rules and based on the old rules. And when I did Buttes Dam on the ***old*** rules, it was justified. You could get–I don't remember what it was, but it was a BC [benefit-cost] ratio of greater than one. Did it under the new rules, it was less than one.

So I wrote up a little paper that presented that, and gave it to the folks, and that got kicked around for years, and we did the analysis again a couple of more times, and did some studies on Buttes, tried to find ways to make it feasible, and in the end we concluded that it wasn't feasible and said, "No, we're not going to build

8. (...continued)
to the agency–the Department of the Interior.

it." But that took several more years before that happened.

Storey: And a BC ratio is benefit-cost?

Johnson: Right. Benefits, economic benefit divided by the cost. And if it's greater than one, the benefits are greater than the cost. If it's less than one, then the costs are greater than the benefits.

Storey: Of course, one of the controversies surrounding Reclamation's study of projects is the way that benefit-cost ratio has been derived. I'd like to purse that, except we've used up our time for this appointment.

Johnson: Well, let's come back to that.

Storey: Let's come back to that when you come back this afternoon.

Johnson: Sure.

Storey: And we'll pursue it. We'll break this for a couple of hours and then come back.

Johnson: Good.

Storey: Good. Thank you. [Tape recorder turned off.]

This is Brit Storey with Robert Johnson, again. We are going to take up our interview at about three o'clock in the afternoon. [Tape continues from morning interview.]

Bob, or Mr. Johnson, excuse me, we were talking about benefit-cost calculations in the Bureau of Reclamation. You had mentioned that for one of the dams on the Central Arizona Project, you had figured it the ***old*** way, and it turned out to be economically supportable, and the new way and it turned out ***not*** to be economically supportable. Of course, one of the sort of themes in people's discussion of Reclamation and what it's done with its projects is that we have always overinflated or, if you will, "cooked" our [benefit-cost] ~~cost-benefit~~ ratios. How do you respond to that thought by critics of Reclamation?

"I think there's always a tendency for groups that are a critic of a program to not support–I mean to find ways to pick at the program. The Reclamation program has been controversial for years, and I guess I don't think that that's the case. I think that Reclamation and that the people that have done that type of analysis for Reclamation have tried to do an honest analysis of the numbers. . . ."

Johnson: Oh, I don't think that's true. I think there's always a tendency for groups that are a critic of a program to not support–I mean to find ways to pick at the program. The Reclamation program has been controversial for years, and I guess I don't think that that's the case. I think that Reclamation and that the people that have done that type of analysis for Reclamation have tried to do an honest analysis of the numbers. I

guess I don't agree with that, or subscribe to that opinion.

Storey: So you would see it as an evolving process that became more sophisticated?

Johnson: Absolutely. The criteria changed. And as the criteria changed . . .

Storey: Why?

". . . critics of the program began to have an influence on the policy, and were able to get policies in place that changed the criteria under which you could develop benefit-cost analyses. When that new criteria was applied, more often than not, you know, that's why I say *my* experience with Reclamation has spanned a period of time where we, in fact, haven't found very many projects justified economically. . . ."

Johnson: Because the critics of the program began to have an influence on the policy, and were able to get policies in place that changed the criteria under which you could develop benefit-cost analyses. When that new criteria was applied, more often than not, you know, that's why I say ***my*** experience with Reclamation has spanned a period of time where we, in fact, haven't found very many projects justified economically. We don't even do them anymore. I mean, it's kind of a bygone era in Reclamation. We're really not in the construction business anymore. I haven't seen anybody do a benefit-cost ratio in years. But during the period of time that I was working as an economist and we did benefit-cost ratios, more often than not, the results of the analysis were that they weren't justified. So I would say that we were doing a fairly honest job on evaluating and ***not*** trying to inflate the analysis to come up with a–I think we were doing an honest job in following the criteria and applying them, and saying this is the result.

"Probably the *biggest* change that occurred, occurred, I think probably in the early seventies, and that's when they changed the discount rate, the formula for determining what discount rate should be used in present-worthing future benefits and costs. That discount rate was increased in the early seventies from probably somewhere around 3 percent, which was very favorable. . . ."

We had many projects that were grandfathered by Congress. We would apply old criteria. The biggest change–there were lots of changes that got made in the criteria. Probably the ***biggest*** change that occurred, occurred, I think probably in the early seventies, and that's when they changed the discount rate, the formula for determining what discount rate should be used in present-worthing future benefits and costs. That discount rate was increased in the early seventies from probably somewhere around 3 percent, which was very favorable. A 3 percent discount rate with a capital intensive project, like water projects traditionally are, finding a project to be economically feasible was fairly easy to do, I mean with an honest analysis. But when we went to the higher discount rate and we had to start using discount rates in the mid- to late seventies, of 6-, 7-, 8 percent, which were the discount rates that we started using, the future value of the benefits that were derived shrunk. The

higher discount rate caused the future value of the benefits to be much smaller. So that when you did the benefit-cost comparison, it was usually very difficult to show anything to be economically feasible.

What Congress did in cases of projects that had been authorized prior to the development of this new criteria was to say that when we reported to Congress in the budget documents, to present the benefit-cost ratio, they grandfathered those projects that had been authorized prior to this new criteria that was developed. So many times we had projects under construction that were authorized, even Central Arizona Project, which is ***still*** under construction, was authorized back in 1968 when the discount rate was 3 percent. The authorized discount rate for the Central Arizona Project is 3¼ percent. And we still report in the budget documents benefit-cost ratios for budget preparation purposes that are still calculated at that rate. So a big part of what happened is we shifted to a higher discount rate.

"There were lots of other changes . . . also, how you evaluated M-&-I benefits; how you placed values on water; how you evaluated irrigation benefits. The criteria got more restrictive and more detailed, so the critics of the program established some more stringent criteria to apply to the economic analysis of our projects. . . ."

There were lots of other changes that were made in the economic criteria also, how you evaluated M-&-I benefits; how you placed values on water; how you evaluated irrigation benefits. The criteria got more restrictive and more detailed, so the critics of the program established some more stringent criteria to apply to the economic analysis of our projects.

In some cases, I think the more stringent criteria was appropriate. In other cases I think they went a little too far, you know, in putting criteria that was probably more stringent than would be justified, criteria that you wouldn't apply necessarily to economic decisionmaking in the private sector.

". . . I don't think Reclamation ever cooked the numbers in the analysis. I think Reclamation tried to argue against the new criteria that was being developed . . ."

So it's kind of an ebb and flow. I think Reclamation argued about the criteria, but I don't think Reclamation ever cooked the numbers in the analysis. I think Reclamation tried to argue against the new criteria that was being developed, but not necessarily cooked numbers in the analysis.

Storey: You were going to tell me an anecdote.

"I'd only been here two or three weeks. . . . in our Planning Division. We had the division secretary, and she really ran the place. . . . In . . . had been the Planning Division secretary for like thirty years . . . And they had just a pool of typists . . . I did this analysis on Buttes Dam, and I wrote a little report on it. Of course, this was before we had computers, word processing and all that stuff. And so you did all your handwriting in hand and you gave it to the secretaries and they typed it

up. . . . I walked in there . . . She grabbed that report from me, and she got this mean look on her face. She looked at it, and she leafed through it, and she says, 'What is this, anyway? A damn report!' And she threw it down on the desk. She says, 'You economists. You're always writing a bunch of crap.'. . . Two hours later, I had a perfect typed version of my report. She was just super. . . . worked eleven hours a day. . . ."

Johnson: Oh, yes. That was about when I did the first analysis for Buttes Dam and I was just a new employee here. I'd only been here two or three weeks. I was working in our Planning Division. We had the division secretary, and she really ran the place. I mean, she had been the Planning Division secretary, her name was In Liebsenbeck [phonetic]. I'm not pronouncing her last name correctly. It was a German name, difficult to pronounce. She had been the Planning Division secretary for like thirty years, and she would tell stories about how they used to type planning reports in triplicate before they had Xerox machines, you know. And they had just a pool of typists that would type the same report over and over again in triplicate so they can make additional copies. So she had been around a long time, and she had quite a reputation.

I was the new guy in the division, and I remember I did this analysis on Buttes Dam, and I wrote a little report on it. Of course, this was before we had computers, word processing and all that stuff. And so you did all your handwriting in hand and you gave it to the secretaries and they typed it up. You had to take everything you did to In, and then she had a pool of typists that would type the stuff up. The guys in the office–I was working on this report, getting it all together, you know, and getting it ready to go to typing, and I could hear them all joking about, "He's going to take that to In. Ah, I've got to see what he does when he takes it to Ina's." And I didn't really know what they meant.

So I took it in to In. Maybe she'd even been the Planning Division secretary for ***more*** than thirty years. I don't know, ***long*** time. She'd worked for every Planning Officer that this region had ever seen. And I walked in there and I said, "I put together this little report, and I wonder if I could get a draft of it typed."

She grabbed that report from me, and she got this mean look on her face. She looked at it, and she leafed through it, and she says, "What is this, anyway? A damn report!" And she threw it down on the desk. She says, "You economists. You're always writing a bunch of crap." (laughter)

I just tucked my tail between my legs and I says, "Okay. Very good, you know, whenever you can get it. Sorry. Whatever you can do it." I just kind of got out of there.

Two hours later, I had a perfect typed version of my report. She was just super. She was a hard worker. She worked eleven hours a day. She came at six o'clock in the morning. She stayed 'til five o'clock at night.

Storey: She didn't have a family?

Johnson: She didn't have a family. She just worked really hard, and she was as coarse and as rough as anybody could be on the outside, but just the softest person in the world on the inside. If you knew how to handle her gruffness and did not react to it, then she would just do anything for you. I think part of it was she was so gruff on the new guy, and then two hours later–from that point on I had just a really great relationship with her. (laughter)

But she was just a character, and one of those kind of personalities, you know, that you always remember in your career. I will always remember In. She retired about in the mid-eighties, she retired. She worked so hard that she had gotten promoted. She was really the division secretary, but they had promoted her up to a GS-9, and then personnel did a job audit, and determined that they couldn't justify that kind of a grade, and they downgraded her, which was just a terrible thing to do for somebody that works so hard and put their whole life in the organization. So she was kind of brokenhearted about that. That happened after I came.

But anyway, she was just a real character that you always remember that was a fixture in this office, you know, for so many years. And everybody has In stories, if they worked in the Lower Colorado Region anytime between 1940 and 1985. I don't know how long she worked here, but for a long time. But that was my first experience with In. Kind of an interesting story, I guess, to people who knew In.

Storey: Those are the people who make up the character of an office often, them and the regional directors and so on.

What other projects did you work on besides ~~Banks Lake [phonetic]? Wasn't it~~ Butte Lake?

Johnson: No, Buttes Dam.

Storey: Buttes Dam.

Worked on Buttes Dam and Alternatives to Orme Dam Which Had Been Eliminated from CAP

Johnson: I got pretty heavily involved right away in Central Arizona Project. Buttes Dam was part of it. There was also efforts going on for the Regulatory Storage Division of the Central Arizona Project, which at the time was Orme Dam. Orme Dam had been eliminated as part of the hit list on C-A-P.

"There was a *major* study that was initiated in 1978–I came here in 1979–to study *alternatives* to Orme Dam. Orme Dam was located at the conflux of the Salt and Verde Rivers, and if we would've built it, it was going to flood out the Fort McDowell Indian Reservation. The reservoir would've taken most of the land at the Indian reservation. . . ."

There was a ***major*** study that was initiated in 1978–I came here in 1979–to study ***alternatives*** to Orme Dam. Orme Dam was located at the conflux of the Salt and Verde Rivers, and if we would've built it, it was going to flood out the Fort McDowell Indian Reservation. The reservoir would've taken most of the land at the Indian reservation. And then also there was a couple of bald eagle nests that had been found in the reservoir area, and the bald eagle was an endangered species, and so there was endangered species issues.

"A regulatory storage feature for the Central Arizona Project was considered a *crucial* component of the project. . . . to allow water to be stored . . . to allow fluctuations and operations of the canal system to occur, outages and those sorts of things, so that you had some reliability of operation. . . ."

A regulatory storage feature for the Central Arizona Project was considered a ***crucial*** component of the project. The canal bringing water in from the Colorado River system, it was the sense of Arizona and, I think, the Bureau that there needed to be ***some form*** of regulatory storage to allow water to be stored, some of the Central Arizona project water, to be stored on a seasonal basis to allow fluctuations and operations of the canal system to occur, outages and those sorts of things, so that you had some reliability of operation. As some of our hydrologists described it, you can't have a 330 mile garden hose without some sort of a storage component to kind of temporarily store water on a temporary basis. You're going to be serving M-&-I and urban populations, major outages are going to occur. There needed to be some form of storage to allow the project and the system to operate the way it was planned. So it was a considered a critical part of the project. So they had ***major efforts*** under way to find alternative sites other than Orme Dam for regulatory storage, and that effort was under way. So I got involved in that, doing the economic analysis related to regulatory storage.

". . . I came in 1979, and then in 1981, the branch chief left . . . and . . . I got selected as the branch chief for the Economics Branch. . . ."

After about two years here, I came in 1979, and then in 1981, the branch chief left, who was Adrian Hutchins, and when he left, I got selected as the branch chief for the Economics Branch. So I got a promotion after I came here two years to the branch chief.

". . . I also got the assignment of being the *coordinator* for *all* of the planning activities related to the C-A-P, and everything that was going on. . . ."

When I took on the branch chief responsibilities in 1981, I also got assigned the responsibility–because I had had some involvement in C-A-P and the planning activities–I also got the assignment of being the ***coordinator*** for ***all*** of the planning activities related to the C-A-P, and everything that was going on.

END TAPE 1, SIDE 2. FEBRUARY 23, 1995.
BEGIN TAPE 2, SIDE 1. FEBRUARY 23, 1995.

Storey: This is tape two of an interview by Brit Storey with Robert W. Johnson on February the 23rd, 1995.

You became sort of the regional office expert on C-A-P?

". . . economists in the Phoenix office . . . and in addition to actually *doing* some of the analysis, I was providing oversight to what they were doing, and then also coordinating all the advanced planning activities for the regional office. . . ."

Johnson: Right, on the planning and developing the project as it developed over time, ***in addition*** to being the economist who was provided–there was also some economists in the Phoenix office, and they were doing economic analysis, and in addition to actually ***doing*** some of the analysis, I was providing oversight to what they were doing, and then also coordinating all the advanced planning activities for the regional office. It was an ***advanced*** planning staff in Phoenix that was doing most of the work, but the ***regional*** office was very heavily involved.

"Bill Plummer was the Regional Director at the time. and Bill had a very hands-on approach to management, and he wanted somebody in his staff to be very much in tune with *all* the various field offices and all the major activities that were going on. . . ."

Bill Plummer was the Regional Director at the time. and Bill had a very hands-on approach to management, and he wanted somebody in his staff to be very much in tune with ***all*** the various field offices and all the major activities that were going on. Steve Magnussen–I don't know if you know Steve, or if you've talked to Steve.

Storey: No.

Johnson: He would be a good one for you to interview, because he really has a lot of background on C-A-P as well, ***and*** Central Valley. He worked in the Central Valley Project for many years. He is now Reclamation's representative in the Department. He works for Betsy Rieke as the–I don't know what the title is, the staff assistant for Reclamation in the Department to the Assistant Secretary. So he's back in Washington D.C., and at that ***time*** he was the Advanced Planning chief down in Phoenix. So he and I worked very closely on all of the advanced planning activities that were going on.

That became a major effort and major assignment, in addition to being the chief economist. We had a staff, a small staff of economists here in the regional office that worked for me. I think I had four or five economists that varied in number, you know, over the years, coordinating all of the advanced planning activities.

"It was really an interesting assignment . . . more than just economics was *involved* in providing the advanced planning. . . . environmental statements, the political process, and the decisions, and the public processes that were needed .

. ."

It was really an interesting assignment, one that I really enjoyed and got a broader perspective of the organization, more than just economics was ***involved*** in providing the advanced planning. I mean, we were dealing with the environmental statements, the political process, and the decisions, and the public processes that [were] needed–there was ***really*** major efforts on doing the advanced planning for the Central Arizona Project. So that was really a growth experience, I suppose, to have that assignment, a ***good experience*** to have that assignment to carry out that responsibility for the regional office.

Storey: So at that time we weren't under construction yet?

Planning, Program Development, and Construction Were Proceeding All at the Same Time for CAP

Johnson: No, we were. The canal was under construction, but there were other features of the project that weren't constructed yet. There was still the Regulatory Storage Division, Buttes Dam that I talked about, Hooker Dam were alternatives, the distribution systems for delivery of water. Tucson Aqueduct wasn't built.[9] The planning was going on for Tucson Aqueduct. We had Granite Reef under construction, and Salt-Gila under the second stage of the aqueduct. But the third stage, Tucson Aqueduct, and we were doing planning studies on Tucson Aqueduct and how big the aqueduct was going to be, where it was going to be aligned; where the delivery point for the city of Tucson would be; developing alternatives; doing the EISs; doing public processes. So there was a lot of effort going on in the planning back in the early eighties, from mid-eighties through–there was a major advance planning program through, I would say even as late as '87, '88, somewhere through there.

Storey: So the picture I'm getting is we would have preliminary planning going on at the same time we had final detail planning going on.

Johnson: Final construction, and while construction was going on.

Storey: And construction going on.

Johnson: Right. The Central Arizona Project was not completely planned. There was a planning report related to construction, but there was never a ***single*** what we used to call–oh, what was the final report called? There was a final report that was put together. A "definite plan report." We used to call them definite plan reports, that were developed after authorization and before construction began, that really developed all of the details of the plan and did the final designs and cost estimates,

9. Due to changes in the names of pieces of the CAP, a little clarification is in order. The stretch of aqueduct from Lake Havasu to just south of the Salt River was originally named the Granite Reef Aqueduct–now known as the Hayden-Rhodes Aqueduct. The stretch of aqueduct from south of the Salt River to about the Gila River was originally named the Salt Gila Aqueduct–now known as the Fannin-McFarland Aqueduct. From the Salt Gila Aqueduct terminus near the Gila River to the final terminus south of Tucson, Reclamation originally named the aqueduct the Tucson Aqueduct–the name it still carries.

and all of those sorts of things.

"They began constructing the aqueduct–started at the Colorado River, and designed and built the initial pumping plant, sized the initial aqueduct, and started building the aqueduct to Phoenix. And then they initiated the planning on all the other features. . . ."

That was never done for C-A-P as a whole. That was done a piece at a time through this advanced planning effort. They began constructing the aqueduct–started at the Colorado River, and designed and built the initial pumping plant, sized the initial aqueduct, and started building the aqueduct to Phoenix. And then they initiated the planning on all the other features.

"What really set them back in '77, the Carter Hit List eliminated Orme Dam, and there was a need to go back and reassess alternatives. That became the *major initial* push for doing advanced planning. . . ."

What really set them back in '77, the Carter Hit List eliminated Orme Dam, and there was a need to go back and reassess alternatives. That became the ***major*** *initial* push for doing advanced planning.

Various Features Had to Be Studied and Eliminated or Planned

But then all the other features needed to be planned, you know, like I said, Tucson Aqueduct, the Gila River Division. There was supposed to be a dam built up in New Mexico in the upper reaches of the Gila River to provide water supply for that western piece of New Mexico up there. And then Buttes Dam, which was on the middle section of the Gila River, which was a storage facility to provide more irrigation water for some of the areas below in the San Carlos area.

So there was just a whole lot of planning that still needed to be done, advanced planning. And some of the planning eliminated features. You know, again Buttes Dam, the upper Gila Division, the New Mexico feature, we concluded that that wasn't feasible and concluded those studies. There was Charleston Dam, which was down on the San Pedro. I think it was the San Pedro River, south of Tucson, which was going to provide a water supply, ***some*** water supply to Tucson. That feature was eliminated.

Storey: You mentioned that you worked on the Orme Dam alternatives and why it was perceived that there was a need for a regulatory dam. How did they deal with that issue?

The Selected Alternative to Orme Dam Is Plan 6 Which Called for Construction of the New Waddell Dam as Regulatory Storage

Johnson: We ended up building what's called Plan 6, and basically construction on that is just being finished now. That's New Waddell Dam became the primary regulatory

storage feature. There was an ***old*** Waddell Dam[10] located just west and north of Phoenix on the Agua Fria River, and they built a new, larger Waddell Dam. I think they increased the storage capacity by 5- or 600,000 acre feet. It was located just about a mile from the canal, so they built a canal that would divert water from the main canal up so that it could be stored in Waddell, and then released back into the main canal.

Plan 6 Also Called for Modification of Theodore Roosevelt Dam to Provide Additional Flood Storage and Deal with Safety of Dams Issues

Then the second component of Plan 6–see, Orme Dam was on the Salt and Verde Rivers, and it was intended not just to provide a regulatory storage for C-A-P, it was also intended to provide flood control on the Salt and Verde River systems. There's still floods that occurred occasionally that cause damage in the Phoenix area, and there were some significant floods back in the early eighties that caused quite a lot of damage. So flood control was a major issue when Orme Dam was eliminated.

So the Plan 6 alternative said, "We're going to build Waddell Dam to provide the regulatory storage component of C-A-P," and then what we found was that there were safety issues with the existing dams on the Salt and Verde system. And Roosevelt Dam was unsafe, and so we could modify Roosevelt Dam and accomplish the safety aspects that were required at Roosevelt Dam. Then also by raising the dam and making it larger, we can also then provide the flood control that was originally intended for Orme Dam to provide. So Roosevelt Dam became a joint feature of safety of dams for the Salt River Project to make Roosevelt a safe structure, and at the same time provide the flood control that was authorized under C-A-P that was intended to be provided by Orme Dam. So Roosevelt became that feature.

On the ***Verde River***, we had another feature called Cliff Dam, which was located in a sensitive environmental area. There's an area between Horseshoe Dam, and there's another downstream dam on the Verde, I don't remember the name of it. So the original Plan 6 called for also building a dam, an earth-filled dam, on the Verde River, but that was a very environmentally sensitive dam, and even though Plan 6, ultimately the environmental impact statement on plan 6 ***included*** Cliff Dam as an alternative, and when the Secretary made his final decision in the EIS, Cliff Dam was a part of that.

". . . in 1985, the Secretary entered into a cost-sharing agreement with a number of entities in Central Arizona to provide non-Federal funding for about $350 million dollars of that cost, which was kind of unique in Reclamation projects. So Plan 6 got a cost-sharing package that included not just all Federal funds . . . but a significant contribution from the local entities that supported the project in up-front dollars. *In addition* to the repayment . . . it was a billion dollar project . . ."

But later on, that was in about 1985 that Cliff Dam was selected, and the

10. Larry Morton contributed to Reclamation's oral history program, and his interviews include an interesting discussion of negotiations with the water rights holders for the old Waddell Dam.

combination of Cliff, Roosevelt, and Waddell were selected as the replacements for Orme Dam, and that decision was complete in 1985, that final decision was made in 1985. Then in 1985, the Secretary entered into a cost-sharing agreement with a number of entities in Central Arizona to provide non-Federal funding for about $350 million dollars of that cost, which was kind of unique in Reclamation projects.

So Plan 6 got a cost-sharing package that included not just all Federal funds going into the construction, but a significant contribution from the local entities that supported the project in up-front dollars. ***In addition*** to the repayment that's going to occur through the Central Arizona Project facilities, they up-fronted another $350–it was a billion dollar project, this Plan 6 was.

"*. . . strong* environmental opposition to Cliff Dam . . . convinced the congressional delegation *collectively* as a group that Cliff Dam was not a good alternative. . . . and Cliff Dam was then eliminated as a feature in Plan 6. So Plan 6 today *basically* is an enlarged Roosevelt Dam and Waddell Dam, and construction of those are just now getting completed. . . ."

In 1988, Cliff Dam got eliminated. There was ***strong*** environmental opposition to Cliff Dam, and the environmental community lobbied the Arizona delegation and convinced the [congressional] delegation ***collectively*** as a group that Cliff Dam was not a good alternative. So the delegation withdrew its support of Cliff Dam, and Cliff Dam was then eliminated as a feature in Plan 6. So Plan 6 today ***basically*** is an enlarged Roosevelt Dam and Waddell Dam, and construction of those are just now getting completed.

Storey: Because of your involvement, I'm going to ask you this question, and if you're not the right person, just tell me and we can move on, but C-A-P is a ***big***, ***long***, complicated project.

Johnson: Very.

Storey: And in the early days, one of the reasons that Reclamation was necessary and USGS was doing its irrigation surveys as early as the 1880s and '90s, was because people didn't have any idea really how the terrain lay, where they could move water to, where they couldn't move water to, that sort of thing.

Did we have some sort of fairly good conceptual design for C-A-P so that we knew that if we started here on the Colorado River and we wanted to end up in Tucson, or wherever it is we wanted to end up, we knew ***basically*** where we were going and that the altitudes were correct, and everything was going to work out okay, even though we didn't have final designs? How does that work?

Reclamation Knew CAP Was Possible from an Engineering Point of View, but Plans Changed Considerably as the Project Evolved

Johnson: Yeah, I think that there was enough engineering studies done prior to authorization to know that it was engineeringly feasible to deliver the water. They did enough

engineering work prior to authorization. We knew that that could be accomplished, but we hadn't developed the detailed designs. We hadn't developed detailed cost estimates. And ***obviously***, the plans changed substantially from what was authorized. What we have built today on C-A-P, I mean, the change in Orme Dam, alone, you know, to a Roosevelt and a Waddell is a very significant change over what was envisioned, you know, when the project was authorized. And we don't have Buttes Dam. You know, Buttes Dam was authorized. We concluded that that wasn't feasible.

"There was enough information at the time of authorization. But *none* of the details had really been worked out. . . ."

But the main plan to bring water from the Colorado River to Phoenix and Tucson and to the agricultural areas in between, we had enough information to know that that was engineeringly feasible, yeah. There was enough information at the time of authorization. But ***none*** of the details had really been worked out.

Storey: What else did you start working on when you became the Economics Branch chief?

Hoover Dam Modification Studies

Johnson: We had a ***lot*** of projects back then in the Planning Division. We had the Hoover Modification Studies, which was a major effort to see if it was feasible to add additional capacity to the powerplant at Hoover Dam, actually add some additional generators, and expand the size of the powerhouse at Hoover. That was a major engineering, or a ***major*** feasibility study that we had going on back in the early eighties, that we concluded was marginal. When we did the benefit-cost analysis, it came out to be right at one to one, and I think probably, as a result, didn't pursue–that one never got built. There was not sufficient support to move forward with it.

Spring Canyon Pumped Storage Project

Spring Canyon was a major planning effort. We looked at developing a hydropower–back in the early eighties, you got to remember the time. We had the energy crisis, the oil shortages, the fast escalation in the late seventies and in the early eighties that was subsided by the mid-eighties. But in the early eighties, that was still an issue. So energy studies and ways to enhance energy production was a major push in our planning and power studies.

So the Spring Canyon site that we studied, it's a reservoir area in the Lake Mead National Recreation Area off of Lake Mead. There's a natural damsite and reservoir area in the mountains up above Lake Mead. So we looked at putting a small dam and pump-storage facilities in, actually building a big powerhouse down below the water level underneath the ground, and pumping that water up into the reservoir in the mountains, and storing it, and then releasing that water, you know, during off peak. It's kind of like a peaking power operation, pump water up and out of Lake Mead, and back into Lake Mead to generate energy during peaking hour periods.

". . . we concluded–it was probably one of the most promising from a cost perspective. The kilowatt hour cost on that appeared to be very attractive. The issue that we faced was, it was such a huge plant . . . that the peaking capacity demand probably wasn't enough to support it. . . ."

So that was a major study that we did, which we concluded–it was probably one of the most promising from a cost perspective. The kilowatt hour cost on that appeared to be very attractive. The issue that we faced was, it was such a huge plant, it had the potential of developing 4,000 ***megawatts***, which was ***more*** than enough peaking capacity to take care of the whole Western United States. (laughter) In order to get your costs down that low enough to enjoy that, you had to really have that substantial ***demand out*** there to justify. And so while the costs looked very promising, the cost per kilowatt looked very promising at Spring Canyon, the size of the facility was so large that the peaking capacity demand probably wasn't enough to support it. So it, in fact, has not gotten built.

We pursued a joint study with a whole bunch of power companies, Southwest power companies, where they funded half of the study costs, and in the end, that consortium of power companies decided not to pursue Spring Canyon because it was just too expensive. There is still a power company, it's called Mead Energy, that's filed for a FERC permit, and wants to develop that site. So there's still interest in Spring Canyon. Now the sensitivity of the Park Service, I think, is probably likely to prevent that to occur, that is, Lake Mead Recreation area, FERC has no jurisdiction within a recreation area or within a national park, and so they can't obtain their permit through the FERC process without the permission of Interior. The Park Service did not strongly object to the development by the Bureau of Reclamation when we were studying it back in the mid-eighties, but today the Park Service does. They have some strong concerns about allowing that kind of development within a formally designated national recreation area. So I think that it's not likely that that will ever happen because of the recreation area designation and the concerns of the Park Service. So that was the study that we had.

Santa Margarita Project in San Diego County

We have the Santa Margarita Project, which was a series of dams in San Diego County that would've provided municipal and industrial water for the Fallbrook area, which was a real growing area down in San Diego County, and those dams, they weren't irrigation. They had ***some*** irrigation in them, avocado orchards, and, you know, orchard type crops that are grown in San Diego, but it was ***mostly*** a municipal supply for the city of Fallbrook and also to provide water for Camp Pendleton, the Marine base.

That was a ***major*** planning effort that we had in the mid-eighties, that we concluded was economically feasible but that was very environmentally sensitive. Building the dams and inundating and creating reservoir areas on this Santa Margarita River, which flowed out to the ocean, was very environmentally sensitive. There was some endangered species. There was a bird, the Least Bell's Vireo, that was impacted, the habitat was impacted. So the environmental issues on the Santa

Margarita Project–it never came to fruition. There were congressional hearings. There was congressional support. There was ***strong*** local support within San Diego County, but the environmental interests were very opposed to [Santa Margarita.] ~~Spring Canyon.~~ As a result, the decision was made not to build it. In retrospect, I think it was probably a good decision.

Storey: Who made that decision?

". . . I think the sense was is that the Congress was not in the mood because of the environmental issues . . . I think, in retrospect, that that was probably a good decision not to build . . . Santa Margarita . . . those were important values that needed to be protected but didn't necessarily get reflected in our economic analysis that we did. . . ."

Johnson: [Robert N.] Broadbent, I think, was the Commissioner at the time, and we just kind of set it aside. I don't know that a decision was ever formally made. It was just that there was so much opposition and so controversial. The congressional hearings were held, and the local congressman was pushing hard to get it authorized, but I think the sense was is that the Congress was not in the mood because of the environmental issues, that it was going to be difficult to get it out of the committee. So it just kind of got set aside because of the environmental issues. I think, in retrospect, that that was probably a good decision not to build, not to build Santa Margarita, that the environmental, you know, those were important values that needed to be protected but didn't necessarily get reflected in our economic analysis that we did.

Let's see. What else did we do in the eighties when I worked in the Central Arizona Project? An awful lot of my effort, a lot of my time was spent on Central Arizona Project. I was involved in the distribution system development for C-A-P, and the analysis that was associated with getting those constructed, and so just the whole range of everything that was going on on C-A-P, plus our own planning program that we had here.

In the 1980s There Was a Study of Water Conservation Measures on the Imperial Irrigation District

We had an Imperial Irrigation District Conservation Study in planning, looking at conserving water ~~in~~ measures–this is back in the mid-eighties, how much water, trying to define how much water could be conserved through conservation over at Imperial.

Wastewater Reuse in San Diego Was Another Study in the 1980s

We made some efforts at developing a wastewater reuse program in southern California. That was our first efforts back in the mid-eighties. We worked for the San Diego County Water Authority. I had the lead on that. I worked with the authority to try to get some new planning starts to develop wastewater reuse studies, which we were unsuccessful back then in getting anything started, but we have since.

In 1992 the Reclamation Projects Authorization and Adjustment Act Authorized Wastewater Reuse Program in Southern California

That's really one of the new major initiatives that Reclamation's had when the Central Valley Bill was passed last year. We did get authorization under 102-575[11] to do some wastewater reuse programs in southern California, and we actually have our Temecula office over there now that's managing that program. So we've had some development of some programs over there for wastewater reuse and development studies. Water conservation studies in southern California.

Storey: Who was the Planning Division chief?

Worked Successively for Bob McCullough, Dave Gudgel, and Steve Magnussen Each of Whom Served as Chief of the Planning Division

Johnson: Bob McCullough was the Division Chief when I came here.

Storey: What was he like?

"I haven't had many bosses that I didn't like. I really haven't. I've been *really* lucky. . . ."

Johnson: I really liked Bob McCullough. I haven't had many bosses that I didn't like. I really haven't. I've been ***really*** lucky. Bob McCullough was the Planning Officer, and he's the one that hired me as the branch chief in 1981. He selected me, so I worked directly for Bob. Bob was the Planning Officer until about, I would say about 1984. And then he transferred from the Planning Division to become chief of the Power Division. And then Dave Gudgel came. I don't know if you knew Dave Gudgel or not.

Storey: Don't think so.

In Boulder City "I was in the Planning Division then from 1979 when I came here, 'til in 1987 then I left and went to Washington, D.C. . . ."

Johnson: Dave Gudgel had worked back in Washington in the Planning Division back there for years on the Commissioner's staff, and he transferred out to Boulder City to become the Planning Officer in about 1984. And so then ***Dave*** was the Planning Officer 'til about 1986. And then in 1986, Dave moved from the Planning Division to the Operations Division, became the Operations Division chief. In 1986, Steve Magnussen, the planning chief in Phoenix that I mentioned earlier that he would be good one for you to talk to, came out and he was the Planning Officer then. So then we had three. I really worked for three different Planning Officers during that period of time. I was in the Planning Division then from 1979 when I came here, 'til in 1987 then I left and went to Washington, D.C.

11. Referring to the Reclamation Wastewater and Groundwater Study and Facilities Act which is included in the Reclamation Projects Authorization and Adjustment Act of October 30, 1992 as Title XVI . (Public Law 102-575; 43 U.S.C. 371; 106 Stat. 4663-4669).

Storey: How would you characterize their management styles?

"Bob McCullough was very much into detail, had a tendency to rewrite everything that everybody wrote . . . tendency to many times make good changes and good comments, and many times make insignificant kinds of changes . . . I thought Bob did a good job as Planning Officer. I was probably in the minority as it relates to Bob, because most of the other people that worked over there complained about him a lot. . . ."

Johnson: Different. Each one different. Bob McCullough was very much into detail, had a tendency to rewrite everything that everybody wrote, you know. You'd send memos through the surnaming process, and Bob would have a tendency to many times make good changes and good comments, and many times make insignificant kinds of changes in correspondence and letters and reports. Bob was very results-oriented, and emphasized meeting deadlines, keeping things on track, had a tracking system, managed it, I thought, pretty effectively, and made sure that the work in the Division got completed, that the reports were completed, the analysis was completed. I thought Bob did a good job as Planning Officer. I was probably in the minority as it relates to Bob, because most of the other people that worked over there complained about him a lot. But I liked Bob, and I got along with him very well.

Storey: Is this a McCullough with a C-H, or G-H?

Johnson: G-H.

Johnson: He retired in about 1988, and he is now the Assistant General Manager of Imperial Irrigation District. Went to work for them in '88, and is still there.

Storey: And then the next one was Gugdel, did you say?

Dave Gudgel as Division Chief

Johnson: Gudgel. Dave Gudgel. Dave was just a fine guy to work for, less involved in details, more laid back, good judgment, good decisionmaker, very even keel. Just a solid guy and was just a good person to work for. Real solid, not radical or unusual in his management style. I think everybody really liked working for Dave. He was a good man. He went to the 400 Division and was the Division Chief there for a couple of years, and then he went down to Yuma, ended his career as the Project Manager at Yuma. He retired just within the last year or so.

Steve Magnussen as Division Chief

Then Steve Magnussen, who came up from Phoenix, who I had worked very closely with as the Regional Office Coordinator on C-A-P activities. He came up to be–the advanced planning program was winding down. There wasn't as much activity. Most of the planning on C-A-P had been completed. That was about '86.

Storey: That was down in Phoenix?

Johnson: Down in Phoenix. So ***he*** came up here to take over the regional planning program when Dave moved over to the 400 Division. I really liked Steve. I've had a ***close*** relationship with Steve all through those years that I've worked with him when he was–and I was the coordinator here in the Regional Office for planning, he and I developed a really close relationship. So when he came up here to be the Planning Officer, we just continued, and I had a really good relationship with him as Planning Officer. I only worked for him for about a year, and I went to Washington, then, after about year. But he was really good to work for.

Steve's management style was different. Steve was a schooled in the–I don't know how long you've been with the Bureau, if you're familiar with the organizational development program that Reclamation had for many years.

Storey: I don't think I am.

Johnson: It's another term for, and it's got a lot of similarities to, T-Q-M [Total Quality Management], or to the concepts of empowerment. It's a team-oriented approach to management. It's giving employees training and the skills to interact with one another, and the sophistication to understand human interactions, to work in a team environment, and to assume responsibility. I think that's Steve's approach, trying to, you know, empower . . .

END SIDE 1, TAPE 2. FEBRUARY 23, 1995.
BEGIN SIDE 2, TAPE 2. FEBRUARY 23, 1995.

Storey: His style was sort of to empower people and work behind the scenes?

Johnson: Yeah, I think it was. I think that was Steve's approach, kind of an organizational development type of style. Steve was very big on–what's the right word? Utilizing consultants, management consultants. Trying to figure out how to improve the work processes. You know, how can we manage this better? What kinds of forms of communication do we have? Steve was really a pusher.

"When Ed Hallenback became the Regional Director in 1985 . . . he really wanted to change the culture of the Regional Office. Ed thought that the Regional Office was too much . . . oversight, too involved in project office affairs, and had too many people that . . . find reasons *why* things *shouldn't* be done, rather than find how things *could* be done. . . ."

We had a major program. When Ed [Edward M.] Hallenback became the Regional Director in 1985, one of the things that Ed brought with him, he really wanted to change the culture of the Regional Office. Ed thought that the Regional Office was too much embroiled in oversight, too involved in project office affairs, and had too many people that thought their job was to be a watchdog and to find reasons ***why*** things ***shouldn't*** be done, rather than find how things ***could*** be done. So Ed came to the Regional Office with the idea of changing the culture, to try to change

that mentality that he thought existed here in the Regional Office.

I'm not sure that Ed's view of the Regional Office was entirely right. I think there was ***some*** of what he thought. I think some of that existed, but I don't think it was as extensive in all the areas of the regional offices as he thought. It probably did exist in some of the divisions, but I don't think it existed in nearly all of the areas in the Regional Office.

". . . Ed initiated . . . a Participative Management Program. Steve, as the Planning Officer, kind of became the lead . . ."

So anyway, when Ed came up, Ed initiated–what did he call it? Ed called it a Participative Management Program. Steve, as the Planning Officer, kind of became the lead in helping Ed, along with the Personnel Officer, in helping Ed to manage that culture change. That's the kind of manager Steve was–how do we manage the culture of the organization and ***help*** the people to be better workers and better employees, and more efficient and all of those sorts of things.

Ed created a what we called a Management Work Group, which was a set of mid-level managers. Within the region it included project office people as well, and their role was to develop culture change and what Ed was calling at the time a Participative Management Program that was aimed at moving more, empowerment. Literally the same thing that we're talking about today with the Blueprint for Change[12] and the National Performance Review,[13] Ed Hallenback came to this Regional Office in 1985, and that was his message. "I want to ***empower*** the people in the field. I want to make this Regional Office smaller. I want to change the way we do things. I don't want to make all the decisions. I want to delegate authority. I want employees making decisions and signing correspondence. I don't want everything to come up to a pyramid for ***me*** to make all the decisions on. I want a participative program."

Steve Magnussen was very much oriented towards that approach to management as well, and so Steve kind of became one of the key players for Ed as Planning Officer in trying to institute that change effort here in the Regional office. And Ed ***did***, in fact, reduce the size of the regional office, and tried to place more emphasis on the regional office becoming a support rather than an oversight role for project offices. So we went through some major culture changes then towards the late 1980s, and Steve Magnussen was a part of that.

Steve then moved from Planning Officer–one of Ed's solutions was, "I'm going to eliminate middle management." There was three Assistant Regional Directors, and Ed eliminated two of them and went to just one. Then what he did is

12. Referring to a publication developed while Daniel P. Beard was Commissioner of Reclamation from 1993 to 1994: U.S. Department of the Interior, Bureau of Reclamation, *Blueprint for Reform: The Commissioner's Plan for Reinventing Reclamation* (Washington, D.C.: Bureau of Reclamation, 1993).
13. A Clinton Administration look, headed by Vice President Al Gore, at how the U.S. Government should work.

he made a position called ***special*** assistant, and he brought Steve over and made Steve the special assistant, and he didn't carry the title of Assistant Regional Director, but for all ***practical*** purposes, Steve really played the role of an Assistant Regional Director here for a while in terms of helping Ed to manage this change program.

"Ed also was a kind of an idea person, but Ed was not a good detail man in terms of follow-up and making sure that ideas were implemented, and so Steve really kind of played that role for Ed . . ."

Ed also was a kind of an idea person, but Ed was not a good detail man in terms of follow-up and making sure that ideas were implemented, and so Steve really kind of played that role for Ed to kind of follow up on Ed's ideas and to help bring the staff together to help implement them, and that became the role that Steve brought.

***"Steve* was very active in the Organizational Development Program when it initially developed in the Bureau back in the 1970s and late 1960s. There was a *major* effort in the Sacramento office among a number of employees in that office and I think also in the Denver office. . . ."**

Steve was very active in the Organizational Development Program when it initially developed in the Bureau back in the 1970s and late 1960s. There was a ***major*** effort in the Sacramento office among a number of employees in that office and I think also in the Denver office. There was a Training Officer in the Bureau as a whole. His name was Frank Peckeridge [phonetic], who developed, then on a Bureauwide basis, kind of a training program for employees that was aimed towards this organizational development kind of approach to helping people manage and helping people work in a team environment.

Steve, from ***early*** on in his career, was involved in those kinds of approaches to management, which is what we're all talking about today, which is really a fad in management today, and Steve very much had that style in what he did, I think. Steve was also results oriented and wanted good quality products and could also be demanding. As a result, sometimes people that worked for him didn't always like Steve. Steve wasn't ***always*** liked by everybody that worked for him, because he wanted quality, he wanted good work, and he wanted hard work, and he wanted effort out of the process. And if you didn't give that, Steve didn't reward you. (laughter) So there were some that didn't like Steve.

"Good managers aren't always liked by everybody. . . ."

Good managers aren't always liked by everybody. I thought Steve was a good manager.

Ed Hallenback and Bill Plummer as Regional Directors

I liked Ed Hallenback. I thought Ed was a good manager. Ed was a good idea man. Ed was not the detail kind of person. We had different management styles. I

talk about the Planning Officers and their management styles. Our Regional Directors have really had different management styles.

"Bill Plummer was *very* hierarchical. . . . 'I'm going to make every decision. I'm going to sign *every* piece of correspondence. I don't want anything going on that *I don't know about* personally. . . .' . . . *every* piece of correspondence . . . got Roy Gear's surname, who was the Assistant Regional Director. Roy did have the authority to sign internal correspondence. . . . if it was internal and it had major policy implications, it was reserved for Bill Plummer. *Every* piece of correspondence, *irregardless* of its *implications*, that went to external . . . was signed by the Regional Director. . . . The front office was a bottleneck. . . . the Secretary was . . . going through every piece of correspondence with a ruler and checking the spelling and all of that stuff, and then Roy Gear, who was the Assistant, that's all he did was he read correspondence all day and reviewed the correspondence all day and signed correspondence. . . ."

Bill Plummer was ***very*** hierarchical. Back in the early eighties, I think Bill was Regional Director here from '82 or '81 to about '85,[14] and Bill was very much a, "I'm going to make every decision. I'm going to sign ***every*** piece of correspondence. I don't want anything going on that ***I don't know about*** personally. I want to know ***all*** the details of ***everything*** that is going on in ***every*** part of this organization." That was the Bill Plummer management style.

I can remember ***every*** piece of correspondence that went ***out*** of the region, ***every*** piece came to the front office, and it got Roy Gear's surname, who was the Assistant Regional Director. Roy did have the authority to sign internal correspondence. If we were sending a letter to the Commissioner or to the Denver office or something, Roy had authority to sign those types of correspondence. But if it was a piece of correspondence, even if it was internal and it had major policy implications, it was reserved for Bill Plummer. ***Every*** piece of correspondence, ***irregardless*** of its ***implications***, that went to external, you know, outside of the Bureau, was signed by the Regional Director. ***Every*** piece of correspondence.

This was a bottleneck. The front office was a bottleneck. You would bring correspondence over here with due dates and stuff, and the Secretary was there and she had her "in" box stacked up to here, and she was going through every piece of correspondence with a ruler and checking the spelling and all of that stuff, and then Roy Gear, who was the Assistant, that's all he did was he read correspondence all day and reviewed the correspondence all day and signed correspondence.

Then Bill Plummer would come. Bill was out a lot. He traveled a lot. As a result, he was a bottleneck. Many times it was difficult to get decisions. Tough decisions took longer than they should, and got held up. So that was Bill Plummer's management style, and this office kind of operated under that style.

". . . Ed Hallenback followed Bill Plummer, and Ed's management style is just the

14. Bill Plummer was Regional Director in Boulder City from October 1981 to June of 1985.

opposite, participative. . . . Well, we just had night and day difference all of sudden, immediately. . . ."

And part of what Ed was trying to do–Ed Hallenback followed Bill Plummer, and Ed's management style is just the opposite, participative. I talked about Ed bringing his participative management style to the region. Well, we just had night and day difference all of sudden, immediately. Bill Plummer left. Ed Hallenback came. What Ed really didn't like is he didn't like the culture that Bill Plummer's management style had created. It wasn't necessarily the employees here in the Regional Office; it was the management style that Bill Plummer had imposed as Regional Director. And so Ed was kind of, "Let's get this fixed. Let's get this changed, and change the culture around here."

One of the first things Ed did, he came in and they were dumping all this correspondence on his desk, and says, "I don't want to read all this crap." He delegated to the Division Chiefs ***all*** of the correspondence. The only thing that was to come to the Regional Director were only things that ***literally required*** **the** ***authority*** of the Regional Director for signature, ***or*** if it was a policy matter, a significant policy matter, then it needed to come to the front office. ***All*** the other correspondence was delegated to the Division Chiefs.

We have a lot of correspondence now that gets signed by our branch chiefs, ***outside*** correspondence. If it's just a matter of providing information or dealing with somebody on an issue that somebody's been delegated authority to, we let people sign the correspondence and get it out the door.

So that was ***one*** major change that Ed made that just really changed the way this office, the way the front office, I think, operated. It took that burden, and it gave the front office time to manage more and to deal with the broader issues and the strategic plan for the region, and not be concentrating on the details of the work that the organization was carrying out. That was kind of the philosophy that Ed brought, and the change that was made, I think, in the mid- to late- eighties when Ed Hallenback was Regional Director.

Storey: And then after Hallenback came?

Bob Towles[15]

Johnson: Bob [Robert J.] Towles followed Ed Hallenback. Bob Towles was in between–I would characterize him as in between Bill Plummer and Ed Hallenback, probably a little less emphasis on the culture change. I think Bob thought that it was good to emphasize management techniques to our managers and to give our managers tools to be better managers, and to encourage T-Q-M, and those approaches to management. But Bob was not of a mind that it was ***something*** that ***everybody absolutely*** had to do. He was willing to give each individual manager more discretion on how they went about managing. That was kind of Bob's philosophy.

15. Bob Towles participated in Reclamation's oral history program.

"Sometimes Bob was decisive, but sometimes he wasn't. I always felt like there were times when Bob needed to be more decisive so that we could get off an issue and move on. But Bob was very careful. If there was any sense of less than a consensus within the organization, Bob was very reluctant to make a decision. . . ."

Bob was a good delegator. Bob did not get himself caught up in detail. He didn't want to make every decision like Bill Plummer was, certainly. He relied very much on his staff. Sometimes Bob was decisive, but sometimes he wasn't. I always felt like there were times when Bob needed to be more decisive so that we could get off an issue and move on. But Bob was very careful. If there was any sense of less than a consensus within the organization, Bob was very reluctant to make a decision. He would hold back, push back, and, push it back down. Bob was a very savvy, you know, old time Bureau, and just a super guy to work for. Really nice. I really enjoyed working for Bob. Just really nice guy, too, on top of it all.

Ed Hallenback was a really nice guy. I really liked Ed, too. Bob was more of a mix. I don't know how to describe Bob. More of a mix, I suppose. Not as oriented towards changing the culture of the organization that Ed was oriented towards, but certainly not the controller, detailed decisionmaker that Bill Plummer was, either. He wasn't that extreme, either. Kind of middle of the road.

Storey: If I'm remembering correctly, you were the Economics Branch chief ~~for~~ from '81 to '87?

Johnson: That's about right.

Storey: What happened then?

After Eight Years as Economics Branch Chief He Began to Look for a Change in the Form of a New Job

Johnson: Well, I'd been doing the same job for about six years and been in Boulder City for, what, eight years. And, or nine years. No, I guess eight years, and kind of felt like I needed a change, to do something different. My family was at a point where they were willing, ready and willing, to make a move and do something different. So I decided that it was time, career wise, for me to look for something different.

Went to a Contracts and Repayment Job in the Washington, D.C., Office

So I applied, started applying for other jobs, and ended up getting–there was a contracts and repayment job in Washington was open, and I got selected for that job. So I went back to Washington D.C.

Storey: Doing contracts and repayment. What does that involve? What did that involve?

"This is actually [overseeing the regions as they were] putting together the

contracts that provide for the repayment of Reclamation projects. . . ."

Johnson: Well, it's related to economics. It's different, though. This is actually putting together the contracts that provide for the repayment of Reclamation projects. As an economist, I was doing benefit-cost analysis and financial analyses, the cost allocation.

". . . in the mid-eighties . . . I developed a new method for allocating the costs of the Central Arizona Project. . . . a *revised* method. . . ."

One of the other things I did while I was an economist was I was very heavily involved in the cost allocation for C-A-P. One of the ***major*** things, and I'm backing up a little bit on you–

Storey: That's fine.

Johnson: One of the major things that I did in the mid-eighties was I developed a new method for allocating the costs of the Central Arizona Project. It wasn't a new method; a ***revised*** method. The cost allocation was still being prepared, and that's how much is flood control? How much is recreation? How much is power? How much is irrigation? What's interest-free, interest-bearing? That was always a role that economists played in the Bureau. The economists did that financial analysis. The cost allocation for the Central Arizona Project had been developed ***prior*** to the authorization of the project, and in the mid-1980s, they were still using the same methodology for allocating those costs that had been used since the project was authorized.

By that time, the project had changed so substantially, the features had changed, the water supply had changed. There were a lot of significant changes in the project, and ***none*** of those changes had been reflected in the financial analysis. This was when the Plan 6 was completed, and we have this Plan 6 instead of Orme Dam, the power function under regulatory storage got more focus as a major–the whole ***focus*** of regulatory storage on C-A-P became, yes, water management was a big part of it, but as we completed those studies, it became apparent that the real ***economic*** focus of the Regulatory Storage Division was ***power management*** as much as it was water management, because with regulatory storage . . . on C-A-P we have the Navajo Powerplant. A coal fired powerplant is the power source to pump water into central Arizona from the Colorado River. A ***huge*** amount of energy required. We own 24 percent of Navajo Powerplant, 546 megawatts of capacity at a major coal fire powerplant for C-A-P. And to the extent that we don't ***need*** the energy to pump water, we could sell the energy commercially and generate revenues.

". . . the real economic benefit of the power function on C-A-P was the ability to manage *when* you pump the water. And if you didn't have regulatory storage, you couldn't manage that. . . . So if you've got a regulatory storage feature, you could do all the pumping in the winter when there's no demand for energy . . . Then you can draw water out and deliver it to your customers in the summer

when they need it, but you don't need any energy. You've already pumped it into the storage, and you can just deliver it out. And you now have all of this energy to sell commercially during the summertime at peak rates. So the value of the excess energy that you had on C-A-P to sell became substantially greater with regulatory storage as opposed to without regulatory storage. "

What we found out in the advance planning studies on regulatory storage [was] that the real benefit, the real economic benefit of the power function on C-A-P was the ability to manage ***when*** you pump the water. And if you didn't have regulatory storage, you couldn't manage that. You had to just pump the water when there was demand for it. The big demand for water was in the summertime, when it's ***hot*** in Arizona. It just so happens that that's also when there is a big demand for electricity. So if you've got a regulatory storage feature, you could do all the pumping in the winter when there's no demand for energy and energy is cheap, and you can put it in storage. Then you can draw water out and deliver it to your customers in the summer when they need it, but you don't need any energy. You've already pumped it into the storage, and you can just deliver it out. And you now have all of this energy to sell commercially during the summertime at peak rates.

So the value of the excess energy that you had on C-A-P to sell became substantially greater ***with*** regulatory storage as opposed to without regulatory storage. The basis for allocating costs in Reclamation projects is benefits. The concept is we use what's called a scrub allocation methodology. That means separable costs, remaining benefits. And in general what that means is, if you've got a function of a project that's ***specifically served*** by a feature of the project, then the costs of that feature ought to be allocated to that function.

Allocating Costs in a Multipurpose Project

So if you've got a powerplant generating unit in a dam, that generator just serves the power function. So the cost of that power function is a separable cost that ought to be assigned directly to power. Water supply shouldn't have to pay the cost of the generator, because water supply doesn't ***benefit*** from the use of that generator. So you assign that cost as separable cost directly to the feature that it serves.

But ***other*** features of a multipurpose project don't serve any single–there's a lot of ***joint*** costs in facility. For instance, a dam in a multipurpose facility is a ***joint*** cost that really serves water supply, flood control. And how do you allocate those joint costs? Well, what this methodology says for allocating costs is you assign specific costs that you can identify that serve a particular function, like irrigation or M-&-I or power, directly to that function. ***Then*** the remaining costs, joint costs, which on a multipurpose project is the ***bulk*** of the costs, most of the costs are joint, gets allocated to the various functions in proportion to the benefits received. So if most of the benefits of the project are from power, you allocate most of the costs of the project to the power function. If most of the benefits of the project are water supply, you allocate most of the costs of the project to water supply. And that's the methodology, this cost allocation methodology. It's more complicated than that. It's

got a lot of details, but that's the concept.

". . . on the Central Arizona Project, we had a cost allocation that didn't allocate any costs to power at all. The power function received just a very, very small allocation of costs from Navajo Powerplant. There was no allocation of joint costs at all. . . ."

Well, on the Central Arizona Project, we had a cost allocation that didn't allocate any costs to power at all. The power function received just a very, very small allocation of costs from Navajo Powerplant. There was no allocation of joint costs at all. And as we developed this regulatory storage function, as we studied it in advanced planning, we found that the justification for regulatory storage was all of these power benefits. Who was really benefitting from building the regulatory storage features of the project was the power community because we were going to be able to make these huge amounts of power available for commercial sale during the summertime, rather than during the winter, which is when it would've been available if we didn't have [regulatory storage].

So what we said is, "Look. This methodology that we have over here on the Central Arizona Project that allocates all these–"So as a result, the C-A-P had all of the costs allocated over here to irrigation, which was interest-free, and to flood control, which was nonreimbursable. And we had just a very, very small amount of costs allocated to power, which was reimbursable with interest.

When we took a look then in the mid-eighties, as the regulatory storage feature was being developed, we said, "Hey, look. This methodology that we're applying on C-A-P doesn't follow the principle that Reclamation has, this ***scrub*** principle, separable cost remaining benefit principle, for allocating costs. We're not following our own guidelines on how these costs ought to be allocated." So we needed to develop a new methodology for how the costs of C-A-P would be allocated.

"So that was one of the major undertakings that I took on as the Economics Branch chief was to develop that new methodology . . ." for allocating joint costs.

So that was one of the major undertakings that I took on as the Economics Branch chief was to develop that new methodology, and get it approved, and present it to Arizona and get Arizona to agree to it. Who's going to have to pay the costs? Get it approved by the Commissioner and OMB [Office of Management and Budget]. It was a ***major*** undertaking in the mid-eighties.

The Ronald Reagan Administration's Cost Sharing Policy for Reclamation Projects Affected Development of the New Methodology

The other reason that we had to do that, ***major*** reason that we had to do that at that time, was we had just completed the Plan 6 studies, and we determined that Plan 6 was what needed to replace Orme Dam. In the [Ronald] Reagan Administration, they came out with this cost sharing policy, and they said, "Any new Reclamation

projects that we build has to have ***some*** non-Federal cost sharing associated with it."

And so we had Plan 6 all ready. It was a very expensive facility, a billion dollar project for the Central Arizona Project. This is '84, about '84 time frame, somewhere in there. The Commissioner was saying to Arizona, "If you want this big expensive project, ***you*** need to come forward with some cost sharing with non-Federal dollars to help build it."

And what Arizona came back with was, "Well, that's okay, but before we can tell you how much we're willing to come back and cost share, ***we need to know*** what our repayment obligation is going to be. And you've got this ***old*** cost allocation method, gee, that you've employed since the project was authorized that doesn't accurately reflect. We don't even know what we're going to have to pay for the project when it's complete. So we can't make you an ***offer*** for cost sharing on Plan 6 until you give us a better answer on what our repayment obligation is going to be."

So then that's when it became apparent that somebody needed to develop a new methodology for how you allocate costs, and develop that methodology and get it approved so that Arizona knew where they stood. And then Arizona would have the wherewithal to develop some sort of a plan to cost share Plan 6.

So that was a major undertaking, and I kind of led that effort to sit back and redevelop the methodology, go through all the costs, and develop this new methodology. We ended up increasing the allocation from power, from about 70 million dollars as a result of that allocation to about, well, today it's over 600 million dollars. And it reflects that concept that most of the benefits associated with that Regulatory Storage Division was related with power rather than with irrigation or water supply component of the project. So we developed that new methodology and put that in place.

". . . I felt like that was a major achievement at that point of my career, to get that methodology in place. It was not a small task, because not only did I have to be able to convince internal within Reclamation, the Department, and inspector generals, and the auditors and all those people who are always taking a taxpayer view of the world, I also had to develop a methodology that was perceived by Arizona as being fair and equitable . . ."

So as an Economist, what I did, and I'm kind of building around, I felt like that was a major achievement at that point of my career, to get that methodology in place. It was not a small task, because not only did I have to be able to convince internal within Reclamation, the Department, and inspector generals, and the auditors and all those people who are always taking a taxpayer view of the world, I also had to develop a methodology that was perceived by Arizona as being fair and equitable, that wasn't unnecessarily burdening them with costs that wasn't legitimately something that they should bear.

"We got . . . a [cost share] commitment from Arizona for 350 million dollars on

Plan 6 . . ."

We were able to get that done, and I really felt like that was a successful effort to get that accomplished. And when we did, then we went forward and we did get the funding agreement in place. We got 350 million dollars, a commitment from Arizona for 350 million dollars on Plan 6, and moved through that whole effort. Now Plan 6 is just about finished and C-A-P is in repayment, and we're about to resolve all of the issues on C-A-P, I think. We're not completely finished with that, but I think we're going to get repayment initiated, and get all those issues–we since have, I can tell you a much longer story on C-A-P. But anyway, so I spent all that part of my career on economic and financial analysis of Bureau projects as an economist.

". . . when I went to Washington, the job that I moved into was the chief of the Contracts and Repayment Branch back in Washington on the Commissioner's staff. . . . the responsibility there is . . . to *write* the *contracts* with the water users and the power users . . . the job in Washington was that of review and approval of all of the activities that were going on in the regions, and advising the Commissioner on approval of contracts and decisions . . ."

Then when I went to Washington, the job that I moved into was the chief of the Contracts and Repayment Branch back in Washington on the Commissioner's staff.[16] That job, the responsibility there is ***not*** to do the financial analysis or to do the economic analysis, but to ***write*** the ***contracts*** with the water users and the power users that establish the legal terms under which they repay the costs of the project and the terms under which they receive the benefits of the project–the water supply, and the power supply from the projects.

So the contracts job is a more legalistic kind of a job where you're writing contracts and you're developing the policies, what legal terms, what the terms are going to be that go in the contracts with the water users. But it's a nice fit, because a good understanding of the financial issues fits very well into that contracts and repayment role. You really need a good understanding of both, I think, to be a contract specialist in Reclamation.

Storey: Why would that be done in Washington instead of the region?

Johnson: Well, it is done in the region. We have a chief of contracts in each region as well. So the job in Washington was that of review and approval of all of the activities that were going on in the regions, and advising the Commissioner on approval of contracts and decisions that he had to make that related to that area.

Storey: How many people were involved in that branch?

Johnson: Back in Washington?

Storey: Yeah.

16. At this time the Commissioner was C. Dale Duvall.

Johnson: Not very many. Five or six. Just a few.

Storey: Did you have any interesting ones come up while you were there?

Johnson: Interesting people? I wasn't there very long.

Storey: No, interesting contract issues.

"Central Valley Project was hot and heavy. . . . By this time, there were huge deficits. These forty-year contracts with three-dollar-an-acre foot water rates weren't even covering O-&-M costs. So . . . we were *capitalizing* O-&-M costs, adding the O-&-M cost that wasn't being paid and the water rates back into the capital obligation to be repaid. . . ."

Johnson: Central Valley Project was hot and heavy. I got exposed to the Central Valley Project again. The Congress had just passed what was called the C-O-A, which was–

Storey: Cooperating Operating Agreement?

Johnson: Yeah, some kind of an operating agreement that established . . .

END SIDE 2, TAPE 2. FEBRUARY 23, 1995.
BEGIN SIDE 1, TAPE 3. FEBRUARY 23, 1995.

Storey: This is tape three of an interview by Brit Storey with Robert W. Johnson on February the 23rd, 1995.

. . . new basis for how they were going to determine rates in the Central Valley Project.

Johnson: In the Central Valley Project. By this time, there were huge deficits. These forty-year contracts with three-dollar-an-acre foot water rates weren't even covering O-&-M costs. So the O-&-M cost, even though we weren't ***constructing*** any more facilities on C-V-P, or any construction that we had was really pretty minor, the inability of the rates to cover O-&-M was causing–we were ***capitalizing*** O-&-M costs, adding the O-&-M cost that wasn't being paid and the water rates back into the capital obligation to be repaid.

One of the other things the C-O-A did is it put a definite period of time on when the project had to be repaid. The C-V-P had this rolling allocation. Every time a new feature of the project was ***authorized***, it got a ***new*** fifty-year repayment period that started all over again. And ***every year***, there was a new fifty-year period that started again. So based on that, the project would ***never*** get repaid.

Congress Assigned a Definite Time When the Central Valley Project Had to Be Repaid

So one of the things that the C-O-A did, is it said. "The project ***will be*** paid by"–and put a very specific date fifty years in the future, and stopped that rolling over to a new fifty-year period every year.

So there was a whole bunch of things. They had to change their allocation. They had to develop a new rate setting procedure that established new rates that would cover the full cost of the project and guarantee that it gets repaid in that fifty-year period. It established, I don't remember the details, but some of the terms that had to be met in the contracting in the new contracts for water service, the utility type contracts that I talked about earlier. And so they were in a major effort.

". . . somewhere near a *million* acre feet of Central Valley Project water that had not been contracted for. So they were in the process of developing a major water and marketing environmental statement to try to figure out how they were going to allocate this additional money and acre feet of water . . ."

They also had what was estimated to be somewhere near a ***million*** acre feet [maf] of Central Valley Project water that had not been contracted for. So they were in the process of developing a major water and marketing environmental statement to try to figure out how they were going to allocate this additional money and acre feet of water, and who they were going to contract with for that water.

"In the *new* Central Valley Project, I think all that water got assigned to environmental use, and it is now helping to meet that water, but back *then* they were planning on contracting for that water and getting it under contract, and generating revenues. . . ."

In the ***new*** Central Valley Project, I think all that water got assigned to environmental use, and it is now helping to meet that water [need], but back ***then*** they were planning on contracting for that water and getting it under contract, and generating revenues. So all of that effort was going on when I was back in Washington, and I had an involvement in that, developing the new rates and the new contracts as the old contracts were expiring under this C-O-A that had been passed. That was interesting, getting exposed to that and coming back into Central Valley Project and dealing with that again.

"Because of my background on C-A-P, I kind of became the Commissioner and the Department C-A-P expert, so I was always being called in on C-A-P matters, whether they were contract and repayment-related or not. . . ."

Because of my background on C-A-P, I kind of became the Commissioner and the Department C-A-P expert, so I was always being called in on C-A-P matters, whether they were contract and repayment-related or not.

"I told you that Cliff Dam got eliminated, that it got cut with the Arizona delegation. I was in Washington when that happened, and actually went to the meeting with the whole Arizona delegation when they were in the process of making that decision to not support Orme Dam, and to take it out of the budget,

and developing language that made it clear that Plan 6 without Cliff Dam was still an authorized feature of the Central Arizona Project. . . .”

I was there in Washington when–I told you that Cliff Dam got eliminated, that it got cut with the Arizona delegation. I was in Washington when that happened, and actually went to the meeting with the whole Arizona delegation when they were in the process of making that decision to not support Orme Dam, and to take it out of the budget, and developing language that made it clear that Plan 6 without Cliff Dam was still an authorized feature of the Central Arizona Project. They were developing some language for legislation to memorialize that. I worked with them on that process in developing that.

Let a Staff Member Follow Through with His Work on the CAP Repayment Contract to Ensure an Independent Look at That Contract Process

So C-A-P was a hot item. That was about the time that we were amending the C-A-P master repayment contract. The basis of negotiation for that contract was, we were increasing the ceiling from 1.2 billion dollars on the Central Arizona Project to 2 billion dollars, and that ***activity*** was going on while I was back there. I kind of stayed away from getting involved in that particular activity, and there was a staff guy there that had been already working on that with our contract staff here in Boulder City, and I let him just carry that through, and I just kind of left it to him to complete the review of that. I kind of felt like it was better for him to do it because he had not been as related to the project. I felt it was probably more appropriate to have somebody who was more independent and could take a fresh look, rather than have me, who knew so much about the project, it’d be better to have somebody with a fresh look take it. So I kind of stayed out of that and let the staff work on that.

Worked on Water Contracts for Glendo Dam on the North Platte Project and the Fryingpan-Arkansas Project in Colorado

There were some contract activities in Great Plains that we worked on. Glendo Dam, they were trying to renew some water contracts for Glendo Dam. I think it’s in Montana.[17] But I just don’t remember much on the details of that.

There was some major water marketing efforts for the Fryingpan-Arkansas Project that was under way, and we had a basis of negotiation back there for review, so I got involved in that a little bit with the Great Plains Region.

“It was a quick year. I was only there for a year. . . .”

It was a quick year. I was only there for a year. I went back there, and I wasn’t back there more than a month, and that was the last major–that was when they decided to downsize the Washington office and to move the headquarters [of] ~~from~~

17. Glendo Dam is a feature of the Glendo Unit of the Pick-Sloan Missouri Basin Program in Wyoming on the North Platte River. It operates in conjunction with the North Platte Project and Kendrick Project.

Reclamation from Washington to Denver. I went to Washington about two months before they made that decision. (laughter) So I went back to Washington with the intent, really, you know, of staying there.

"Career wise, I thought I needed to go back there . . . I *planned* on being . . . in that job for several years. . . . that would be a springboard to come back out into a management job in the field somewhere. And so that was my *goal* when I left Boulder City was to . . . get the exposure to . . . Washington. . . ."

Career wise, I thought I needed to go back there and be there for several years. I ***planned*** on being there for several years, and being in that job for several years. My view was that would be a springboard to come back out into a management job in the field somewhere. And so that was my ***goal*** when I left Boulder City was to go back to Washington, get the exposure to the Washington.

"I went back there in 1985 . . . and worked back there on detail for about four months. During that period of time, there was a major emphasis on Washington experience, trying to get people to come to Washington. . . ."

I'd already gone to Washington on, like, two-week details, and been back there on issues on a number of times. I went back there in 1985 on a detail for about four months, and worked back there on detail for about four months. During that period of time, there was a major emphasis on Washington experience, trying to get people to come to Washington. They were having difficulty, or they felt like they were having difficulty getting good people to come back, people from the field that had experience. The message that management was putting out is, "If you really want to get ahead in this organization, the way to do it is to go back to Washington, work, and let the benefit of your field experience be realized in Washington, and then that'll open up doors. We're going to give preference in key management jobs in the future to people that have had Washington experience."

So I'd kind of heard that, and was thinking, well, if I want to move on and do more in the organization, this is a logical career move to go to Washington. So that's really why I went. I mean, the job was exciting, and I was interested in doing the job. It was a new area for me, and I knew it would be a good opportunity for growth. But also career wise, I felt like just working in Washington would give me the experience that I would need for other jobs on a long-term basis on getting back out to the West. So that was kind of my plan.

Storey: And so at that point you'd decided you wanted to be a manager?

While There the Washington Office Was Very Unsettled Because of Continually Evolving Reorganization Plans

Johnson: Yeah, I think so. I had at that point. But anyway, I went back to Washington, and I wasn't back there a month or even two months and they announced that they were going to make the headquarters in Denver instead of Washington, and that everybody in Washington would get transferred to Denver, and they were going to leave just a

small staff. The initial talk was that they were only going to have six career employees in the Washington office. At that time, I think the number of people in the Washington office was 270, and they decided that they were going to cut it back to six people, and everybody else was going to go to Denver. And that was okay. I said, "Well, okay. I can live with that. I'll go to Denver, and I'll work in Denver. And that's fine. It'll be the same job. They'll just transfer my job to Denver. I'll do the same thing I'm doing in Washington, but it'll be in Denver. And that's okay. I can live with that."

And ***then*** Congress got involved in the reorganization, and Congress passed a law saying that the Commissioner's staff would keep at least seventy people. I think they actually passed a ***law*** saying that the reorganization would keep seventy, and then they went so far as to designate one or two functions that the Congress ***wanted*** to be kept in the Washington office. One of those function was the contracts and repayment function. So ***Congress*** passed a law saying that the function that I was performing was going to have to stay in the Washington office. This was like three months after the reorganization was announced.

So then I says, "Well, that's okay. I thought I was going to go to Denver, but if I have to stay here, that's fine. I'm glad to stay here. I like working here anyway. That's why I came back here is I wanted to see how the process works back here, you know, I want to get to know how the Department works, and I want to know how Congress works, and OMB and so, you know, I want to stay."

And so then I stayed, and so I spent the rest of my time back there thinking that I was going to stay in Washington, and I was going to continue to be in the job, and that the whole staff that I had would stay there and continue to do their job as well.

At the end of the year, just one month before the reorganization, they characterized the whole thing as a transfer of function. They said, "There's not going to be a RIF [Reduction in Force]. This is a transfer of function. We're going to ***move*** people, and we're going to offer ***everybody*** a job in Denver. So your ***function*** will be transferred, and ***everybody*** will be offered jobs in Denver." The exceptions are–I don't remember who. It was contracts and repayment, and, I don't know, one or just a few others that were going to stay in Washington.

Well, the plan was to complete the reorganization, I think in June of '88, which was just a little over a year after I had gone back there, and about a month before June of '88, they came out and announced, "No, we've changed our mind. We're not going to make it a transfer of function. We're going to have to follow RIF procedures. And we're going to have to go through a RIF here in the Washington office."

". . . in that last month . . . there were senior people that were qualified for my job, and so I got bumped out of my job. They were going to give me another job . . . in Denver. . . . then . . . the Division Chief job here in Boulder City for the Operations

Division opened up, and Ed Hallenback offered me that job, which was a *much better* job; it was a Division Chief, fifty people. It was really a chance for me to be a manager, which was kind of my goal when I went to Washington in the first place. . . ."

And so what happened then in that last month was there were senior people that were qualified for my job, and so I got bumped out of my job. They were going to give me another job, and it wouldn't have been contracts and review. It would've been another job in Denver. And they were going to offer me another job in Denver. And I was going to go to Denver.

But then about that same time, the Division Chief job here in Boulder City for the Operations Division opened up, and Ed Hallenback offered me that job, which was a ***much better*** job; it was a Division Chief, fifty people. It was really a chance for me to be a manager, which was kind of my goal when I went to Washington in the first place. And so instead of going to Denver, I took the job here and I came back to Boulder City.

"I didn't *plan* to come back to Boulder City, but it just kind of worked out. I ended up coming back here after just a year in Washington into a *really good job*. That was a *great* job. . . ."

I didn't ***plan*** to come back to Boulder City, but it just kind of worked out. I ended up coming back here after just a year in Washington into a ***really good job***. That was a ***great*** job. It was the kind of job that I was hoping to get, you know, after spending some time in Washington. And so I was really thrilled.

"This job out here was just a *really* exciting job because the 400 chief has the river operations and the Colorado River system. And so I was *really* excited to come back here and have a chance to do that. . . ."

My Washington experience, it was a good experience. It was long enough, but I did get a sense for how things did worked back there, although I think more time would've given me more experience, but it gave me a pretty good idea spending a year with the other time that I'd spent back there. This job out here was just a ***really*** exciting job because the 400 chief has the river operations and the Colorado River system. And so I was ***really*** excited to come back here and have a chance to do that.

Then also the idea–we have a staff of about fifty people. It was a chance to be a manager and actually manage a program and carry out a program, so I felt like I was really lucky to get to come back.

Storey: So that would've been about '88?

Came Back to Boulder City in 1988

Johnson: That was '88. I came back to Boulder City in the 400 job.

Storey: And ended up running river operations. What kinds of issues began to come up for you?

Johnson: Well, the first thing that really became a big issue in about '89, and actually in 1990–of course, C-A-P was still going on, but my involvement in C-A-P wasn't as much. We had contracts and repayment, and were doing the master repayment contract, and I had some supervisory oversight there, but I really pretty much left that to–that was LeGrand, [Neilson] was the contracts chief. I left that pretty much to LeGrand, and I pretty much stayed out of that.

"I had a whole bunch of areas that I'd never been exposed to . . . lands . . . management of our lands . . . recreation . . . resource management plans . . . river operations, learning the Law of the River on the Colorado River . . . dealing with the Colorado River Basin States, and developing a rapport with the Basin States on river operations. . . ."

But the river operations, itself, turned out to be fascinating. I had a whole bunch of areas that I'd never been exposed to–the lands areas, and the management of our lands, the recreation, planning on the lands, the resource management plans, the river operations, learning the Law of the River on the Colorado River system, dealing with the [Colorado River] Basin States, and developing a rapport with the Basin States on river operations.

Dennis Underwood at the time–that was before Dennis was the Commissioner, he was the chief of the Colorado River Board of California. And so we were interacting with Dennis Underwood on it, and, of course, all three Lower [Colorado River] Basin States on a regular basis, and periodically, in terms of operating plans for the river, the seven Basin States. That job really became the focal point for managing the river. We had the hydrology and the development of the annual operating plan, and the hydrology studies on the river system and how it was operating.

". . . when I came back into the 400 job, I had both the water and the power groups, so I also got involved in the power management aspects, as well as the water management aspects. . . ."

Power–when I came back, at the time I came back, one of Ed Hallenback's reorganizations was to take the Power Division, which used to be a separate division, and consolidate it with the Operations Division. And so when I came back into the 400 job, I had both the water and the power groups, so I also got involved in the power management aspects, as well as the water management aspects.

So we had some major power operations issues. We negotiated some contracts for [the] Navajo power[plant]. The Hoover contracts were getting finalized, and the development of the final Hoover contracts with the Hoover contractors was taking place. So it was just exciting.

"The *big* thing that came up for us started in 1990. In 1990, for the first time, the Lower Basin started to approach full use of its entitlement, and midway through the year in 1990, our projections indicated that water use in the Lower Basin was going to exceed seven and a half million acre feet. . . ."

The ***big*** thing that came up for us started in 1990. In 1990, for the first time, the Lower Basin started to approach full use of its entitlement, and midway through the year in 1990, our projections indicated that water use in the Lower Basin was going to exceed seven and a half million acre feet [maf].

". . . under the Supreme Court Decree in *Arizona versus California* . . . the Supreme Court ruled that Arizona did have a right to its full 2.8 million acre feet of mainstem Colorado River water . . . also the ruling that said that as long as Arizona is not using all of its water, California can, and so California can go over its 4.4 million acre feet. California, in fact, has been using about 5.2 million acre feet. . . ."

Now, under the Supreme Court Decree in *Arizona versus California*, the famous lawsuit, that's the big lawsuit that was settled by the Supreme Court in 1964 where the Supreme Court ruled that Arizona did have a right to its full 2.8 million acre feet of mainstem Colorado River water, that was the ***ruling*** that allowed the Central Arizona Project to get authorized and built. That ruling is also the ruling that said that as long as Arizona is not using all of its water, California can, and so California can go over its 4.4 million acre feet. California, in fact, has been using about 5.2 million acre feet.

". . . in 1989 and 1990, the Central Arizona Project was coming on line and it was starting to get closer to using Arizona's full entitlement to 2.8 million acre feet. In 1990, they were really going great guns pumping water. . . . The C-A-P use was up around . . . 800-, 900,000 acre feet in 1990 for the first time. And what that was causing the Lower Basin to potentially exceed seven and a half million acre feet. . . ."

What happened in 1989 and 1990, the Central Arizona Project was coming on line and it was starting to get closer to using Arizona's full entitlement to 2.8 million acre feet. In 1990, they were really going great guns pumping water. The distribution systems for the irrigation districts had just about all come on-line and we were making the first significant deliveries through the Central Arizona Project. The C-A-P use was up around 800-, 900,000 acre feet in 1990 for the first time. And what that was causing the Lower Basin to potentially exceed seven and a half million acre feet.

The Secretary Determined That 1990 Was a Normal Operating Year on the Colorado River and Notified California That it Might Have to Operate Within Its 4.4 maf Entitlement under the Colorado River Compact

Under the decree, the Supreme Court decree, the Secretary is ***enjoined*** by the Supreme Court from allowing water deliveries to exceed seven and a half million

acre feet in a year when the Secretary's determined that it's a normal operating year. And if the Secretary's declared it a normal operating year on the Colorado River system, then he said that there's seven and a half million acre feet available, and the Secretary is enjoined from allowing more water use than seven and a half acre feet from occurring.

Midway through the year, in 1990, our projections were starting to indicate that we were going to go ***over*** seven and a half million acre feet. Well, what that means is we've got to go to California, that's Metropolitan Water District,[18] who's the low priority user in California, and we're going to have to tell California that Arizona is now using a larger share of its entitlement on the river and they've got to reduce their diversions so that we can stay within the seven and a half million acre feet that the Supreme Court has enjoined us from delivering in normal years, because we had declared it a normal operating year.

"It was a real big deal to go in and begin to tell California, 'Hey, look. . . . Metropolitan, we think you're going to have to cut back on water deliveries by the end of this year.' So *we* had a major *issue* on our hands in 1990 on how we were managing the river. . . ."

That was a big deal. It was a real big deal to go in and begin to tell California, "Hey, look. We're going over the seven and half million acre feet. Metropolitan, we think you're going to have to cut back on water deliveries by the end of this year." So ***we*** had a major ***issue*** on our hands in 1990 on how we were managing the river.

In Addition to Metropolitan, California Agricultural Users Were Going over Their Entitlement on the Colorado River

The problem was not only Metropolitan going to exceed the seven and a half and we were going to have to cut metropolitan back, but all the ***ag*** users in California, they're limited to 3.85 million acre feet, their use, and in most years, they're underneath 3.85 million acre feet. But in 1990, it happened to be a real big–good prices for agricultural commodities, and they were just irrigating like crazy, and the ag users were going over their entitlement, too.

". . . it looked like we were going to exceed the limit of the entitlement. . . ."

So we were writing letters to California telling them they were going to have to stop their diversions of Colorado River water, that it looked like we were going to exceed the limit of the entitlement.

"We had a major workshop on the river. We invited everybody from the three Lower Basin States. We put on seminars. We went out and conducted Law of the River seminars in Phoenix and Las Vegas and southern California, to explain the

18. The Metropolitan Water District of Southern California. This consortium of water bureaus in the Los Angeles to San Diego area of southern California was created in 1928 and is variously known as Met, Metropolitan, MWD, and MWDSC

law of the river, and what we couldn't do, to give the message to California . . ."

We had a major workshop on the river. We invited everybody from the three Lower Basin States. We put on seminars. We went out and conducted Law of the River seminars in Phoenix and Las Vegas and southern California, to explain the law of the river, and what we ~~were enjoined, what we~~ couldn't do, to give the message to California, "Look. You're going to have to find a way to begin to start to live within your entitlement. This is what the Supreme Court ruled. This is what *Arizona versus California*–this is what Arizona is entitled to, and it's how we have to administer the law."

"What was frustrating about it is that California was in the middle of a big drought. Metropolitan in 1990 was like only getting 40 percent of its water supply from northern California, and . . . the deliveries to L-A water out of Mono Lake was getting cut back. . . ."

What was frustrating about it is that ~~was when~~ California was in the middle of a big drought. Metropolitan in 1990 was like only getting 40 percent of its water supply from northern California, and they were also then having the Mono Lake controversies, and the deliveries to L-A water out of Mono Lake was getting cut back. So Metropolitan was really between a rock and a hard spot. And here we are on the Colorado system telling Metropolitan, "You're going to have to cut back too." So it was a big deal, and it was a ***really*** interesting year.

Colorado River Water Priority in California and the "Seven Party Agreement"

We asked all of the ag users in California to implement emergency conservation plans, and, oh, they kicked and screamed. There's this silly priority system for Colorado River water use in California, and what it says is that among the ag users, and even among Metropolitan, it's a seven party agreement, what it says is, there's basically four entities that have the right to use ag water. The first one is Palo Verde Irrigation District, and they have the right to use ***all*** the water that they can put to use on–they've got 104,000 acres of land. They can use ***all*** the water they want on 104,000 acres.

Then there's the Yuma Project down around the Yuma area on the California side, and they have the right to use all the water ***they*** want as a ***second*** priority on 25,000 acres of land. And then there's Imperial Irrigation District, which has 500,000 acres, and ***they*** have the right to use ***all*** they want. And ***then*** there's Coachella Valley Water District, which only has about maybe 60- or 70,000 acres, and they are the last priority under the seven-party agreement among the agricultural users.

". . . Coachella *needs* about 330,000 acre feet, and it looked like in 1990 that we were going to exceed the 3.85 by a couple of hundred thousand acre feet. That was two-thirds of Coachella's water supply. . . ."

What happens, the agricultural users have a shared entitlement to 3.85 million

acre feet. And you've got Palo Verde, Yuma Project, and Imperial, all three having higher priority than Coachella, and them having the right to use ***all*** they want, and then whatever's left over out of the 3.85 is available to Coachella. Well, Coachella ***needs*** about 330,000 acre feet, and it looked like in 1990 that we were going to exceed the 3.85 by a couple of hundred thousand acre feet. That was two-thirds of Coachella's water supply.

"It would've been economically devastating on Palm Springs and the Coachella Valley . . . So we were coming after Coachella, and we were coming after Metropolitan as the two low priority users in California, the two users that are probably the most politically powerful users. . . ."

It would've been economically devastating on Palm Springs and the Coachella Valley to impose that kind of a restriction on the Coachella Valley. So we were coming after Coachella, and we were coming after Metropolitan as the two low priority users in California, the two users that are probably the most politically powerful users. The low priority users in California are probably the most politically powerful users for Colorado River water. And here we are under the decree trying to enforce the decree and tell them that they're going to have to cut back, and they're finding all kinds of reasons why we ***really*** don't have to enforce the decree.

"Well, in the end, our projections turned out to be not quite as dire as we thought, and we came in at *just* barely over 7 and half. We were like 7.51 million acre feet. . . ."

Well, in the end, our projections turned out to be not quite as dire as we thought, and we came in at ***just*** barely over 7 and half. We were like ~~7.11=~~ 7.51 million acre feet. We figured that that was within the range of measurement here on what was going on, so we called it within the 7½ million acre feet, and we didn't have to cut back Metropolitan, and we didn't have to cut back Coachella, either one, although we wrote them letters and told them that they'd have to do it.

"What that started then was a major look at how we manage the river. We realized that the system that we had in place, the legal system that we had in place with this priority system for use in California, had us *ill* prepared to deal with the cutbacks in California that are ultimately going to have to occur. . . ."

What that started then was a major look at how we manage the river. We realized that the system that we had in place, the legal system that we had in place with this priority system for use in California, had us ***ill*** prepared to deal with the cutbacks in California that are ultimately going to have to occur. Arizona and Nevada's going to use all of their water supply, and we're going to be up against seven and a half million acre feet on a regular basis in the Lower Basin.

Storey: Can I ask you a question before you go on? Is this why a declaration of surplus water would be so important?

The Secretary, Then, Each Year Had to Make One of Three Determinations about the Water Year on the Lower Colorado: Normal, Shortage, Surplus

Johnson: Yes. Exactly. Because if it's not a normal year–remember I said if the Secretary's declared it a normal year, and he ***had*** declared it a normal year in 1990, so we were limited to seven and a half million under the decree. If a declaration of surplus is made, Secretary has the discretion at the beginning of each year to determine how much water is available. Is it a shortage year? Is there less than seven and a half? Is it a normal year, and we're limited to seven and a half? Or is it surplus year and we can make more than seven and a half million acre feet?

So each year, under the decree and the law, the Secretary has this decision to make. He can take a look at the reservoir system and say, "The reservoirs are full, and my outlook is for a normal runoff season, so ***I*** can declare surplus. I'm going to let you use more than your entitlement in California. You don't have to cut back."

". . . in 1990 . . . we went and threatened California, told them they were going to have to cut back. Well . . . the next year when we developed the operating plan? . . . California says, 'It's a surplus. The reservoirs are full. You can declare surplus.'. . ."

Well, in 1990, that's what brought about this debate. See, we went and threatened California, told them they were going to have to cut back. Well, what do you think California argued for the next year when we developed the operating plan? A surplus. California says, "It's a surplus. The reservoirs are full. You can declare surplus." And you know what the other six Basin States said? "Heck, no, it's not surplus. California's got to cut back." Remember I told you about state lines? If you could erase the state lines, you could manage the river system better. So we got this ***fight*** among all the Basin States over whether or not the Secretary ought to declare a surplus in 1991.

Well, what we did in 1991 was we found a way to finesse it, and we said, "It's normal, but if we exceed seven and a half, we won't require California to cut back, but we ***will*** require them to pay back any overruns that occur. So we won't cut you back in the year, but then you're going to have to find a way, California, to pay back. If we do give you more, you're going to have to find a way to pay back overruns."

". . . every year since, we have had this big debate with California and the other six Basin States over what the conditions are on the river system. Is the reservoir system full enough, and the outlook for runoff on the river system adequate so that the Secretary can declare a surplus or not? . . ."

But every year since, we have had this big debate with California and the other six Basin States over what the conditions are on the river system. Is the reservoir system full enough, and the outlook for runoff on the river system adequate so that the Secretary can declare a surplus or not? So that's become a major issue for management of the Colorado River system. Do we declare surplus? I think we're getting close to getting that resolved.

". . . Nevada began, in the late eighties, to experience this phenomenal growth . . . Las Vegas had kind of been going by sleepily . . . Growth rates were relatively low . . . Well, the new growth rates that began to occur in Las Vegas began to make it clear that Las Vegas was probably going to be up their full entitlement of Colorado River water by about 2005 . . . All of a sudden that meant finding a new water supply for Las Vegas was very imminent. . . ."

The other thing that's happened on the Colorado River system is Nevada began, in the late eighties, to experience this phenomenal growth–you know, the Las Vegas area. Las Vegas had kind of been going by sleepily, assuming that their water supplies would be there forever, and not really given a big concern. Growth rates were relatively low, and the projections were that Las Vegas didn't think they'd have a water problem until 2030, well out into the future.

Well, the new growth rates that began to occur in Las Vegas began to make it clear that Las Vegas was probably going to be up their full entitlement of Colorado River water by about 2005, against the 2030. All of a sudden that meant finding a new water supply for Las Vegas was very imminent. If you look around Las Vegas, other than the Colorado River, there aren't a lot of water supplies available. So we're looking at, by the year 2005, Las Vegas being in the same dire straits that California's in with having a demand for more than its entitlement, and probably also arguing at that point in time for surplus declarations on the Colorado River system.

Reclamation Needed an Agreement among the Colorado River Basin States on When and How to Declare Surpluses, Shortages, and Normal Water Years

You combine that with the fact that both Metropolitan's needs and Las Vegas's needs are really for an urban economy, which probably has an unlimited or a much higher ability to pay for a water resource, and if you look at water use in the Lower Basin of the Colorado River, we have about five . . .

END SIDE 1, TAPE 3. FEBRUARY 23, 1995.
BEGIN SIDE 2, TAPE 3. FEBRUARY 23, 1995.

Johnson: [Much of] the supply of water in the Lower Basin is used by irrigation districts. So what we came to realize within Reclamation was what we needed was a system that allowed, one, us to manage the river system based on technical data that would allow us to declare surpluses when, in fact, we thought they were technically justified, without having to get into these political arguments with seven Basin States. So we felt like we needed some criteria that would help us to manage the river to declare surpluses when they were justified.

As we looked at the data, we began to come to the conclusion that California's arguments for surplus probably had technical merit, that, in fact, the reservoir system–we're blessed on the Colorado River system with a ***huge*** storage system. We have 60 million acre feet of storage on the Colorado River system with annual runoff of about 15 million acre feet, and current use of about 13 million acre

feet. We have an over-appropriated river system. We have 16 and a half million acre feet appropriated for use, an average supply of 15 million acre feet. But current use, because all of the appropriated uses aren't being used yet, and a current use of about 13 million acre feet.

Storey: That includes the million and a half acre feet for Mexico?

Johnson: Yeah. Right. So what California is saying is, for a period of time while these ***other*** uses haven't materialized on this river system, the Secretary–"The average supply is 15, the use is 13, you've got a huge reservoir system to store water. Let's make use of that storage system, and, Mr. Secretary, you ought to be declaring surpluses so that we can put that water to beneficial use in the United States. We have good use for that water and we ought to be declaring surpluses." And there's some technical merit to that.

You can't get over the political arguments, though. I mean, the other Basin States are ready to kill if you declare a surplus and make it available. So within Reclamation, we start coming to the conclusion that we need a better technical system for managing the river that helps us make decisions on surpluses in "normal [years"], on a technical basis rather than a political basis, and we've got to work with the Basin States to get that in place.

Saw a Need to Establish a System That Would Allow Nevada to Buy Interstate Water

The other thing that we need for Nevada, we've got all this ag use, but there's no reason why Nevada can't go buy water from Imperial Irrigation District or some other irrigator.

"Nevada can pay probably 100 or 200 or 300 dollars an acre foot, *more* than the farmer would *ever* make from the use of that water. Nobody is harmed. . . ."

Nevada can pay probably 100 or 200 or 300 dollars an acre foot, ***more*** than the farmer would ***ever*** [make] ~~use~~ from the use of that water. Nobody is harmed. Nevada can go pay a farmer in California or Arizona ***not*** to farm his land. See, there's no farmland on the Colorado River in Nevada. None of that land is developed for agriculture. So there's no in-state agriculture that Las Vegas can buy to obtain water. The only way Las Vegas can buy water to take care of its long-term needs is to buy water from another state or from a user in another state.

"We're saying to ourselves, this doesn't make any sense to have these boundaries, state boundaries, that create barriers that prevent Nevada from being able to obtain . . . some long-term water supplies to meet its needs. . . ."

We're saying to ourselves, this doesn't make any sense to have these boundaries, state boundaries, that create barriers that prevent Nevada from being able to obtain, you know, some long-term water supplies to meet its needs. It can be win-win deal. You know, they can pay the farmer. The farmer's happy. The farmer can

implement conservation measures and still farm his land, and get enough water to take care of Nevada's needs for many years to come. Metropolitan is already doing that within California. So why can't we let Nevada do that same thing?

". . . two things that we've kind of decided that we need internally within Reclamation. One, we need some ability to allow interstate marketing to occur, and, two, we need some technical guidelines on management of the river that will allow us to declare surpluses when it's technically justified without getting into these political arguments. . . ."

So two things that we've kind of decided that we need internally within Reclamation. One, we need some ability to allow interstate marketing to occur, and, two, we need some technical guidelines on management of the river that will allow us to declare surpluses when it's technically justified without getting into these political arguments.

". . . that's what we've been working on on the Colorado River. . . . my major effort, when I became the Division Chief . . . and that we're still now trying to implement. . . ."

So that's what we've been working on on the Colorado River. That's my major theme, my major effort, when I became the Division Chief that we started on when I was the Division Chief, and that we're still now trying to implement. And LeGrand is following through. I'm still involved, probably more than LeGrand likes me to be involved, but I'm still very involved in trying to get that done.

". . . it's really come to a head, because a year ago, we issued a set of proposed regulations that proposed to open up interstate marketing that would give the ability of Las Vegas to buy water from farmers in Arizona or California. . . . It concerned them because here was the Federal Government, and we have the authority to issue those regulations. . . . And here was the Federal Government coming in and taking control and showing some leadership to try to make some changes in the Colorado River system. . . ."

We did that by, one, working with the Basin States in a work group setting to begin to develop technical guidelines for surpluses. We've been doing that for the last five years, and we still haven't gotten that complete, but it's really come to a head, because a year ago, we issued a set of proposed regulations that proposed to open up interstate marketing that would give the ability of Las Vegas to buy water from farmers in Arizona or California. What that did is that set the Basin States on their ear. I shouldn't–not on their ear. It concerned them because here was the Federal Government, and we have the authority to issue those regulations. We have the authority to do that. And here was the Federal Government coming in and taking control and showing ~~what I think was showing~~ some leadership to try to make some changes in the Colorado River system.

"The problems on the Colorado River system are solvable. They're legal

problems and they're institutional problems. There's technical solutions to the problems on the Colorado River system, and we've got to overcome those legal and institutional constraints, and we're determined to do that. . . ."

But where it really bothers the states is they can see themselves ***losing*** control. They feel very protective about their state entitlement systems. Particularly Arizona was threatened that the Federal Government would implement some regulations that would allow some of its water to be sold to another state. But what it did is our actions sent a message that we're very serious about solving these problems. The problems on the Colorado River system are solvable. They're legal problems and they're institutional problems. There's technical solutions to the problems on the Colorado River system, and we've got to overcome those legal and institutional constraints, and we're determined to do that.

". . . we sent that message to the Basin States when we put these draft regulations out on the street saying, 'This is what we're going to do.'. . . it's formed a coalition of the Basin States, and they've come back to us and said, 'Okay. If you will hold your regulations and work with us, we will work out a system to allow interstate transfers to occur, and surpluses to be declared, but let's do it jointly and let's negotiate among us on how that's going to work. . .' . This is our major initiative, I think, for this region in terms of . . . being a water manager, water management agency as opposed to a water development agency"

So we sent that message to the Basin States when we put these draft regulations out on the street saying, "This is what we're going to do." And what that has done is it's formed a coalition of the Basin States, and they've come back to us and said, "Okay. If you will hold your regulations and work with us, we will work out a system to allow interstate transfers to occur, and surpluses to be declared, but let's do it jointly and let's negotiate among us on how that's going to work. We don't want the Federal Government to dictate that to us. We want to work with you cooperatively to figure out how to do that." So that's what we're engaged in right now.

This is our major initiative, I think, for this ***region*** in terms of water management and being a water manager, water management agency as opposed to a water development agency, is finding a way to overcome these legal and institutional hurdles to meet water needs. We can find a way to do that, and we now have this process going on with the [Colorado River] Basin States. Betsy Rieke's been very heavily involved.

"I think we're probably within months of having agreement among the Lower Colorado River Basin States on how we manage, how we allow interstate marketing to occur, and how we allow these surpluses to be declared . . ."

I think we're probably within months of having agreement among the Lower [Colorado River] Basin States on how we manage, how we allow interstate marketing to occur, and how we allow these surpluses to be declared on the river system. Then we'll incorporate them, go back and rewrite our regulations to incorporate the agreed

upon principles, and move forward with implementing them. And I think we'll get them in place.

Storey: You've been saying "basin states" for a few minutes here. You mean the Colorado River Basin States?

Johnson: I mean both. The Colorado River Basin–there's two sets of Basin States. There's an Upper Basin and a Lower Basin. The compact on the river system ***divides*** the Colorado River Basin into those two basins.

Storey: Below and above Lee Ferry.

". . . the four states above Lee Ferry are the Upper Basin, and then the three states below Lee Ferry are the Lower Basin. The Secretary's authority for managing water is *only* in the Lower Basin. The Secretary doesn't have the same authority in the Upper Basin. That comes from the Boulder Canyon Act. . . ."

Johnson: Right. And so the four states above Lee Ferry are the Upper Basin, and then the three states below Lee Ferry are the Lower Basin. The Secretary's authority for managing water is ***only*** in the Lower Basin. The Secretary doesn't have the same authority in the Upper Basin. That comes from the Boulder Canyon Act. The authorization for Hoover Dam that gave the Secretary–and the Supreme Court decision. That law only deals with the Lower Basin.

". . . our regulations and our management only applies to the Lower Basin of the river. Now, the Upper Basin is very interested in what's happening in the Lower Basin, because what the Lower Basin does can *affect* the Upper Basin. So we do consult on these matters with the Upper Basin states as well, but they're not as directly involved. . . ."

So our regulations and our management only applies to the Lower Basin of the river. Now, the Upper Basin is very interested in what's happening in the Lower Basin, because what the Lower Basin does can ***affect*** the Upper Basin. So we do consult on these matters with the Upper Basin states as well, but they're not as directly involved. Our ***technical*** committee, and our ***technical*** discussions with the basin states is just the Lower Basin states. We've also included the Lower Basin Indian tribes.

There's a bigger group of Basin States that we meet with periodically, not as often, to ***inform*** them of where we are in the Lower Basin in developing this plan.

Storey: So this wouldn't be water transfers, for instance, from Colorado to Nevada?

Johnson: No.

Storey: Just within the Lower Basin?

Johnson: Just within the Lower Basin. And that's what ***most*** of the Upper Basin supports. They want to see the Lower Basin solve their issues within the Lower Basin.

"The compact protects the Upper Basin from the Lower Basin. . . . prior appropriation doctrine, says he who develops the water first gets to use it first, develops the right to the water. . . . in 1922, the Upper Basin States saw that the Lower Basin was planning to build Hoover Dam and that there were plans to irrigate Imperial Valley and the Yuma Valley . . . beginning to put *most* of the Colorado River water supplies to use, and the Upper Basin States said, '. . . we need to have a compact here that divides the waters.'. . ."

The compact protects the Upper Basin from the Lower Basin. The whole idea of the compact was the Lower Basin started to develop and use Colorado River water, and the traditional Law of the River says he who develops the water first–you know, prior appropriation doctrine, says he who develops the water first gets to use it first, develops the right to the water.

Well, back in 1922, the Upper Basin States saw that the Lower Basin was planning to build Hoover Dam and that there were plans to irrigate Imperial Valley and the Yuma Valley, and that the Lower Basin was beginning to put ***most*** of the Colorado River water supplies to use, and the Upper Basin States said, "Wait a minute. This river flows through all seven states, and before all this development occurs and the Lower Basin develops the right to all the water, we need to have a compact here that divides the waters."

The Colorado River Compact Only Divided the River Between the Upper and Lower Basins and Agreed Each Basin Could Use 7.5 Million Acre Feet Annually

So the Colorado River Compact basically–they intended to divide it up among all seven states, figure out how much each state was entitled to and reserve a right, but they couldn't agree. All they could agree to was to divide it into two basins and agree that the Lower Basin could use seven and a half, and the Upper Basin could use seven and a half. And that's basically what they agreed.

Why the Upper Basin States Are Unlikely to Sell Water to the Lower Basin States

So the ***Upper Basin*** is protected by the compact that protects their right to develop and use seven and a half million acre feet, and that's very important to most of the Upper Basin States. If a Lower Basin [state] buys water from the Upper Basin, from one Upper Basin state, then that starts to require the Upper Basin to deliver ***more*** than seven and half million acre feet into the Lower Basin, and that is a joint obligation of all four states. It's not an obligation of one state. It's a joint obligation of all four states. So most of the Upper Basin States ***prefer*** to ***preserve*** their right to develop the water rather than to see it be marketed for use in the Lower Basin.

Now Utah has broken away from that. Utah has come out and offered to sell water to Nevada, but the other Upper Basin States have said, "No, we don't support that." Under the compact, I don't think that Utah can sell water to Nevada without

the concurrence of the Upper Basin States, because it's a ***joint*** obligation of all four Upper Basin States to make those delivery commitments to the Lower Basin. And you've got to violate the terms of the compact, which all states have agreed to in order to have an Upper to a Lower Basin ~~compact~~ [transfer]. Now, maybe it can work. If you can get all the states to agree, maybe it could work.

Storey: An Upper to a Lower Basin transfer.

"In the Lower Basin, it's much easier. The Secretary has clear authority as watermaster to manage the river and contract for the river, so Secretary has some unique authority, and you've only got three states to deal with. . . ."

Johnson: Yeah, it could work if you could get all the states to agree, but you've got seven states to agree to it. In the Lower Basin, it's much easier. The Secretary has clear authority as watermaster to manage the river and contract for the river, so Secretary has some unique authority, and you've only got three states to deal with.

". . . the real issues in the Lower Basin that need to be solved are Nevada and California. They're Lower Basin States. And the Upper Basin says, 'Solve the Lower Basin problems with Lower Basin water, and let the Lower Basin develop a solution among themselves, and don't involve us. Let us have our compact protection. . . .'"

It's not like–it's a lot easier to get agreement among three than it is to get agreement among seven, so we have this forum that seems to be working in the Lower Basin, and I think it's likely, most of the Upper Basin States, the real issues in the Lower Basin that need to be solved are Nevada and California. They're Lower Basin States. And the Upper Basin says, "Solve the Lower Basin problems with Lower Basin water, and let the Lower Basin develop a solution among themselves, and don't involve us. Let us have our compact protection. Let's not open that up. Let's keep it protected."

". . . Arizona has committed to make 60,000 acre feet available in a market to Nevada on a long-term permanent basis. . . . 60,000 acre feet, will carry Nevada past the midpoint of the next century for growth . . ."

Now, not everybody agrees with that. Utah, obviously, is breaking away from that perspective, but the other three Upper Basin states seem to be holding pretty firm. So I'm predicting that our Lower Basin effort will be successful, and that, in fact, Nevada will end up–right now, in our discussions, Arizona has committed to make 60,000 acre feet available in a market to Nevada on a long-term permanent basis. And 60,000 acre feet, an additional 60,000 acre feet, will carry Nevada past the midpoint of the next century for growth, so that's going to take care of the problem for a long time.

". . . ultimately . . . growth will continue to occur and more demands will be placed on the system, and these issues will be revisited, but I think right now we're

going to get something that's going to create peace in the family for many years. And if we do, I think it will be a major accomplishment. . . . The Basin States are a partner with us in that accomplishment. But I think *we're* the ones that have kind of been the catalyst to get it to happen. If we hadn't taken the action with the regulations and pushing for surplus criteria and those sorts of things, I think the Basin States would argue forever . . ."

Now ultimately, a hundred years from now, growth will continue to occur and more demands will be placed on the system, and these issues will be revisited, but I think right now we're going to get something that's going to create peace in the family for many years. And if we do, I think it will be a major accomplishment. It won't just be our accomplishment. The Basin States are a partner with us in that accomplishment. But I think ***we're*** the ones that have kind of been the catalyst to get it to happen. If we hadn't taken the action with the regulations and pushing for surplus criteria and those sorts of things, I think the Basin States would argue forever if you didn't have somebody to facilitate. So that's been our major effort over the last five or six years on the Colorado River system, and if we get it done, we'll be real happy with it.

Storey: I'd like to continue, because this is very interesting, but we've run fifteen minutes over already. So I'd like to ask you if you're willing for the cassette tapes and the transcripts from the interview today, broken in half with a two-hour break, to be used by researchers both inside and outside Reclamation.

Johnson: Sure.

Storey: Good. I appreciate it. Thank you.

Johnson: Good.

END SIDE 2, TAPE 3. FEBRUARY 23, 1995.
BEGIN SIDE 1, TAPE 1. MAY 31, 1996.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Robert W. Johnson, Regional Director of the Lower Colorado Region, in his offices in Boulder City, Nevada, on May the 31st, 1996, at about one o'clock in the afternoon. This is tape one.

Last time we were talking, we had just mentioned that we were in the process of developing regs for river for the water rights in the river, I believe?

Johnson: Yes. Correct.

Storey: And we hadn't really explored that, I don't think. I'd like to continue with that.

Johnson: That sounds good. Yeah. Do you want me to start with–

Storey: Yes, go ahead.

Dealing with a Potential Normal Year on the Colorado River in 1990

Johnson: We did develop a set of draft regulations to administer water entitlements in the Lower Basin of the Colorado River, and that was really a major undertaking, I think, for this office, for our office, and the field solicitor's office in Phoenix. It was something that had really been in the works for a long time. It really started originally in 1990, when we began to realize that use in the Lower Basin was going to exceed the apportionment in the Lower Basin of seven and a half million acre feet.

In that year, we wrote a letter to Metropolitan Water District of southern California, because they're the low priority in the Lower Basin of the river, and we informed them that it was beginning to look like the water use in the Lower Basin was going to go over the seven and a half million acre feet. And ***with*** them being the low priority user, that under the decree in *Arizona versus California*, they ***may*** be required to reduce their use of Colorado River water. We probably wrote that letter to them in May-June time frame.

Metropolitan wrote Reclamation basically saying "'If you're going to reduce . . . *our* use of water, you need to also *stop* the use of all of those *illegal* diverters along the Colorado River in the Lower Basin that are using water when they don't have any entitlement at all.' And, in fact, what we have in the Lower Basin on both sides of the river, we have a lot of users that have put in wells to pump water for domestic, and some even for irrigation, purposes. . . . And they had a point because . . . We did not have a real good handle on the amount of water that was being diverted illegally."

They wrote a letter back to us immediately, and basically their letter said, "If you're going to reduce our use of water," they raised a number of issues, but one of the issues that they raised was, "If you're going to reduce ***our*** use of water, you need to also ***stop*** the use of all of those ***illegal*** diverters along the Colorado River in the Lower Basin that are using water when they don't have any entitlement at all." And, in fact, what we have in the Lower Basin on both sides of the river, we have a lot of users that have put in wells to pump water for domestic, and some even for irrigation, purposes. The wells are hydrologically connected to the Colorado River, and when you pump water out of a well from along the Colorado River, it's like diverting water from the river. It's really no different. It's the same. It's hydrologically connected, just like a direct diversion out of the river.

Basically Met was saying, "Those folks don't even have contracts for Colorado River water. And you're telling us, who has a legitimate right to water, that we're exceeding the entitlement in the Lower Basin, and we have to reduce our use, but yet these illegal diverters are still working and taking water that they don't have an entitlement to. And so before you can cut us back, you need to do something about them." And they had a point because, in fact, that's true. We did not have a real good handle on the amount of water that was being diverted illegally.

To Close down Illegal Uses of Colorado River Water Reclamation Needed to

Develop a Set of Regulations to Guide the Processes and Determinations That Had to Be Made

We kind of came to the conclusion that in order to do that, we would have to establish some sort of a formal process that would lay out how we would go about ***stopping*** this diversion use of water. Our legal advisors, the solicitor's office in Phoenix, advised us that we needed develop a formal set of regulations that would lay out the process by which we would determine whether or not a well was pumping Colorado River water, and secondly, if it was, whether or not they could be legally entitled to a contract for that water, and if they ***couldn't***, ultimately take the steps necessary to stop the diversion and use of that water. So we were being advised by our attorneys that we needed to develop a set of regulations that would define for us how we could go through that process

". . . '91, we had some major economic problems with C-A-P irrigation users, and C-A-P's use began to back off a little bit. So we got a little bit of a reprieve, and we were still under the seven and a half million acre feet. So it wasn't a pressing issue . . ."

So that was kind of the start in 1990 of us thinking that we needed to develop regulations, and so we set down probably in '91, we got through 1990, and it turned out that we didn't have to reduce Metropolitan after all. And '91, we had some major economic problems with C-A-P irrigation users, and C-A-P's use began to back off a little bit. So we got a little bit of a reprieve, and we were still under the seven and a half million acre feet. So it wasn't a pressing issue, but we still recognized that long term, we needed to deal with that.

". . . we began in '91 the drafting of regulations . . . the initial primary intent was to provide a mechanism to control this illegal use of water in the river. We began writing those regulations, and as we got them developed, other issues began to arise. It appeared that Nevada was needing additional water supplies. . . . the issue with Metropolitan, and the fact that they had the low priority, and they were, in fact, going to have to reduce their use continued to be at the forefront. . . ."

So we began in '91 the drafting of regulations with the initial primary intent was to provide a mechanism to control this illegal use of water in the river. We began writing those regulations, and as we got them developed, other issues began to arise. It appeared that Nevada was needing additional water supplies. Nevada began to come to the realization that its entitlement to Colorado River water, the Las Vegas area, was growing so fast that its entitlement to Colorado River water was not adequate to meet its future long-term needs, and that it was going to be running out of water much sooner than it expected.

Of course, the issue with Metropolitan, and the fact that they had the low priority, and they were, in fact, going to have to reduce their use continued to be at the forefront.

". . . these regulations which were going to allow us to deal with illegal users, we

also began to realize that *maybe* there were some other things that regulations could be helpful for . . . help us solve some of these other problems in the Lower Basin, and maybe provide a mechanism that would allow Las Vegas or southern California to obtain additional water. . . . So we began to expand the regulations to include a process by which we could allow water to be marketed on an interstate basis. . . ."

As we were developing these regulations which were going to allow us to deal with illegal users, we also began to realize that ***maybe*** there were some other things that regulations could be helpful for, and that maybe they could serve as a vehicle to help us solve some of these other problems in the Lower Basin, and maybe provide a mechanism that would allow Las Vegas or southern California to obtain additional water. In addition to being a regulatory mechanism to reduce use, that we might be able to use the regulations to establish a framework for water marketing, so that if Las Vegas wanted to buy water from Arizona or California, or water users in Arizona or California, the regulations would establish a ***regulatory*** framework around which that purchase and exchange and use of water could occur. So we began to expand the regulations to include a process by which we could allow water to be marketed on an interstate basis.

"We incorporated some guidelines that gave us authority to define water conservation requirements and *require* water conservation plans and agreements with water users in the basin. . . ."

Then we also kind of came to a conclusion that there were other issues. Conservation was a big issue, and we felt like we needed more latitude in defining what constituted a reasonable beneficial use of water. We incorporated some guidelines that gave us authority to define water conservation requirements and ***require*** water conservation plans and agreements with water users in the basin.

". . . we expanded the regulations to include provisions for how contracts for Colorado River water could be obtained, what the relationship was between the United States and the state governments . . . provisions to allow banking of . . . Colorado River water. . . ."

And, gee, we expanded the regulations to include provisions for how contracts for Colorado River water could be obtained, what the relationship was between the United States and the state governments as it related to administration of the entitlements. We provided provisions to allow banking of, in the regulations, to allow banking of Colorado River water. One of the things that California was really interested in, particularly Metropolitan, was the right to be able to conserve water, and then allow the conserved water to be banked in the reservoir system and earmarked for use at some future date by the entity that had conserved or had provided for the conservation of the water. So we incorporated provisions to allow banking to occur.

Regulations Evolved into a Broader Document than Originally Envisioned and

Reclamation Gave the States an Informal Review Opportunity

Then, in fact, what happened is these regulations really became a much broader ***document*** that was going to provide a vehicle, we felt, to solve a lot of the water issues that we had in the Lower Basin of the Colorado River. We worked very extensively on those regulations. I think we developed a first draft in probably '90 . . . I don't remember the exact dates. Probably around '92. And we provided that to the states for review on a very informal basis. They reviewed and gave us comments. We made revisions and rewrote, and put a lot of effort into redrafting the regulations.

Then finally in October of '94, or not in October, but in 1994, in ***early*** 1994, the issue around Nevada and interstate water marketing began to become much more significant, and the Secretary had publicly announced that he was interested in finding ways to meet Nevada's water needs with the Colorado River.

Senator Bill Bradley's Hearings on the Lower Colorado River

I'm trying to remember what else was happening in 1994. Basically there was a lot of interest around those issues, and, in fact, Senator–he was Chairman of the Water Committee in the Senate. That's not the right word. It's not Water Committee, but the senator from New Jersey. I can't remember his name. He's the–

Storey: I don't know where Bill Bradley's from.

". . . Betsy Rieke . . . indicated our desire to initiate the regulatory process that would open up interstate water marketing in the Lower Basin of the Colorado River. . . ."

Johnson: Yeah, Bill Bradley. Bill Bradley from New Jersey took a strong interest in the Lower Basin of the Colorado River, and he actually held hearings on the Lower Basin of the Colorado River, and Betsy Rieke, who was the Assistant Secretary at that time, testified, and indicated our desire to initiate the regulatory process that would open up interstate water marketing in the Lower Basin of the Colorado River.

". . . interest among the states and all the water users began to become pretty significant as it relates to these regulations that we were developing. Of course, these were all still in-house. . . ."

And so the interest among the states and all the water users began to become pretty significant as it relates to these regulations that we were developing. Of course, these were all still in-house. I think the hearings that Bradley held were held in like March or February, somewhere in that time frame.

Interstate Marketing on the Colorado River Was a New Approach That Raised Issues among the Basin States

So we were ***talking*** pretty extensively about interstate marketing, and ***new*** approach to managing water in the Lower Basin of the Colorado River, and trying to

make some changes in how we administered entitlements to Colorado River water. ***Historically***, we had taken a very conservative view of how the Colorado River should be managed, and, in fact, traditionally it had been the view of most water users, and I think probably the Bureau supported this view. I'm talking about maybe five, ten years ago that interstate water marketing was not legal under the law of the river, or it was not something that would ever be a possibility on the Colorado River system. So it was a pretty novel idea, and for the Federal Government, or the Bureau to be proposing doing interstate water marketing was, I think, probably a fairly bold step.

". . . in May of that year [1994] there was so much interest in the regulations, and we had them drafted, that we decided to go ahead and release them, not as a formal proposed draft, but just as an information copy to kind of give people a preview of exactly what we were thinking in terms of managing the Colorado River. . . ."

But anyway, then in May of that year [1994] there was so much interest in the regulations, and we had them drafted, that we decided to go ahead and release them, not as a formal proposed draft, but just as an information copy to kind of give people a preview of exactly what we were thinking in terms of managing the Colorado River. We released the draft regulations for information purposes, and then we held a series of about twelve public meetings in the Lower Basin, different areas–Las Vegas, Phoenix, Yuma, Imperial Valley, southern California, Los Angeles, Palos Verde Valley–over about a two month period. There was really a ***lot*** of interest. We had a ***lot*** of turnout for all those public meetings.

"Then we got . . . a very strong statement of feeling, particularly from the state of Arizona objecting to the regulations. . . . congressional delegation . . . The governor and all of the water users . . ."

Then we got, I think, a very strong statement of feeling, particularly from the state of Arizona objecting to the regulations. The Arizona congressional delegation sent a letter to the Secretary. The governor and all of the water users individually sent letters–this is all from Arizona–sent letters to the Secretary objecting to the regulations, and particularly to the interstate marketing provisions of the regulations, just expressing very strong, very strong objections.

". . . part and parcel with the anti-Federal mood that existed . . . *even though* the Lower Basin is basically a federally controlled system *already* under the *law*. . . . Historically, even though legally the Bureau has, and the Secretary has strong authority for managing the river, we've always been very careful to, out of comity, to defer to the states and their recommendations . . . California, and Nevada, I think, *saw* that there were *significant* benefits in the regulations for them, and we did not get the same strong reaction from California . . . But by the same token, we didn't get strong support. . . . As a result, . . . We backed off. . . . then, we initiated a . . . five-way discussion in the Lower Basin to try to address the issues. The three states, Arizona, California, and Nevada. The Bureau of Reclamation

and the . . . Lower Basin Indian Tribes . . ."

I think there was a couple of things that were going on. One, I think that it was part and parcel with the anti-Federal mood that existed, and that if the Federal Government was coming forth with this kind of a novel idea, that it was too much Federal control, that the regulations constituted more Federal control of the Lower Basin than Arizona preferred to see occur, ***even though*** the Lower Basin is basically a federally controlled system ***already*** under the ***law***. The Boulder Canyon Act and the Supreme Court Decree pretty clearly put the Secretary of the Interior in charge of the Lower Basin of the Colorado River.

I think Arizona really viewed it as a flexing of the Secretary's muscle and maybe stepping farther than they cared to see the Secretary step. Historically, even though legally the Bureau has, and the Secretary has strong authority for managing the river, we've always been very careful to, out of comity, to defer to the states and their recommendations on how the river is managed. So we really haven't been very heavy-handed in our approach to managing the river. We've worked hard to try to manage the river in a way that the states were very comfortable with. I think they saw these regulations as the beginning of an era where they would play a much smaller role, and that made them very uncomfortable.

So we got a ***real strong*** reaction from Arizona. California, and Nevada, I think, ***saw*** that there were ***significant*** benefits in the regulations for them, and we did not get the same strong reaction from California, the [other] two Lower Basin states. We didn't get strong reaction from them. But by the same token, we didn't get strong support. They kind of remained silent and let Arizona raise their concerns. They didn't come in and support the idea of developing the regulations. I think that was probably, even though they saw significant benefit in what we were going to do, I think Arizona saw potential loss to them. In the Lower Basin, Arizona is the one that's not using all of their entitlement. So if there is water to be sold or marketed, it's likely that they're going to be the one that's selling it. So they saw these regulations as maybe having the ***possibility*** of eroding their right to Colorado River water.

I think the other two states probably saw the regulations as maybe ***helping*** them to solve their problems on the river. So Arizona wasn't singular. But even yet, even in spite of that, I think that California and Nevada remained silent on our regulations, and let Arizona raise their objections because I think California and Nevada probably shared some of Arizona's concerns about Federal control. They're states, and I think they probably viewed our regulations, maybe even though they weren't coming out and saying it as strongly as Arizona was, I think they kind of hung back because I think ultimately a state's . . . water traditionally, and management of water is traditionally a state prerogative, a state perspective. We have state engineers, and water rights are actually appropriated under a state process. It's never been a Federal process. Lower Basin of the Colorado River is ***unique*** in that regard in that, as I mentioned before, it's a kind of a Federalized river system. Even so, I think that California and Nevada shared a little bit of Arizona's concerns. So they remained silent on the regulations.

As a result, I think, of Arizona's strong objection. We backed off. We took our regulations. We said, "We are not going to pursue regulations." Instead of regulations, then, we initiated a three-, actually a four- or a five-way discussion in the Lower Basin to try to address the issues. The three states, Arizona, California, and Nevada. The Bureau of Reclamation and the Indian Tribes, Lower Basin Indian Tribes, formed what we called a "technical committee" that began the process of trying to sort through the problems of the Lower Basin, the water supply needs in the Lower Basin, and what mechanisms might be implemented to solve those problems. So we kind of pulled–backed off on our regulations, and went to a collaborative process with the three states to see if we couldn't work to come up with some kind of a solution that they would all buy in on, rather than having us do it through a regulatory process, to kind of sit down jointly, and work on developing a consensus with them on how these problems should be solved. So we began that process, I think probably in September.

Storey: This was about when?

Established the Technical Committee about September of 1994 to Look at Lower Basin Issues

Johnson: I think the technical committee probably started in September of '94, and so we then began a series of meetings among the states and the Indian tribes and us. We had, I don't know, a ***lot*** of meetings. I'd say between September of '94 and May of '95, we probably had at least monthly meetings, and some of them were two- and three-day meetings where we actually went and spent two or three days in kind of a facilitated environment where we tried to work through the issues and detail.

By May of 1995 the Technical Committee Report Established a Framework for Interstate Marketing, Banking Colorado River Water, and Accounting for Inadvertent Overruns

In fact, we made some very significant progress in those discussions. In fact, in May of '95, we put a final technical committee report together that laid out a framework that I think was very similar to the framework that was laid out in our regulations that called for interstate marketing, that called for banking of Colorado River water, that laid out provisions for how we account for inadvertent overruns that can occur occasionally for individual entitlement holders, and provided for a process for addressing illegal diverters.

So the technical committee kind of came together, and, in fact, developed–now, some of the solutions were a little different, and some of the legal approaches to how interstate marketing would occur were different in the technical committee discussions than what we'd proposed in our regulations, but the important thing was that the same concepts were there, and even though we were taking maybe some different legal approaches to how those problems ought to be addressed, we had the framework for a solution, ***we thought***, in hand.

"Arizona . . . offered . . . 60,000 acre feet of entitlement that they were going to make available for Nevada through . . . a forbearance agreement . . ."

Arizona, in fact, came forward and offered, I think at the time, 60,000 acre feet of entitlement that they were going to make available for Nevada through what they term, or what everybody terms, a forbearance agreement, which means that Arizona would agree to forbear from its use of Colorado River water a specific amount of Colorado River water, and as they forbear, then that would allow Nevada to take and use that water under Section 2.B.6 of the Supreme Court Decree, which is a section that says that if one state's not using all of its entitlement, it can be made available for use by water users in another state. That was the legal mechanism that Arizona particularly wanted to use to allow interstate transfers to occur and was one that, as far as we were concerned, fit well and worked, and if the other states were comfortable with it, we were fine in allowing that to be the legal mechanism that would be used. So anyway, we felt like we had made really good progress in the technical committee.

The Technical Committee Did Not Include All the Involved Political Heads of the Agencies

What happened then is in May, the technical committee was formed. It was not the highest levels of the organizations. It included the assistant directors and the deputy directors of the Departments of Water Resources. That's not true in the case of California. Jerry Zimmerman was there in the case of California. But the principals of the three states who were the political and the political level from the three states were ***not*** directly involved in those discussions. Those discussions were at a staff level, at the high staff level, you know, the deputy–but these were ***career*** staff people who had worked in the water business for years and knew the technical aspects of the Colorado River, but it did not include the political level of the organizations. It did not include the Director of the Arizona Department of Water Resources, and it did not include the head of the Colorado River Board or Colorado River Commission of Nevada, the people who were at the political level in the states that ultimately needed to agree to whatever was put together.

When the Political Leaders Met in California, the Meeting Broke down with Nevada Apparently Feeling Arizona Wanted Too Much for the Water it Offered

What happened in May, then, of that year is the directors at the political level said, "Well, okay. The technical committee's done a good job. It's now time to elevate these issues to the higher level, and to have some meetings and try to see if we can move forward from here." There was a meeting that I think was held, I think Metropolitan Water District General Manager [John] Wadraska held a dinner meeting that included, I think, the Department of Water Resources Director from Arizona, and it included the political–I think it probably included, from Nevada, Pat Mulroy and Richard Bunker, who are the two who have really been in the lead for Nevada. They were not involved in the technical committee. The staff of those folks were involved, but that those people were not directly involved. It also included Betsy Rieke from the Department of the Interior. I don't think it included the Indian tribes.

But apparently, ***I wasn't at that meeting***, but the feedback from that meeting is that meeting did not go well. Apparently, Nevada felt like Arizona was trying to charge more for the water. The 60,000 acre foot sale had a price tag that Nevada thought was way too high. The price was high. Apparently, it was just not a good meeting and it broke down. I think there were some strong feelings and some strong personalities, and it began to deteriorate.

Betsy Rieke Left the Department of the Interior, and She Understood the Lower Basin Issues Very Well, Especially Arizona's Concerns

Shortly thereafter, Betsy Rieke left the Department. Betsy had been a former Director of the Department of Water Resources of Arizona, so Betsy had very close ties back to the state of Arizona, and knew and understood the Arizona position and view on issues very well. As the Director of Water Resources from Arizona, she also knew and understood the other two states very well and what their perspectives were on water issues. So she had really been the lead for the Department on Colorado River issues. She was now leaving the Department. So as she was leaving the Department, they were looking for somebody else in the Department to kind of step in and take the lead in trying to bring the political level of these three states together to try to resolve this issue. This is just a year ago, now, I guess.

Storey: Yeah, about a year.

Secretary of the Interior Bruce Babbitt Decided to Take the Lead

Johnson: May of '95. Yeah, about a year ago. As they were looking for somebody within the Department, the Secretary ***personally*** began to take an interest in the Colorado River and what was going on there, and he decided that he would like to be the lead, probably not just because he took an interest, he did take an interest, but because he had the background. I mean, he also was Arizona. He understood Arizona's view on water. Before he became Secretary, he had been an attorney practicing in water law, and the Colorado River was one of the things that he had been involved in as an attorney, representing various clients in Arizona and other places. So he had a personal interest in it, but also he had a technical understanding of the river, and he knew the players, and he had a pretty good grasp.

Secretary Babbitt Hosted a Dinner in Phoenix, and Again the Meeting Did Not Go Very Well

So he personally decided to get involved, and he then personally hosted a dinner, and he tried to bring the three states together. So he had a meeting in Phoenix. He had a dinner. He brought the three groups together from a political level of the three states. ***Again***, the meeting did not go very well. I guess it wasn't as bad as the meeting that was in California that was hosted by Wadraska. But generally the feedback was is that there were still some very hard feelings among the participants.

Secretary Babbitt Suggested Hiring a Facilitator to Help Bring the Different Interests Together

As a result of that, he proposed that the three states hire a facilitator. Somebody who was skilled at interacting with the groups, and see if a facilitator couldn't work to try to bring these three groups together. So he asked us to do some leg work on finding a cadre of facilitators with the right background.

Scheduled a Meeting of the States with Reclamation to Select a Facilitator, and Arizona Did Not Attend the Meeting

We scheduled a meeting, then, later in June of that same year, a little over a year ago, or not quite a year ago, I guess, to bring the [three] ~~two~~ states together and bring a group of facilitators to interview with the states and see if we couldn't find somebody that everybody could agree on, on who should participate.

END SIDE 1, TAPE 1. MAY 31, 1996.
BEGIN SIDE 2, TAPE 1. MAY 31, 1996.

Storey: So they were at the point of selecting a facilitator, California and Nevada showed up . . .

Arizona Said it Wanted to Know the List of Issues on the Table Before it Would Begin Talks or Hire a Facilitator

Johnson: Right. Arizona didn't. Arizona boycotted the meeting. I think it was a combination of things. I'm not sure all of the reasons why Arizona–I think Arizona was trying to make a statement. I think they were trying to establish a negotiating position. Arizona, what they said was that they didn't support, they didn't want to come to the meeting because they thought it was premature to hire a facilitator, and that there needed to be an agreement as to what issues were on the table, because there were certain issues that Arizona was saying, "We don't even want to talk about these issues, and unless we know what issues are on the table, we're not willing to begin to talk about what process, or hire a facilitator." So they were just really taking a pretty determined stand, I think, not to cooperate.

The Meeting Went Ahead and Chose Abe Sofaer as Facilitator

But we went ahead in that meeting. We interviewed facilitators. We had some really good candidates. The two states, and the Department, and the Indian tribes–we had the Indian tribes also involved in that meeting–decided to hire a gentleman by the name of Abe [Abraham D.] Sofaer. He was a former Federal judge from New York who had been a political appointee in the [Ronald] Reagan Administration, had worked for the Secretary of State George Shultz, was an advisor. I think he had the title of advisor to the Secretary of State, and he worked for George Shultz in the Reagan Administration, and had, in fact, been very heavily involved in Middle East negotiations. So he had really had a strong background. Was currently–had a position with the Hoover. Is it the Hoover [Institution] ~~Institute~~ at

Stanford?

Storey: Um-hmm.

Johnson: Currently is with the Hoover [Institution] ~~Institute~~ at Stanford University, with George Shultz, by the way. George Shultz is with the Hoover [Institution] ~~Institute~~ at Stanford University. So he had indicated an interest, and was willing to come in. I mean, this was really a very high-powered gentleman that had really had a lot of experience in dealing with difficult [issues], as a Federal judge, and as a State Department negotiator, in probably the most difficult protracted issue, and he was willing to come in and sit down with the states and see if he could find common ground on issues related to the Colorado River.

So we ***hired*** this gentleman, and he agreed. In fact, he agreed to work for just, really, compared to what a normal fee for a guy like that would be, he agreed to work for a relatively small fee, with the understanding that whatever fee he was paid went back to Stanford University as a donation to Stanford University, and not something that he would personally benefit from. So we were just really lucky to have a guy of this caliber to kind of step into the process and agree to facilitate it. But we still didn't have Arizona on board.

The other thing that was good about him was that he was a Republican. I mean, I assume he was a Republican. He was a political appointee. He worked for a Republican Administration. With a Democratic Administration, and a Secretary who was currently involved, who was a Democrat, it was good to have–it kind of represented a bipartisan, you know, the politics was not necessarily, or partisanship was not necessarily involved in what was going on on the Colorado River. So from that perspective, I think we all thought it was good.

". . . Arizona just wasn't willing to come to the table. . . ."

Anyway, we hired him. He stepped in, began to facilitate. He reached out to Arizona. He tried to get Arizona to come to the table, and Arizona just wasn't willing to come to the table.

After Several Years of Work with the Central Arizona Water Conservancy District, in May of 1995 the Parties Reached an Agreement in Principle to Resolve Financial Disputes on the Central Arizona Project

One other thing happened that was of significance. Right after we hired Abe to be facilitator, we had been working with the Central Arizona Water Conservation District [CAWCD].[19] This is the water district that operates the Central Arizona Project, and also repay[s] the Central Arizona Project. We had had some very significant financial disputes with them over the repayment of the Central Arizona

19. Created in 1971 as the repayment contractor in Arizona for the Bureau of Reclamation's Central Arizona Project, the Central Arizona Water Conservancy District now is known as the Central Arizona Project. The website for CAWCD may be found at: http://www.cap-az.com/AboutUs.aspx as of July 14, 2011.

Project, and we had been in negotiations with C-A-W-C-D for six months–or, no, I take that back. Betsy Rieke and the Department had actively been involved in negotiations.

Prior to that, the Bureau had been involved for like two years trying to negotiate and resolve the financial issues on the Central Arizona Project. In May of last year, actually in February of last year, we had developed an agreement in principle to resolve those financial issues. We were working on the details of putting together a detailed agreement and principle with specific language defining or outlining the framework around which those financial issues would be resolved, and, in fact, had even gone so far as to schedule a signing ceremony that would have included the Secretary in June of last year to resolve those issues.

Indian Tribes Were Becoming Significant Users of CAP Water, and Defining the Relationship Between CAWCD and the Tribes Was a Major Issue That Couldn't Be Agreed upon

So simultaneously, this had been going along with the Colorado River issues, the broader Colorado River issues. We were very close to having an agreement in May. We were having difficulties getting that agreement together because we were having very significant conflicts with Indian tribes in the Central Arizona Project. The tribes were becoming a major participant in using C-A-P water. Ultimately, they were going to be getting over 40 percent of the water from the Central Arizona Project, and so they had very much an interest in the arrangements around which C-A-P, and the financial issues, and their relationship with C-A-W-C-D was settled. So a big part of our negotiations with C-A-W-C-D was defining the relationships of the tribes and their use of water to C-A-W-C-D, who was operating and maintaining the project. So we had some very difficult issues in this agreement in principle between C-A-W-C-D and the Central Arizona Indian tribes.

"The tribes, in fact, were objecting to the Secretary signing that agreement. . . . the whole purpose of the agreement was to gain additional water and additional benefits for Indian tribes . . . tribes wanted a voice in how C-A-W-C-D operated . . . the project, and C-A-W-C-D was not willing to provide that voice. . . ."

In May, we were moving forward to sign the C-A-P agreement. Two things happened in May. One, we got into a very difficult problem with the tribes. The tribes were refusing to support the signing of this agreement with C-A-W-C-D to resolve the financial issues on C-A-P. The tribes, in fact, were objecting to the Secretary signing that agreement. It was important for the Secretary to have the support of the tribes in signing that agreement, because the whole purpose of the agreement was to gain additional water and additional benefits for Indian tribes, and if the entities that were supposed to be benefitting from an agreement are protesting, it's very difficult to justify that the agreement is really worth trying to sign.

So we had the tribes who weren't really supporting this agreement. The reason why they weren't supporting it is because C-A-W-C-D basically is the operator of the project, and the tribes wanted a voice in how C-A-W-C-D operated

and maintains the project, and C-A-W-C-D was not willing to provide that voice. They were ***only*** willing to let the tribes have a voice through their interaction with the Secretary, and there was no direct relationship between C-A-W-C-D and the tribes, and that was really giving the tribes difficulty in being able to support the agreement.

"The tribes were also wanting to be treated on an equal footing with non-Indian users for future reallocations and sales and transactions that might occur for C-A-P water. They wanted the right to be able to *buy* water in the future if they needed to from other non-Indian interests within Arizona. . . . C-A-W-C-D views the tribes as having a relationship with the Secretary, and any involvement that the tribes have in C-A-P has to come *through* the Secretary . . . So C-A-W-C-D was resisting giving the tribes a direct voice and a direct role in the Central Arizona Project. . . ."

The tribes were also wanting to be treated on an equal footing with non-Indian users as it relates to future reallocations and sales and transactions that might occur for C-A-P water. They wanted the right to be able to ***buy*** water in the future if they needed to from other non-Indian interests within Arizona. C-A-W-C-D was not very willing to allow the tribes to do that. Again, C-A-W-C-D views the tribes as having a relationship with the Secretary, and any involvement that the tribes have in C-A-P has to come ***through*** the Secretary, not in a direct relationship~~, but~~ with the district and the tribe. So C-A-W-C-D was resisting giving the tribes a direct voice and a direct role in the Central Arizona Project.

As a result, the tribes weren't supporting the signing this agreement [by] ~~with~~ the Secretary. That was making it very difficult for the Secretary to move forward with this agreement to settle the C-A-P issues. So that was the first thing that was happening on C-A-P, you know, along about that same period of time.

In Addition, the Governor of Nevada Contacted the President and Protested the Settlement of Financial Issues on the CAP

The ***second thing*** that happened is that when Arizona refused to come to the table and participate with this facilitator, and with the difficult meetings that had occurred both with the Secretary and with Betsy Rieke between Nevada and Arizona, the second thing that happened, and I'm pretty sure this happened, the newspapers said it happened, apparently the governor of Nevada called the President and told the President that he should withdraw from entering into agreement with Arizona on settlement of C-A-P issues. In Nevada's view, C-A-P is a user of Colorado River water. Arizona, with this settlement of C-A-P issues, was getting ***all of their issues*** on the Colorado River ***resolved***. These issues on C-A-P are related, in Nevada's view, to the Colorado River. Arizona was refusing to participate with Nevada in resolving the broader issues in the basin, and Nevada was complaining to the President that, "Gee, it's not right for Arizona to get their problems solved, and yet we're left here and Arizona won't participate with us in getting a broader agreement that settles our issues in the Lower Basin as a whole. These are related issues and it's not fair to let one state get its issues resolved, and another state not." So Nevada

directly expressed political opposition to entering into the settlement of C-A-P issues.

Rumor has it, and I don't know if it's true or not, but rumor has it that Metropolitan Water District was behind the scenes, although they did not directly take ownership, but was behind the scenes, was saying the same thing, quietly, that Arizona should not get its C-A-P issues resolved until the broader issues on the Colorado River were resolved.

CAP Financial Issues Didn't Get Settled, and There Was No Progress on Dealing with Issues on the Colorado River

So, anyway, as a result of the non-support of the Indian tribes, and the call from Nevada to the President objecting to the signing of the C-A-P agreement, in fact, we did not ***get*** a settlement of the C-A-P issues. The agreement in principle never got signed. The signing ceremony in June between the Secretary and everybody from Arizona got canceled. So that caused Arizona to bow their back even more as it relates to the Colorado River. All this occurred about simultaneously with our hiring of this facilitator, Abe Sofaer. Within a week's time, all these things occurred at the same time–the Indian tribes not supporting the agreement, and the agreement falling apart on its own merits because of the Indian tribes' non-support, but then the call from Nevada, and the hiring of the facilitator to try to resolve these issues.

As a result, we had a major set of issues on our hands, one related to C-A-P, and, two, related to the Colorado River. We were having a lot of difficulty. We got a lot of negative press, particularly in Arizona. I don't think we got negative press in California and in Nevada, but Arizona was just–the call from the Nevada governor was in the headlines of the Arizona press, and the Secretary got blamed for everything in the Arizona press. It was very difficult.

Arizona continued to boycott any discussions on the Colorado River. They were just unwilling to enter into discussions on the Colorado River. They refused to participate in any facilitated process, and basically were a non-participant through the whole summer. We did continue to work with the facilitator and with Nevada and California, and all the entities in Nevada and California. So Abe Sofaer did work with the two states, with the strategy being if we can pull the two states together and we can get a solution that California and Nevada agrees to, that doesn't ***harm*** Arizona, even though Arizona's not participating, then maybe that will open the door for the Secretary to go ahead and implement at least a solution on the Colorado River. So we continued to try to work with Nevada and California, and did through the summer months on a facilitated process with Abe Sofaer to try to find a solution to Colorado River. But even that fell apart.

By the end of summer–it's interesting how politics comes to play but, and I don't know, this is just ***speculation***, but I think it's probably pretty good speculation, [Pete] Wilson from California, Governor Wilson from California, was running for President. Arizona is a conservative ***key*** primary state in the Republican presidential primary. Wilson was, I think, interested in currying Arizona's favor for political

reasons, I think. And, of course, the governor of Arizona is Republican. Wilson and Symington, the two governors of California and Arizona, kind of formed an alliance on this Colorado River issue, and, in fact, Symington got California to then ***withdraw*** from the facilitated discussions on the Colorado River, which was interesting, because if you look at the history of the Colorado River, the conflict on the Colorado River has ***always*** been between Arizona and California. In fact, California and Arizona have never agreed on ***anything*** as it relates to the Colorado River. Yet now for the first time in history, California and Arizona had formed an alliance, and were both withdrawing from the facilitated discussions.

So that just left us with Nevada, and really nowhere to go. I mean, if California wasn't going to participate, there just really wasn't much that we could do in terms of trying to move forward. So the process with the facilitator in trying to bring the three states together just kind of came to an end towards the end of last summer.

Shortly after that, Arizona came out and said, "We're willing to reinitiate a dialogue with the three states, but we don't want the Indian tribes, and we don't want the Federal Government involved in the discussion. We'll get back to having discussions with California and Nevada, but we just want those ~~three~~ states to work with us, and we don't want the Federal Government at the table, nor do we want Indian tribes at the table."

In fact, the three states then held a meeting. This is probably in October. The three states did hold a meeting. I don't know exactly what happened in that meeting. The feedback that I got was that ***nothing*** happened in that meeting. (laughter) They held another meeting in November, and not much came out of the November meeting, either. So, little progress, little progress occurred.

Secretary of the Interior Babbitt's Speech at the Colorado River Water Users Meeting in Las Vegas in December of 1995

In December the Colorado River Water users [meeting] was coming up, and the Secretary decided that maybe that might provide a good forum for him to make a statement about the Colorado River. This is a big meeting that's an annual meeting of all the seven states. It's held here in Las Vegas every year, attended by–I mean, it's really quite a big group of water users on the Colorado River System as a whole that get together, and the Bureau is very much a part of those meetings. So the Secretary kind of picked that out as an opportunity for him to make a statement on the Colorado River, and he did.

There Is Longstanding Animosity Between California and Arizona over Colorado River Water and on Many Differing Issues

He came and he gave a keynote speech on the last day of the conference. Basically, what he said was, I think he delivered a really good message. What he said to the water users is, "Look. Take a look at the history of the Colorado River System.

It's been embroiled in conflict from the very beginning." If you go back to 1928, and you'll look at the history on the Boulder Canyon Act–well, go back prior to 1928. Go back to the compact, which was negotiated in 1922. The seven states kind of came together, came up with a compact between the Upper and the Lower Basin. They couldn't get agreement on apportionment of water among seven states, but they could come up with this concept of two basins, an Upper Basin and a Lower Basin, and they ***did*** get the water between the Upper and the Lower Basin divided. But then in 1928, as they were passing the Boulder Canyon Act, which was development of Hoover Dam and development of water supply for use in the Lower Basin, there was just a bitter debate between California and Arizona over how much water each state got, and they ***both*** laid claim to a much larger share of the river than the other was willing to support. So the bitterness of the debate really began back then, and carried through. That's what *Arizona v. California* was all about.

Congress ultimately made a recommended allocation in the Boulder Canyon Act of how the water ought to be allocated. It provided for the three states to get together and make a joint decision among themselves, create a commission. Is that the right word? No. It set up the framework for them to create a compact, not a commission, but to create a compact for the three states to divide the water in the Lower Basin. But if the three states couldn't ***agree***, the law also provided that if the three states couldn't agree on how that water ought to be divided, it vested in the Secretary the authority to go ahead and enter into contracts for the delivery of that water. That's what vested all the authority in the Secretary of Interior.

The Congress said, "If the three states can't agree, the Secretary will have control to make decisions and to enter into contracts to allocate this water." The Congress then ***gave*** the Secretary some guidance by making a suggested allocation of how that water ought to be allocated and assigned. So when the three states still couldn't agree after the act was passed, the Secretary went ahead and did that, and he entered into contracts pursuant to the Boulder Canyon Act to divide the water among the three states, in the suggested allocation proposal that the Congress made at the time. So that, in essence, is what gave the Secretary of the Interior all the authority that he has over the Lower Basin of the Colorado River.

It was a very difficult debate, and there were very hard feelings. The feelings were so strong in Arizona, that Arizona refused to ratify the compact between the seven states. In fact, the Boulder Canyon Act had to ***provide*** that the compact became effective if only six out of the seven states ratified the compact, because the Congress recognized that Arizona wasn't going to ratify it. Usually when you have a compact among states, you've got to have all the participants. But the Congress had to make special provision because they recognized that Arizona wasn't going to ratify the compact even in 1928. In fact, Arizona did not ultimately ratify the compact until 1945. Maybe it was 1944.

Storey: 1944, I think.

Johnson: In 1944, Arizona finally ratified the compact. Arizona also, to show you the depth of the feelings, Arizona also sent–this is the old, and this is true, although there was no

violence, but Arizona, when Metropolitan Water District and the United States jointly began construction of Parker Dam, which was the facility that was going to allow ~~Arizona to divert, or~~ Metropolitan to divert its share of Colorado River water, the Arizona governor actually sent the state militia to the dam site, with the intent of stopping the start of construction. So there were really strong feelings on the part of–

Storey: What was the purpose of Parker?

Johnson: Parker Dam. The purpose of Parker Dam was to create the diversion for Metropolitan's aqueduct to deliver water over to Los Angeles.

Storey: For California's water?

Johnson: Right. For California. Did I say that wrong?

~~Storey: I think we got Arizona in there.~~

~~Johnson: Did I say Arizona? Yeah, right. Good.~~

Storey: So Arizona sent the militia?

Johnson: Yes. Arizona sent the state militia. I think it was 1939 or '40. They actually sent the militia to the Colorado River, with the intent of stopping the beginning of construction. They, in fact, did not stop the construction. They went ahead and there was no violence, but it was an attempt to stop the construction of Parker Dam. So it's a demonstration of how the states have never seen eye to eye. Then it continued in the 1940s and early 1950s. Arizona finally ratified the compact. Arizona had their dream of the Central Arizona Project. They wanted to build a diversion to bring Colorado River water to Phoenix and Tucson and to the agricultural areas in Central Arizona, and couldn't do it on their own. Needed the Federal help, and they were pursuing legislation in the Congress to allow that to occur.

California was saying, "No, Arizona can't do that. They don't have the right to the water." California was arguing, "They don't have the right to the water because, one, we're already using it, and under the prior appropriation doctrine we have the right to divert and use if we've established the precedent, and are diverting and using water, we have the right to it, and Arizona doesn't have the right."

The second thing that they argued is Arizona had developed the Salt River Project, which is on the Gila River, on the Salt River, which is a tributary of the Gila, which is a tributary of the Colorado. California argued that the development of the tributary and the use of that water was using Arizona's share of Colorado River apportionment, and that the main stem apportionment under the Boulder Canyon Act was being eaten up by the Salt River Project in the use of the tributary flows within Arizona. Those arguments ***stopped*** Arizona from getting the congressional support that it needed to authorize and build the Central Arizona Project.

So that's what started *Arizona v. California*, and I think in 1952, Arizona filed suit in the Supreme Court against California. That, then, resulted in the appointment of the special master, and years of research, and gathering data, and ultimately led up to the Supreme Court decision in *Arizona v. California* in 1963, that basically ruled in Arizona's favor and said that the tributary use does not count against your main stem entitlement, and California's prior use of that water does not create a permanent right to that water on California's part. So that if Arizona wants to develop and use its entitlement, it can do that, and California will have to give up its use of that water. That's what the Supreme Court decision was all about.

That's why we wrote the letter in 1990 to Metropolitan Water District, telling them they were going to have to reduce their use, because the Supreme Court had ruled that back in 1964. When I started the story here early on about our regulations in 1990, we had written a letter that was really a follow-up to all of that.

Storey: That's one of my questions. I don't understand why that would be the case, because I believe the '68 act also specified that if there were shortages of water, Arizona would take the first hits.

During Shortage Years the Central Arizona Project Would Take the First Shortage in the Lower Basin

Johnson: Just the Central Arizona Project. That's true. Just the Central Arizona Project would take the hits, but only in times of shortage. As ***long*** as the Secretary has declared that seven and a half million acre feet is available on the Lower Basin, that's not a shortage.

Storey: So you're saying '90 was not a shortage?

1990 Was Not a Shortage Year, it Was a Normal Year for Colorado River Water

Johnson: '90 was not a shortage. We still had enough water to meet the needs of the Lower Basin of seven and a half million acre feet. Arizona was beginning [to] divert its Central Arizona Project entitlement. Lower Basin use, under the operating plan for the year, was limited to seven and a half million acre feet of use, and that's not a shortage condition. That's what we call a ***normal*** year condition on the Colorado River. So when you have normal years on the Colorado River, we limit use to seven and a half million acre feet. That's 2.8 million acre feet to Arizona, 300,000 acre feet to Nevada, and 4.4 million acre feet to California.

Well, California is really using about 5 to 5.2 million acre feet, and so when Arizona begins to divert its full 2.8 million acre feet in normal years, that means California has to reduce its use. Now only if there is a shortage, and the Secretary declares, "I can't make seven and a half million acre feet. There's too little reservoir storage, and I can't make a full seven and a half million acre feet available for use," then under ***those*** circumstances, that's when C-A-P has to reduce its diversions. But in normal years, California is required to cut back to its apportionment of 4.4 million acre feet, ***if*** Arizona wants to put the water to use.

Storey: I also understood that out of Arizona's 2.8, part of that was allotted for downstream uses along Arizona's . . .

Johnson: Right. That's true.

Storey: It isn't a coastline. What is it? It's along the river. (laughter)

Johnson: Yeah, right.

Storey: Aren't these wells that you were talking abut earlier part of that use, or am I missing something here?

". . . Arizona uses about 1.2 to 1.4 million acre feet along the river. That leaves about a million and a half available for C-A-P to divert and use in normal years. . . ."

Johnson: Some of it ***can*** be. If Arizona is willing to recommend–Arizona uses about 1.2 to 1.4 million acre feet along the river. That leaves about a million and a half available for C-A-P to divert and use in normal years. There is a small amount of Arizona's 2.8 million acre feet that is not yet contracted for, and if Arizona wants to recommend those users that don't have contract, if they want to recommend that we give them a contract, then we could contract with those folks and make them ***legal*** diverters of Colorado River water.

Now, in some cases, Arizona is likely to recommend that that water be allocated, and in some cases Arizona may, in fact, say, "No. We don't think that's a legitimate use, and we think that use ought to be stopped."

Where there's a more significant problem is over in California, where all the water's already been allocated and contracted for. All of [California's] ~~Arizona's~~ 4.4 million acre feet have been already contracted for, and we still have users along the river that are pumping Colorado River water and using it. There is no unused water to give them a legal entitlement to divert and use. In those cases, the legal ability to ***stop*** that illegal use of water is something that we may need to exercise.

END SIDE 2,TAPE 1. MAY 31, 1996.
BEGIN SIDE 1, TAPE 2. MAY 31, 1996.

Storey: This is tape two of an interview by Brit Storey with Robert W. Johnson on May the 31st, 1996.

I had just asked you what are we doing to identify the people who are using the water.

Johnson: We have a program in our Yuma office, and they're currently doing surveys of all the wells along the river system to get a handle on just how many wells there are and how much water is being pumped. So we're in the process of gathering that data and

that information on where those wells are, who owns them, and how much water they're diverting. So we have a program to get a handle on that.

Storey: Now, am I understanding Metropolitan Water District was using water above the 4.4 California allocation?

". . . Metropolitan has a *normal* year entitlement for 550,000 acre feet of water. In fact, their diversion capacity is about 1.2 million acre feet of water. . . ."

Johnson: Yes. Yes. Out of [California's] ~~Arizona's~~ 4.4 allocation, Metropolitan has a ***normal*** year entitlement for 550,000 acre feet of water. In fact, their diversion capacity is about 1.2 million acre feet of water. That, in fact, has been what they have been diverting for the last twenty years. So they have developed very much a dependence on the use of that water that they don't have a permanent entitlement for.

Storey: So this, then, becomes an area where the declaration of a surplus on the river comes into effect?

Johnson: Right.

Storey: Am I using the right terminology?

Johnson: Right. You've got the right terminology, yes. The Supreme Court decree recognizes, and the Boulder–not the Boulder Canyon Act, but the Colorado River Basin Project Act, which is the act that authorized the Central Arizona Project.

Storey: The ***'68*** Act.[20]

The Colorado River Basin Project Act Assigns Responsibility to the Secretary of the Interior to Develop an Annual Operating Plan for the Colorado River, Including Determining Whether it Will Be a Normal, Surplus, or Shortage Water Year

Johnson: The '68 Act. Recognizes that the amount of ***water*** that's available for use on the Colorado River system may vary from year to year, and it charges the Secretary with the responsibility to develop an annual operating plan where he takes a look at what the need for water is, and what the reservoir conditions are, and what the projection for runoff is on the Colorado River System and, based on all of those various conditions, makes a judgment as to whether or not it's a normal or a shortage or a surplus year. So, in fact, each year the Secretary has the option of saying, "It's a normal year," in which case he ***limits*** use to seven and a half million acre feet. Or he can also say, "It's a surplus. Reservoirs are full, and I think we could allow more than seven and a half million acre feet of use in the Lower Basin." Also, if the reservoirs were low, he could say, "It's a shortage year. I'm declaring a shortage and there's less than seven and a half million acre feet available for use." That's an annual decision that the Secretary makes.

20. The Colorado River Basin Project Act of September 30, 1968 (Public Law 90-537; 82 Stat. 885; 43 U.S.C. §1501).

". . . probably this year . . . we are going to declare a surplus. . . . 1996 is the first year since 1990 that use in the Lower Basin is going to exceed seven and a half million acre feet. We expect use this year to probably be somewhere around 7.8 to 8 million acre feet. . . ."

That, in fact, has been the direction that California has gone in the last seven or eight years, is arguing that the Secretary ought to be declaring surpluses and making additional water available for use so that we don't have to cut Metropolitan back. ***In fact***, I think probably this year for the first time we are going to declare a surplus. This is the first year, 1996 is the first year since 1990 that use in the Lower Basin is going to exceed seven and a half million acre feet. We expect use this year to probably be somewhere around 7.8 to 8 million acre feet.

Early on in the year, because we anticipated use to be less than seven and half million acre feet earlier in the year, we just declared a normal condition. So we said use was going to be–but we left room in that declaration for the Secretary to ***reconsider*** during the year, and if it appeared that demands exceeded seven and a half million acre feet, for the Secretary to make a judgment later in the year to change that condition from normal to surplus. We are right now in the process.

"We just had a consultation meeting about two weeks ago with the Basin States where we talked about declaring a surplus this year, and I think we have support for doing that. Reservoirs are *full*. We're right on the verge of having to make flood control releases. We've had two above normal years on the Colorado River System . . ."

We just had a consultation meeting about two weeks ago with the Basin States where we talked about declaring a surplus this year, and I think we have support for doing that. Reservoirs are ***full***. We're right on the verge of having to make flood control releases. We've had two above normal years on the Colorado River System, and, in fact, the reservoirs are very full, and we think it's justified to make a surplus condition available this year. So we're probably going to do that. We haven't done it yet, but we probably will.

I really started off talking about the Secretary's speech. I was kind of giving a chronology of where we've been since we began our effort of writing the regulations, the recent history, the last two years of history on the Colorado River with the technical committee and everything that's happened.

Storey: Before we do that, one quick question. When you say the Secretary declares a normal year, a surplus year, a year when there's a water shortage, you really mean the Bureau of Reclamation, is that right?

Johnson: Well, no I really mean the Secretary.

Storey: Okay.

". . . each year the Secretary signs letters to the seven Basin States. It's something that the Secretary does, personally. The Bureau of Reclamation does all the work, and we hold the meetings, the public meetings, and we develop the plan. We write the reports. We prepare the letters. But the Secretary actually signs the letters. . . ."

Johnson: Because each year the Secretary signs letters to the seven Basin States. It's something that the Secretary does, personally. The Bureau of Reclamation does all the work, and we hold the meetings, the public meetings, and we develop the plan. We write the reports. We prepare the letters. But the Secretary actually signs the letters. It's not a declaration by the Commissioner or by the regional directors or anything like that. It's actually something that the Secretary signs each year. He signs a letter to each of the seven governors of the Colorado River Basin States telling them what his decision is for the year on the Colorado River.

". . . we always shoot for getting a decision by October so that the states can begin making their plans, and water users can begin making their plans. It's a calendar year declaration, but its made in October of the year preceding the calendar year. . . ."

He usually tries to do that by October, by the first of October for the coming calendar year. Sometimes it goes past October, but we always shoot for getting a decision by October so that the states can begin making their plans, and water users can begin making their plans. It's a calendar year declaration, but its made in October of the year preceding the calendar year.

Storey: Okay.

Johnson: Now, on the surplus declaration for this year, we recognized that a surplus declaration was something that may be necessary in '96. So when we had the Secretary declare the normal year last October, we included in that a delegation of authority to the two Regional Directors of the Upper and the Lower Colorado region[s] to change that determination to a surplus during the year if conditions warranted. So when we make our surplus declaration this year, that's something that the two Regional Directors ***just for this year*** have a delegated authority to do. But it is something that the Secretary is charged with, and something that the Secretary actually signs the letter. We don't have a delegated authority to do that for the Secretary. The Bureau of Reclamation doesn't have a standing delegation to carry out that function for the Secretary.

"The Upper Basin States have always gotten along pretty well, but the Lower Basin States have *never* gotten along well, and we had a long history of discord. There's never been consensus, and the only time progress gets made is when there's forcing events. . . ."

Anyway, let me get back. The reason why I was telling all this story about all the disputes between the states is because that was part of the Secretary's speech at the Colorado River Water users last year. We have this long history of dispute,

particularly in the Lower Basin. The Upper Basin States have always gotten along pretty well, but the Lower Basin States have ***never*** gotten along well, and we had a long history of discord. There's never been consensus, and the only time progress gets made is when there's forcing events.

In December 1995 Secretary Babbitt Told the States He Would Prefer a Consensus Approach to Managing the Issues on the Colorado River, but Absent Consensus He Would Make the Decisions Required of Him

Basically, the Secretary's speech to all the water users last year was along the lines, "Look. The states have ***never*** agreed. They have ***always*** disagreed on Colorado River issues. There are now before ***me***, or there is going to be before me, the Secretary, a number of issues that are going to be very difficult, i.e., water marketing; i.e., banking; i.e., surplus determinations on the river system. I'm charged statutorily with making decisions on those issues. They're going to come before me, and I'm required to make decisions."

So what he told everybody in his speech was, "And I am prepared to make those decisions." He also said, "I don't ***want*** to make those decisions unilaterally. I would very much prefer the states to work together and develop a consensus around those issues. But I'm telling you right now that if you ***don't*** develop a consensus around those issues, I'm prepared to move forward and make decisions." I think part of his message, although he didn't come right out and refer to regulations, but I think the Secretary might be willing next year to use these regulations that created all the controversy a couple of years ago when we put them out, we might pick them up and dust them off, and move forward to solve the problems if we can't get the states to agree. We pull them back off the shelf, and we've quietly waited. We've worked ***very*** hard to try to get the states to come together on these issues of banking and interstate marketing and all of those things. But we haven't been successful, and we still don't have agreement, and they're still not agreeing.

Issues Highlighted by Secretary Babbitt Included Interstate Marketing, Water Banking, and Water Conservation

So I think the Secretary basically kind of put out the word is, "Look. You guys need to work. You guys need to develop a consensus. If you develop a consensus, I will participate with you in implementing it. So get back together, develop a consensus, and let's move on and make progress on these issues." That was basically the speech he gave, which was really a very good speech. It was very well received. It was also bold. He said, "I am inclined to support innovative things. I think interstate marketing is good. I think we can implement interstate marketing. I think water banking, if it doesn't harm anybody, is good because we can help meet needs, we can provide incentives for conservation. We can do a number of things with these tools on the Colorado River system. So I'm ***inclined*** to favorably move on some of these issues, and I'm willing to be patient and let you develop consensus. But if you don't, I'm going to move." It was a really good message, and I think it was probably pretty well received.

". . . where we are currently. California has basically fallen apart. California, for the last six or seven years, has fairly consistently presented a unified voice on Colorado River issues, but there has always been a very significant debate just among the California users. There have been significant issues just among the California users around California's entitlement . . ."

One of the things that's happened is that the issues around the Colorado River–what I want to try to do is bring you up to date on where we are currently. California has basically fallen apart. California, for the last six or seven years, has fairly consistently presented a unified voice on Colorado River issues, but there has always been a very significant debate just among the California users. There have been significant issues just among the California users around California's entitlement and the use of California's entitlement to Colorado River water.

The Seven Party Agreement Establishes Priorities for Use of California's Entitlement on the Colorado River

". . . Metropolitan is the low priority user within California, and that they have to reduce their use while 3.8 million acre feet of irrigation use gets to continue to use all of its water on the Colorado River System, that's always been a difficult issue. . . ."

The seven-party agreement, the fact that Metropolitan is the low priority user within California, and that they have to reduce their use while 3.8 million acre feet of irrigation use gets to continue to use all of its water on the Colorado River System, that's ***always*** been a difficult issue. Accusations of inefficient use by irrigation users, particularly Imperial Irrigation District, by Imperial. Then even within the Metropolitan service area, there have been difficult issues among the users within Metropolitan.

"San Diego County . . . is Metropolitan's *major* water user. . . and yet they're similar to Met in the Colorado system. San Diego is the low priority user among all the Met users. . . ."

San Diego County, who is Metropolitan's ***major*** water user, they get 40 percent of Met's water deliveries, San Diego County, and yet they're similar to Met in the Colorado system. San Diego is the low priority user among all the Met users. San Diego, during the drought in California, always faced these threats of having their supply from Metropolitan cut off in favor of the Los Angeles area users. So there's been these deep divisions among Met's service area.

Because of Disagreements Within the State, California Has Not Been Able to Bring a Unified Position to the Table since about November of 1995

Basically what's happened to California in the last, I would say since about last November, is that the users within the Met service area have had substantial differences of opinion around the Colorado River issues. Metropolitan and the other users, Imperial and Coachella and Palo Verde, which are the major users within

California, have kind of had a falling-out. California has not been able to come back and discuss with the other states a unified position of California as it relates to the Lower Basin issues.

". . . since the Secretary's speech last December, we've been sitting around waiting for California to get their own act together. Interestingly, they hired Abe Sofaer, the same guy we had hired to facilitate discussions among the three states, to try to facilitate discussions among the California users. . . ."

So Arizona has expressed a willingness to come back to the table. Nevada has expressed a willingness to come back to the table and begin discussions. But California hasn't been ***able*** to come back to the table because the entities within California have been embroiled in their own controversy. What is California's position as it relates to surplus? Metropolitan wants a surplus declaration. But all of a sudden, Imperial Irrigation District and San Diego started questioning whether or not surpluses was a good strategy for California to pursue. So California no longer had a consistent position to argue with the other Basin States. as a result, we've just been sitting, since the Secretary's speech last December, we've been sitting around waiting for California to get their own act together. Interestingly, they hired Abe Sofaer, the same guy we had hired to facilitate discussions among the three states, to try to facilitate discussions among the California users. They're just not making any progress.

Arizona Has Passed a Law Encouraging Groundwater Recharge and Permitting Sale of Water to California and Nevada Through Forbearance Agreements

In the meantime, Arizona has now passed its own law, just passed within the last month by the Arizona legislature. They've passed their own law in which they have–I'm not sure what the title of the law is, but it's a law to encourage groundwater recharge within the Central Arizona service area. Part of the law allows interstate transactions to occur, and it allows Arizona, through these recharge programs, to sell water to California and Nevada through these forbearance agreements, the concept that I talked about earlier where we would have forbearance agreements, and Arizona would give up some of its use of water in favor of one of the other states. So the state legislature of Arizona has now, in fact, passed a law that allows some of its water to be sold on an interstate basis, and that ***law*** calls for those interstate transactions to be developed pursuant to regulations developed by the Secretary of the Interior.

Storey: Which do not exist.

". . . Nevada's problem is relatively small. Nevada's problem is a 100,000 acre foot problem. Out of a supply of seven and a half million acre feet in the Lower Basin, 100,000 acre feet takes care of Nevada for a long, long time. . . ."

Johnson: Which don't exist, and which we understand Arizona is now going to send us a letter asking the Secretary to move forward with development of a set of regulations that will allow that law to be implemented, that will allow Arizona to negotiate with

Nevada for the sale of some water to solve Nevada's water supply problem. We've got California sitting over there, quarreling among itself, unable to engage discussions in the Lower Basin, and in the meantime, Arizona's moved forward with some fairly progressive–you know, Arizona is pretty astute and ***smart*** as it relates, and ***good*** at protecting their interests in water. They recognize that there's a significant need that they probably have more water than they're going to use for a long time. They like the idea of being able to sell some of that water and generate some revenues. They would like to be able to take care of Nevada. They still view California ultimately as their real enemy. I think that if Arizona could strike a deal to take care of Nevada's problem, which is, in the scheme of things, Nevada's problem is relatively small. Nevada's problem is a 100,000 acre foot problem. Out of a supply of seven and a half million acre feet in the Lower Basin, 100,000 acre feet takes care of Nevada for a long, long time.

California's problem is much bigger than that. California's problem is a 800,000 acre foot problem. Arizona really wants to protect itself, and Arizona is willing to make some water available to Nevada, and they would like to see some regulations that would allow ***that*** to happen, but that would protect them from whatever California would like to do, and protect their entitlement against anything California would try to do to gain some advantage in the use of Arizona's entitlement.

Storey: I presume what you're talking about is not selling part of their entitlement to Nevada, but actually annually saying, "You can use some of ***our*** entitlement."

"What we're talking about here is the *sale* on a year-to-year basis of the *use* of that water, but not a permanent *right* to the water. Also not a major change in the Law of the River. . . ."

Johnson: Right. None of this is the permanent change in the allocation or apportionments of Colorado River water. What we're talking about here is the ***sale*** on a year-to-year basis of the ***use*** of that water, but not a permanent ***right*** to the water. Also not a major change in the Law of the River. The Boulder Canyon Act, and the apportionments under the Boulder Canyon Act, and the Secretary's contracts with the allocations of water to the three states would all be unchanged. These agreements would be among the states. It would be a forbearance agreement. Under the law, if Arizona doesn't use all of its water, then another state has the right to divert and use that water, and if they could enter into an agreement with Nevada that would provide some long-term certainty for Nevada not reallocating the water, but saying, "We're going to agree for fifty years not to use 100,000 acre feet of our entitlement so Nevada can use it," then that would effectively take care of Nevada's need without making a major change in the Law of the River.

Storey: Let's see if I understand some more intricacies in this. I think I've been reading recently that down on the Imperial Irrigation District, there are people coming in and buying the land in order to obtain control of the water rights, which they're then planning to transfer elsewhere. I think that's within California.

But say these folks said, "We want to transfer our water rights to Nevada." Is that the kind of transfer that you were talking about being in our regs?

Some of the Ins and Outs of the Ideas Involved in Water Transfers to Other States

"We were contemplating user-to-user transactions, where a user in California or Arizona, or *any one* of the three states, could give up water that they had historically put to use in favor of use in another state. . . ."

Johnson: Right. It was. Yes. We were contemplating user-to-user transactions, where a user in California or Arizona, or ***any one*** of the three states, could give up water that they had historically put to use in favor of use in another state. That is very much what we had in mind in our regulations.

Storey: That, then, cuts out the state's control of the water rights issues and the control of the entitlements from the Colorado River. Is that what I'm hearing?

"The states have *never* had any control. It's only as a matter of comity . . . we have deferred to state recommendations when it came to making allocations of use within a state. But ultimately, the authority for conferring a right to Colorado River water rests *solely* with the Secretary and not with the states. . . ."

Johnson: That's true. Yes. Well, the states don't control. The states have ***never*** had any control. It's only as a matter of comity that the Federal Government has asked the states for recommendations on how water within each state ought to be allocated. And, we have deferred to state recommendations when it came to making allocations of use within a state. But ultimately, the authority for conferring a right to Colorado River water rests ***solely*** with the Secretary and not with the states.

Now, our regulations called for what we've traditionally done. It called for consultation with the state. So that if there was a proposal for Imperial Irrigation District to sell water for Nevada, our regulations called on us to present that proposal to the state, and ask the state for their recommendation on a consultative basis, but it did not give the state the authority to actually ***veto*** or approve those types of transactions. It left the decision with the Federal Government.

". . . the reason why Arizona objected so strongly, is they just did not like the idea of the Federal Government having that kind of control and decisionmaking authority as it relates to the transfer of what *they* viewed as a state water entitlement. . . ."

Because that's what the law, in fact, provides for, and said we would consult. We would consider the states' views. But in the end, it's still a Federal decision whether or not that transaction should occur. Quite frankly, that's the reason why Arizona objected so strongly, is they just did not like the idea of the Federal Government having that kind of control and decisionmaking authority as it relates to the transfer of what ***they*** viewed as a state water entitlement.

Storey: Let's take this a step further. In the case of Central Arizona Project, my understanding is that the Central Arizona Water Conservancy District is the only contractor with Reclamation beyond the Indian tribes, which have a different system operating there. Say C-A-W-C-D had a contract, or an agreement or whatever it is they have, with somebody to deliver 100,000 acre feet, and this entity said, "Well, we can't use the water, so we want to sell it to Nevada." Would that have been handled in our regulations, or would it have to have been a C-A-W-C-D decision?

Johnson: I think we would have required a C-A-W-C-D decision there. I don't think we would have allowed an individual contractor. Actually, our arrangement on C-A-P is really a three-way arrangement. The water service contracts on C-A-P are signed by the individual water user, C-A-W-C-D, ***and*** the United States. So we are, in fact, parties to ***all*** the contracts for delivery of C-A-P water down to the individual user.

Storey: I didn't know that.

Johnson: It would be our view that in order to modify any of those contracts, it would require the consent of all three parties. So if you had an entity within Arizona that wanted to sell water to Nevada, it would require C-A-W-C-D's concurrence, as well as our concurrence. We would have looked to C-A-W-C-D to give us–they would have had a legal ability to say no or to disapprove, because they're signatory to the contract.

Now, on a user within Arizona that was not a C-A-P contractor, for instance, we have contracts with all the irrigations districts in the Yuma area, and ***those*** contracts are just between the United States and the individual contractors. There's not a third party involved. If we had a third-party contractor, say, in the Yuma area, that wanted to sell water to Las Vegas, we could approve that without the state's involvement.

Now, we would ***consult***. Under our regulations, we would [not] have approved that without the state's involvement. We would have consulted with the state, but if the state would have objected, it would have been our discretion to agree with the state or not to agree with the state, and allow the transaction. What we would do, I don't know. I think it would depend upon the circumstances. I think it would depend upon the objections that the state raised, and whether or not we felt they had merit. I think we would apply our own independent judgment to the concerns of the state.

Storey: Well, I had thought we were going to finish today, but we didn't. One quick question. How do you spell Mr. Sofaer's name?

Johnson: S-O-F-A-E-R.

Storey: Okay. Unfortunately, we're out of time. So I'd like to ask you again if you're willing for the information on these tapes, and the resulting transcripts to be used by researchers.

Johnson: Yes.

Storey: Good. Thank you very much.

END SIDE 1, TAPE 2. MAY 31, 1996.
BEGIN SIDE 1, TAPE 1. JANUARY 13, 1997.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Robert W. Johnson, Regional Director of the Lower Colorado Region, on January the 13th, 1997, at about 2:30 in the afternoon. This is tape one.

Status of Talks in January 1997 with CAWCD about Their Repayment Obligation

Last time when we talked, I think you had mentioned Central Arizona Project and the repayment negotiations and C-A-W-C-D and the Indian tribes and all of that complex of issues that went into that. Could we talk further about that today?

Johnson: Sure. I can't remember exactly where we ended up. We probably ended up talking about the negotiations to try to resolve the current financial dispute that we have with C-A-W-C-D.

Storey: Which has advanced a little bit since then.

Johnson: Well, it hasn't really.

Storey: Hasn't?

CAWCD's Repayment Obligation Is in Litigation

Johnson: It's in litigation and we really haven't gotten beyond what we negotiated and what we had about a year and a half ago. And my memory just–I can't remember exactly what all I talked about the last time we talked. Did we talk about the cause of the problem and how it evolved over time?

Storey: No, I don't think so. I think you just mentioned the C-A-P things, and I don't think we got into them too much.

"The financial problems that we have with C-A-W-C-D are really all an outgrowth of the failure of the irrigation districts and C-A-P to, one, be able to take and use all of the irrigation water that was allocated for their use and also *pay* for that irrigation water. . . ."

Johnson: The financial problems that we have with C-A-W-C-D are really all an outgrowth of the failure of the irrigation districts and C-A-P to, one, be able to take and use all of the irrigation water that was allocated for their use and also ***pay*** for that irrigation water.

"The original . . . financial plan, for Central Arizona Project was that the project would deliver a million and a half acre feet annually for use, and . . . most of that

water would be delivered to the non-Indian irrigation water users. . . ."

The original plan, financial plan, for Central Arizona Project was that the project would deliver a million and a half acre feet annually for use, and in the early years of the project when the project initially came on line, most of that water would be delivered to the non-Indian irrigation water users.

". . . non-Indian irrigation folks on C-A-P . . . were allocated a lower priority water, and they were given the right to use whatever the higher priority M-&-I and Indian users didn't take. . . . there's about 640,000 acre feet of the C-A-P water that was allocated to municipal and industrial use and currently around 440,000 acre feet of water allocated for Indian use, and those are the two top priorities. . . ."

The non-Indian irrigation folks on C-A-P did not receive a firm ***absolute*** allocation of C-A-P water. They were allocated a lower priority water, and they were given the right to use whatever the higher priority M-&-I and Indian users didn't take. I think there's about 640,000 acre feet of the C-A-P water that was allocated to municipal and industrial use and currently around 440,000 acre feet of water allocated for Indian use, and those are the two top priorities. Then the way the ag contracts were written, they were given the right to whatever water was available from the Colorado River system for C-A-P after the Indians and the M-&-I users had taken and used as much of their entitlements as they wanted to.

"The long-term plan on C-A-P was that initially the M-&-I users wouldn't be able to use all of their allocation, and also likely the tribes would not be able to use all of their allocations. So the ag users would use all the water first, and then over time, as the M-&-I and the Indian users grew into their demand, the irrigation entities would give their supply up. . . ."

The long-term plan on C-A-P was that initially the M-&-I users wouldn't be able to use all of their allocation, and also likely the tribes would not be able to use all of their allocations. So the ag users would use all the water first, and then over time, as the M-&-I and the Indian users grew into their demand, the irrigation entities would give their supply up. Then the irrigators would also continue to rely on their groundwater. They would not get a full supply of C-A-P water, and they would continue to rely on pumping groundwater to provide the full water supply for all the lands.

". . . as the project came on-line and we started to initiate repayment of the project, the financial structure that had been put in place and the contracts that the irrigation districts signed said that not only would they take all of the water that the Indians and the M-&-I users didn't use, but they also agreed to *pay* the O-&-M costs associated with that water, whether they took it or not. . . ."

What happened on C-A-P was that as the project came on-line and we started to initiate repayment of the project, the financial structure that had been put in place and the contracts that the irrigation districts signed said that not only would they take all of the water that the Indians and the M-&-I users didn't use, but they also agreed

to ***pay*** the O-&-M costs associated with that water, whether they took it or not. They were what we called take-or-pay contracts, and maybe a better word is don't-take-and-pay, because the basic provision is there is a certain O-&-M bill that has to be paid on C-A-P, and the idea was, in order to make the costs as low per acre foot as possible, the project had to be operating at its full capacity, because there's a base cost for operating and maintaining that large system. It costs about $30 million a year for operating and maintaining that huge distribution system and the canals and the dams and everything that's part of the project.

If you only deliver 100,000 acre feet of water, you don't deliver the full 1.5 million acre feet. The fixed O-&-M cost is $300 an acre foot. If you deliver a million and a half acre feet, the fixed O-&-M cost is $20 or $30 an acre foot. So the idea was to put an incentive in there that the more water is used, the cheaper the price was, and the ag users were committed to taking and using the water and paying that O-&-M charge for the water, whether they took and used it or not.

". . . the ag users had financial problems, and they weren't able to pay the capital costs of the distribution systems . . . they weren't able to pay their share of the fixed O-&-M costs. . . ."

Well, what happened is the ag users had financial problems, and they weren't able to pay the capital costs of the distribution systems that we made loans to them for. They also, once repayment was initiated and this take-or-pay burden was initiated, they weren't able to pay their share of the fixed O-&-M costs. So what we ended up with then was that the Indian and the non-Indian M-&-I users who were only using relatively small amounts of water being stuck with the burden of this $30-million-a-year fixed O-&-M cost, and it was very expensive. The Indian tribes didn't want to pay it, ***nor*** were they obligated to pay it under their contracts, nor did we think that the United States was obligated to pay that O-&-M cost under the contracts that the United States was a party to with C-A-W-C-D.

". . . C-A-W-C-D then came forward with what we considered to be some fairly unique interpretations of the contracts that suggested that the United States was liable to pay a larger share of those fixed O-&-M costs than we originally anticipated. . . ."

As a result, we ended up with this huge annual O-&-M cost that wasn't being paid by the irrigators, that was supposed to be paid in the contractual framework that we had, and C-A-W-C-D then came forward with what we considered to be some fairly unique interpretations of the contracts that suggested that the United States was liable to pay a larger share of those fixed O-&-M costs than we originally anticipated.

"C-A-W-C-D started sending us bills for O-&-M costs that we didn't think we were obligated to pay. We refused to pay them. That was the beginning of the . . . financial problems on C-A-W-C-D. . . ."

C-A-W-C-D started sending us bills for O-&-M costs that we didn't think we

were obligated to pay. We refused to pay them. That was the beginning of the problem, you know, with the financial problems on C-A-W-C-D.

"There were some ag economic problems. Farm prices were low, and there was also an insect problem . . . that caused significant reductions in production, and that really accentuated the agricultural economic problems on the project. . . ."

From there we spent about two years–actually, we spent more than two years. We began to recognize that problem back in about 1990, was the first year that we began to recognize that that was going to be a problem. There were some ag economic problems. Farm prices were low, and there was also an insect problem called the white fly that caused significant reductions in production, and that really accentuated the agricultural economic problems on the project.

"In 1990, we began to realize that there were going to be some financial issues that needed to be dealt with that really called for the whole project to be financially restructured . . ."

In 1990, we began to realize that there were going to be some financial issues that needed to be dealt with that really called for the whole project to be financially restructured, that this contractual framework that we put in place that had take-or-pay contracts for the ag users and had the water allocated the way it was wasn't going to work and we needed to make some adjustments.

". . . C-A-W-C-D would agree to . . . assume the financial debt that the irrigation districts had taken on to build their distribution systems. . . . Then the United States would get a . . . proportionate share of the water based on its financial contribution. . . . Reclamation would agree, to *adjust* the repayment schedules of the irrigation districts to more favorable terms so that the value of the repayment would be reduced . . . then we would be able to use some of that water for Indian water right settlements, and C-A-W-C-D would get some of the water . . . for allocation to M-&-I water users. . . ."

We did a ***lot*** of internal work in the early nineties, working with Dennis Underwood, who was the Commissioner then, and John Sayre, who was the Assistant [Secretary] ~~Commissioner~~, kind of evaluating alternatives and how we might approach that. Based on all that internal work, I think in '91-'92 time frame we negotiated a–well, we didn't really negotiate something. We developed a plan. We called it the White Paper. It was a plan that we jointly put together with the Central Arizona Water Conservation District that basically was a proposal that we jointly made to the Indian, the M-&-I, and the non-Indian irrigation users in Central Arizona Project.

Basically the way the plan was formulated–and I'm a little rusty on just exactly ***all*** of the details of it, but basically the plan called for–we knew we still needed more water in Arizona for Indian water rights settlements. So the plan called for the non-Indian irrigation districts to relinquish their supply of C-A-P water, what supply they had a contractual right to. Even though it was low priority, there was

some firm water associated with that supply. The difference between the million acre feet or 1.1 million acre feet that had been allocated to M-&-I and Indians, there's still about 400 to 500,000 acre feet of water left over within the million and a half for C-A-P that was firm ag water.

So the plan called for the irrigation districts to give up their water, and in exchange for giving up their water, C-A-W-C-D would have agreed to pick up some of the water for M-&-I use, additional M-&-I use, within Arizona. And in exchange for that, C-A-W-C-D would agree to pay the capital costs associated, assume the financial debt that the irrigation districts had taken on to build their distribution systems. So C-A-W-C-D would have gotten part of the water that they gave up in exchange for assuming the financial obligations that the irrigation districts had.

Then the United States would get a chunk of the water and the United States would get a proportionate share of the water based on its financial contribution. The way the United States would make a contribution is the United States would agree, or Reclamation would agree, to ***adjust*** the repayment schedules of the irrigation districts to more favorable terms so that the value of the repayment would be reduced and we would, in essence, reduce the debt associated with the Federal loans that the United States had made to the irrigation districts. So we would get some of the water and then we would be able to use some of that water for Indian water right settlements, and C-A-W-C-D would get some of the water which would then have been available for allocation to M-&-I water users.

Basically, that was not a bad plan. It was just that it was too early in the process, and everybody had pretty strong visions of what their parochial interests were in C-A-P. The M-&-I users didn't like it and objected to it strongly. They felt like that was an additional subsidy that through C-A-W-C-D they would be providing to the irrigation districts, and they didn't want to be any part of financing any part of any additional subsidy to irrigation districts.

". . . irrigation districts would then not be using as much water . . . that freed up some of the project power to be sold commercially and generate additional revenue. We estimated that the additional revenue . . . was somewhere between 20 and 30 million dollars a year. So *that* money would then be focused on paying that 30-million-dollar-a-year O-&-M bill. . . .:"

The irrigation districts themselves didn't like the plan because they thought that–well, maybe I ought to back up. The other part of the plan was that the irrigation districts would then not be using as much water as was originally contemplated, and given that the project wasn't going to be pumping as much water as we'd contemplated, that freed up some of the project power to be sold commercially and generate additional revenue. We estimated that the additional revenue that could be freed up by selling this power rather than selling it to the irrigators was somewhere between 20 and 30 million dollars a year. So ***that*** money would then be focused on paying that 30-million-dollar-a-year O-&-M bill.

So we would take on the debt of the irrigation districts in exchange for the water, sell more power, and take the revenues from the sale of power and apply that towards the payment of O-&-M. The farmers would get their debt relieved. They would give up their water. But also part of that plan called for the farmers to then receive spot market water. There would still occasionally be years when water would be available, and depending on what you could buy power for to pump the water, that water could be sold on an intermittent basis to the irrigators. So the irrigators didn't completely give up all of their supply. They had some opportunity to still retain a supply of water in the plan.

Why the Plan to Relieve the Irrigators' Debt and Reallocate CAP Water Failed

It was a good plan. It was the framework of a good plan that would have solved the financial problems of C-A-P early on if we just could have gotten everybody to agree. Unfortunately, you know, M-&-I users didn't like it. They backed away from it because they saw it as a subsidy, a further subsidy for irrigation that they didn't want to support. The Indian tribes didn't like it. They wanted to negotiate their own deal with the irrigation districts. They saw the irrigation districts as going bankrupt on their own, that water being available anyway, and they were anxious to enter in negotiations with the individual irrigation districts and obtain the water that way, and so they didn't like us necessarily coming in with a ready made plan. So the tribes didn't support what we were doing.

Storey: That would be in addition to the water rights settlements? Is that what we're talking about?

Johnson: No, it would be water that we would have obtained to help settle. The water could have been used to help settle the claims of the Indian tribes. It would be a pot of water that would be available for us to use in helping settle the claims of the tribes. That was the idea of obtaining that additional water.

Storey: I don't understand why the Indians would then want to negotiate directly. I'm missing some link in here.

Johnson: Well, they had negotiations going on with a couple of the big districts at the time around some of the claims that they had, particularly the Gila River Indian Community. They just saw what we were doing as getting in the way of those negotiations that they had ongoing with the districts themselves. They just didn't see that they had any interest in participating in that White Paper plan that we developed back in the '91-'92 time frame.

Storey: Didn't the United States, through Reclamation, pay all of their O-&-M costs on Indian water?

United States Obligations Regarding Payment of O&M Charges for Various Indian Groups Receiving CAP Water

Johnson: Not on all tribes. There's the Ak-Chin Indian tribe. We pay all the O-&-M under the settlement act that they got with Congress. The Tohono O'odham Nation, which has an Indian settlement, has a trust fund to pay their O-&-M, but their trust fund is not adequate to cover their full O-&-M and will have to be supplemented from some other source.

The other tribes that either have settlements or just have contracts for C-A-P water, the contracts with those tribes call for them to pay their own O-&-M costs. There is some provision in the contracts for the United States, for the Secretary, to maybe ***adjust*** their O-&-M cost based on their ability to pay, but it still calls for the individual tribes, initially at least, to attempt to pay their own costs. So the United States doesn't necessarily pay all the O-&-M for all of the tribes in C-A-P.

Storey: Oh, I see.

". . . non-Indian irrigation districts objected to the plan, because they thought the water resource that they were giving up had much more value than the debt relief and the O-&-M payment relief that we were providing in this program. . . ."

Johnson: Then finally the non-Indian irrigation districts objected to the plan, because they thought the water resource that they were giving up had much more value than the debt relief and the O-&-M payment relief that we were providing in this program. They were of the opinion that the water was very valuable, that if they were going to give that entitlement to that water up, that the compensation should be much more than just relief from their debt. So they weren't willing to embrace the plan.

"[We jointly] developed that plan, and we weren't able to get the details of it implemented. . . . The White Paper fell through. . . ."

So that was the plan that we had early on, but we couldn't sell. Us and C-A-W-C-D together developed that plan, and we weren't able to get the details of it implemented. It fell apart. Although I have to say it was not a bad plan.

The White Paper fell through. The governor at different times had a couple of task forces that were appointed to look into C-A-P financial issues. We continued to work with C-A-W-C-D to discuss the issues.

". . . in 1993, the aqueduct system was basically complete, and under the terms of the contract we felt compelled to go ahead and initiate repayment, even though we didn't have the financial issues squared away. So we issued notice to C-A-W-C-D that repayment was beginning and that beginning in January of 1994 they would have to start making . . . significant payments on the project. . . ."

Finally, in 1993, the aqueduct system was basically complete, and under the terms of the contract we felt compelled to go ahead and initiate repayment, even though we didn't have the financial issues squared away. So we issued notice to C-A-W-C-D that repayment was beginning and that beginning in January of 1994 they would have

to start making payments on the project, significant payments on the project.[21]

CAWCD Interpreted the Repayment Ceiling Much Differently than Did Reclamation and That Exacerbated the Financial Disagreements on CAP

About that same time, then, the issue with C-A-W-C-D got escalated and other financial issues came into play. At that point in time, C-A-W-C-D came forth with a new interpretation of the capital repayment ceiling, one that they had never presented to us before, and that was that the limit–all Reclamation contracts, repayment contracts, have ceilings in them. When we start building a project, we don't know what the final cost is going to be, so when we begin building a project, we'll have a cost estimate. Based on that cost estimate, we'll estimate what a district's repayment obligation will be, and we will put that estimate in the repayment contract and we call it a repayment ceiling. We say we'll spend money to build the project up to this amount, and then usually the contract provides that if the project ends up costing more than that amount, that we would go back and mutually negotiate a new ceiling to reflect what the new estimate of the project cost might be.

Adding Scrubbers to the Smokestacks at the Navajo Steam Generating Station

That happened with C-A-P in 1988. The original ceiling for the project was $1.2 billion from the original repayment contract that was originally signed in 1972. In 1988, we amended the master repayment contract to reflect a $2 billion repayment ceiling. By the time that we initiated repayment in October of 1993, our estimate of the total obligation–we hadn't spent all the money yet, but our estimate of the total obligation that C-A-W-C-D was going to incur had increased for a number of reasons. We had the siphons on the project went bad and that added another 100 to 150 million dollars to project costs. We had the scrubbers at Navajo. We had a Clean Air Act issue associated with Navajo Powerplant.

"Navajo Powerplant . . . we have a 24 percent interest in that powerplant. It's operated by the Salt River Project . . . and we use the energy there to pump water in the Central Arizona Project and also to be sold commercially to generate revenues to repay the project. . . ."

Navajo Powerplant is the coal-fired powerplant that provides the power source to pump C-A-P water, and we have a 24 percent interest in that powerplant. It's operated by the Salt River Project, but we own 24 percent of the capacity of the plant, and we use the energy there to pump water in the Central Arizona Project and also to be sold commercially to generate revenues to repay the project.

In the late eighties and early nineties, the Park Service and the Environmental Protection Agency ruled that the emissions from the powerplant were causing vision

21. Another perspective on the repayment issue can be found in Larry Morton's two volume set of 1996 oral history interviews on his work in the Phoenix Development Office/Phoenix Area Office which was recorded just as he was planning to retire from Reclamation as the Deputy Area Manager. Reclamation's Senior Historian also interviewed the Area Manager, Dennis Schroeder, in 1996, and he also discusses his perspectives on dealing with CAWCD.

limitations in the Grand Canyon. Navajo Powerplant is at Page, Arizona, on the edge of the Grand Canyon, and the Park Service found some fairly specific evidence that pointed at Navajo Powerplant as being the culprit in adding haze, especially during the winter months, a wintertime haze that limits the vision within the canyon. It was not a health issue in terms of pollution, but it was a vision, aesthetic issue.

"Total cost for the scrubbers at Navajo was around 500 million, and our share was about 100 to 125 million. So that was an additional cost that got added on to the Central Arizona Project. . . ."

Through a fairly long process, the participants in Navajo agreed to limit the sulphur dioxide emissions at Navajo Powerplant to a much smaller level, and we had to incur significant ***costs*** to install the equipment to allow that to occur. Total cost for the scrubbers at Navajo was around 500 million, and our share was about 100 to 125 million. So that was an additional cost that got added on to the Central Arizona Project.

So we had the siphon failures that added on significant costs. We had the scrubbers at Navajo. We had amended the ceiling in 1988 to 2 billion dollars, and then after 1988 we had two major events that added about 200 to 250 million dollars in cost to the project. So by 1993 we found ourselves in a position of having exceed–if we built all of the features that we were planning to still build back in 1993, if we built all those features, we were finding ourselves to having a repayment ceiling of 2.2 billion instead of the 2 billion that put in the contract.

So we had to inform C-A-W-C-D that it looked like the ceiling was going to be exceeded. You've got to recognize that we haven't incurred those costs yet. They were still estimates and we hadn't spent the money, but if we were going to complete the project, we'd have to spend that money, and they would need to increase to their repayment ceiling.

Well, C-A-W-C-D, the project was almost built. It was delivering most of the benefits that were being received, and their response to our notification of an increase in ceiling was, "Well, we're willing to talk to you, but we don't think the ceiling is really 2 billion dollars. We think the ceiling is really 1.78 billion." [Laughter]

". . . a new interpretation on the contract on O-&-M that said we had . . . a larger obligation to pay . . . than was originally intended . . . Well, now C-A-W-C-D came in in 1993 with the initiation of repayment with a position that their repayment obligation really wasn't the 2 billion dollars that *we thought* was plainly written in the contract, but it was 1.78 billion, and we were now saying, '. . . really going to be 2.2 or 2.3 billion. It's going to be a higher number, not a lower number.'. . .."

So they came in in 1993 with a new interpretation. Remember I told you they came in with a new interpretation on the contract on O-&-M that said we had O-&-M, that we had a larger obligation to pay O-&-M than was originally intended when the contracts. Well, now C-A-W-C-D came in in 1993 with the initiation of repayment

with a position that their repayment obligation really wasn't the 2 billion dollars that ***we thought*** was plainly written in the contract, but it was 1.78 billion, and we were now saying, "But, gee, we've had some cost increases and, it's really going to be 2.2 or 2.3 billion. It's going to be a higher number, not a lower number."

". . . we found ourselves not only with a significant issue with C-A-W-C-D around the payment of O-&-M, but now we found ourselves with a very significant issue around the payment of the capital costs of the original project. . . ."

So we found ourselves not only with a significant issue with C-A-W-C-D around the payment of O&M, but now we found ourselves with a very significant issue around the payment of the capital costs of the original project. The White Paper did not address that issue. The White Paper really only addressed the O-&-M issue and the financial difficulties of the irrigation districts, and not this ***broader*** issue on the repayment of the project as a whole.

". . . in January of 1994 we began negotiating, trying to reach a negotiated settlement with C-A-W-C-D around all of these issues. Who pays the O-&-M? What's the repayment ceiling? . . ."

So in December of '93, I think was the year, that there were congressional hearings held. George Miller was Chairman of the House Interior and Natural Resources Committee. He held some public hearings in Phoenix and kind of really stirred the pot in Arizona around the financial issues that we had. It got a lot of publicity and a lot of public attention. Then in January of 1994 we began negotiating, trying to reach a negotiated settlement with C-A-W-C-D around all of these issues. Who pays the O-&-M? What's the repayment ceiling?

A formal team was appointed by the Commissioner, who was Dan Beard at the time, to sit down and try to negotiate some sort of a financial settlement with C-A-W-C-D. Don Glaser was appointed as the chief, as the lead negotiator. The team consisted of myself and Bill Swan [phonetic] from the solicitor's office in Phoenix, and Barry Welsh [phonetic], who was the Assistant Area Director of the Bureau of Indian Affairs in Phoenix. I'm trying to think. That was, in essence, the negotiating team that we had.

We began negotiating with C-A-W-C-D and we negotiated through the spring of–I'm trying to think. Yeah, that's right, through the spring of '94. Really we negotiated ***all*** of 1994, and at the end of calendar year 1994 we had gone through numerous iterations of proposals and counterproposals and had ***not*** been able to make any real progress. In December, maybe October/November time frame, of '94, C-A-W-C-D went ***public***. These were all kind of private negotiations. But in October/November time frame of '94, C-A-W-C-D went public, wrote a formal letter to the Secretary making a proposal on how to settle the issues. As a result of that proposal, the Secretary responded expressing a number of concerns. But at that point in time, then the Secretary . . .

END SIDE 1, TAPE 1. JANUARY 13, 1997.

BEGIN SIDE 2, TAPE 1. JANUARY 13, 1997.

Johnson: In November. I'm sorry, I'm kind of jumping all around, because I haven't really thought in advance of this interview.

Storey: That's okay.

About October/November of 1994 Secretary Babbitt Moved to Elevate the Negotiations to Higher Policy Levels on Both Sides

Johnson: I may eventually get some clarity of thought and describe it. But if I'd have thought about it, I could have organized what I said a lot better. But in November of '94, somewhere in that time frame, October/November '94 time frame, C-A-W-C-D went public with the proposal to settle the issues. I don't remember the specifics of the proposal, but it had a lot of parts to it that we didn't like. We wrote a letter that the Secretary signed back saying, "Well, we've got some concerns here and here and here and there. I'm appointing Betsy Rieke (who was then the Assistant Secretary for water and science) to now become directly ***involved*** with the negotiating team that we had previously appointed, and she will now become the leader of the negotiating team."

Before, for C-A-W-C-D, the negotiations were led by their general manager, who was Tom Clark, and the Secretary asked that a couple of board members, one or two board members of C-A-W-C-D, now become ***also*** directly involved in the negotiations. I think there was probably some sense at the staff level that progress was not happening, and the idea was to bring in the board to represent the policy perspective of the Department and the Assistant Secretary to bring a broader, more policy-oriented perspective to the negotiations.

So in January and February of 1994, Betsy Rieke led some negotiations. We entered into a special agreement with C-A-W-C-D to hold in abeyance any penalties that might occur as a result of their nonpayment of the disputed obligated amount and all that sort of thing, and we continued negotiating.

January/February of 1995 the Negotiators Reached an Agreement in Principle

In January and February, with the leadership of the board and the leadership of Betsy Rieke–in fact, I think it was on February 14th, which is an interesting day–it was Valentine's Day–I think we actually reached agreement in those negotiations. It was an agreement in principle. It did not have the details in it, but it had some broad-based statements that pretty much covered all the issues that we had that defined the terms under which we were going to settle our financial dispute. This is in early 1995, about two years ago, just about two years ago from today.

I don't know that I can remember the details of that agreement in principle exactly, but, in general, the agreement followed these lines. It called for the United States to obtain an additional 240,000 acre feet of C-A-P water. It's really

interesting. The reason why I started with the White Paper is the White Paper that we tried to develop back in '91-'92 had some elements associated with it. Well, the agreement that we ended up with in February of '95 had many of the same elements that our White Paper had had a couple of years previously. You remember the White Paper I said one of the things that we ***got*** is the irrigation districts got their debt relieved and the United States got water.

The United States Got 240,000 Acre Feet of Water for Indian Water Rights Settlements, CAWCD Agreed to Pay Significantly More than They Had Claimed Was Their Responsibility, and O&M Cost Repayment Was Settled

Well, one of the things that we ***got*** under this new agreement with C-A-W-C-D is that the United States got 240,000 acre feet of additional water supplies that could be used by Indian tribes, or used by the United States, in settlement of claims of Arizona Indian tribes. So that was a key element, a significant element that we worked out.

The agreement called for the repayment obligation to be set at, I think, around–I think the number was 2.06 billion dollars, which was slightly higher than the 2 billion dollars that ***we*** thought they should pay, but significantly higher than the 1.78 that C-A-W-C-D thought that they should pay when we initiated repayment back two years earlier. So we got more ***water***. Under the C-A-P allocation process, costs are allocated based on the amount of water that's used by the various purposes of the project. We now had more water being allocated for Indian use, and so we didn't have to have 2.2 billion dollars allocated to C-A-W-C-D. We could allocate more of the costs of the project to the nonreimbursable Indian function, and we could allow the obligation of C-A-W-C-D to be settled at this 2.06 billion-dollar level.

On the O-&-M we agreed that we would pay the fixed O-&-M for the first half of the repayment period; in other words, that we were to pay the Indian's share of the fixed O-&-M. The dispute that we had over who was going to pay this big O-&-M bill that had to be paid, we would agree to pay it for just the first half of the repayment period. The United States would agree on behalf of the tribes to pay the fixed O-&-M costs. And then for the ***second half*** of the repayment period, C-A-W-C-D would pay the fixed O-&-M costs of the tribes. So we agreed to split the time frame over which we would pay those fixed O-&-M.

CAWCD's Water Pricing to Non-Indian Irrigators Incensed the Indians for Various Reasons

Let's see, what were the other major provisions that we agreed to? Also one of the issues that the Indian tribes had that was very important to the Indian tribes was that C-A-W-C-D had come up with what they called the target pricing program. Basically what C-A-W-C-D was doing is they were pricing C-A-P water below the cost of delivery to encourage the non-Indian irrigators to use C-A-P water. It cost C-A-W-C-D around 40 dollars an acre foot ***just*** for the energy to pump and deliver, just in variable cost to deliver water within the C-A-P service area, and they were under what we call the letter agreement. This is so complicated, and I haven't talked about it in a long time, and I'm not going into the minute details of it.

C-A-W-C-D had entered into contracts with the irrigation districts to make water available at prices between 17 and 27 dollars an acre foot. It was costing 40 dollars an acre foot for them to deliver the water, and they were turning around and delivering it at 17 to 27 dollars an acre foot. Now, the reason why C-A-W-C-D could do that is because under the terms of repayment with us, if non-Indian irrigation used the water, it was interest-free. By encouraging irrigators to use water, they were reducing their repayment obligation and they were able to ***offset*** their O-&-M subsidy through the interest payments that they would have to make to the United States. So they had put in place this plan to subsidize further non-Indian irrigation so that it would save money on the interest payments that they'd have to make to the United States and also encourage the use of C-A-P water.

Well, the tribes were incensed because the interest-free provision doesn't apply to Indian use of water, and so C-A-W-C-D wasn't willing to deliver water to Indian tribes at the same price. C-A-W-C-D was telling the Indian tribes, "You want C-A-P water? It's going to cost you."

". . . the tribes were incensed that there was price discrimination going on in the operation of the Central Arizona Project by C-A-W-C-D. . . ."

And their price varied anywhere from 80 to 130 dollars an acre foot. And here they were selling water for 17 to 27 dollars an acre foot to non-Indian irrigators, and the tribes were incensed that there was price discrimination going on in the operation of the Central Arizona Project by C-A-W-C-D.

So to offset that, we had gotten C-A-W-C-D to agree to establish a trust fund for Indian tribes. It was a 45 million-dollar trust fund which when we figured it all out, the amount of the subsidy and the amount of water that was being subsidized and the timeframe over which C-A-W-C-D was going to be subsidizing it, our calculations indicated that they were putting ***about*** 45 dollars million into the subsidy of non-Indian irrigation deliveries. So what we did is we got C-A-W-C-D to agree to ~~take a trust fund and~~ establish a trust fund for use by the tribes that the tribes could then use to buy down their own C-A-P deliveries. It was a trust fund that was available to tribes to help fund their use of C-A-P water.

And then there were a number of more minor financial issues that we were negotiating–Waddell Dam, the filling costs of Waddell Dam, and some land issues that we had on how we credited some land costs that had been sold and we had obtained revenue from and how those revenues got credited towards their repayment obligation. Those were some more minor issues that were included in this agreement in principle.

". . . the bottom line is, two years ago we had an agreement in principle with C-A-W-C-D to resolve all the financial issues. We ran into the same problem, or a similar problem, to what we had when we developed the White Paper. . . . we ran into *all kinds* of difficult, complicated, contentious issues that tied us up and made it difficult for us to move forward. . . ."

But the bottom line is, two years ago we had an agreement in principle with C-A-W-C-D to resolve all the financial issues. We ran into the same problem, or a similar problem, to what we had when we developed the White Paper. We had negotiated our differences with C-A-W-C-D, but then now we had to put the details of that arrangement down on paper in a detailed, fairly detailed, set of contractual documents that spelled out in much more detail exactly how all those things were going to be accomplished. In the course of doing that, we ran into ***all kinds*** of difficult, complicated, contentious issues that tied us up and made it difficult for us to move forward.

"Most of those issues were brought forth by the C-A-P Indian tribes. The tribes did not trust the 45 million-dollar trust fund . . . basically C-A-W-C-D wanted to condition any tribe's benefit of that trust fund to a condition that the tribes agree to waive any claims of racial discrimination or any lawsuits that they might bring against C-A-W-C-D for price discrimination. . . . The tribes did not want to agree to that. One of the other problems that we had with the tribes was they wanted some say in the operation of the Central Arizona Project. We were reserving an additional 240,000 acre feet of water for use by the tribes as part of this financial agreement. That brought the total use of C-A-P water by the tribes up to . . . nearly *half* of the project water supply. . . . the tribes were concerned that C-A-W-C-D would not necessarily represent their interests in operating the project . . ."

Most of those issues were brought forth by the C-A-P Indian tribes. The tribes did not trust the 45 million-dollar trust fund that was being set up and how it would be administered and what conditions were going to be placed on them in order to be able to–basically C-A-W-C-D wanted to condition any tribe's benefit of that trust fund to a condition that the tribes agree to waive any claims of racial discrimination or any lawsuits that they might bring against C-A-W-C-D for price discrimination. Now, C-A-W-C-D didn't think that the tribes had a good case of discrimination against them, but nevertheless, if they were going to put this fund of money there to help buy down Indian water costs, they at least wanted the tribes to agree not to be pursuing litigation against them around discrimination issues, you know, as it relates to the pricing of water. The tribes did not like that. The tribes did not want to agree to that.

One of the other problems that we had with the tribes was they wanted some say in the operation of the Central Arizona Project. We were reserving an additional 240,000 acre feet of water for use by the tribes as part of this financial agreement. That brought the total use of C-A-P water by the tribes up to almost 670,000 acre feet of water, which was nearly ***half*** of the project water supply. As it currently exists, the tribes don't have any kind of direct contractual relationship with C-A-W-C-D, and under the terms of the operation contract and the agreements that were made with C-A-W-C-D back in the eighties, we had agreed to turn the project ***over*** for operation and maintenance to the district. And the tribes were concerned that C-A-W-C-D would not necessarily represent their interests in operating the project, and the tribes wanted some sort of a mechanism to have a bigger voice in how C-A-W-C-D was going to operate the project.

Under the ***current conditions***, they had literally no control other than through the Secretary and through the United States and through our trust responsibility. But they wanted a more ***direct*** role with C-A-W-C-D in operating the project. ***Ideally***, they would have liked to have had two or three board members, two or three Indian board members, on the C-A-W-C-D board to serve as a voice of the tribes, you know, when operational issues get decided.

Another approach that I think the tribes would have accepted would have been a simple agreement with C-A-W-C-D that would spell out a contractual relationship between the two that would at least give the tribes a legal standing and a legal contract upon which to base any complaints that they might have, and a legal mechanism to try to force C-A-W-C-D to recognize their interests. See, that was not covered in the principles. C-A-W-C-D was not very amenable to wanting to allow the tribe[s] to have that kind of a voice.

What were some of the other issues that the tribes had? There were just a whole myriad of issues that the tribes–and I can't remember them all–that the tribes kept bringing up, ~~the tribes kept bringing up,~~ that caused them to be distrustful of the agreement that we were trying to negotiate with C-A-W-C-D. So we were struggling to get an agreement together that laid out the details. The tribes were not directly at the table. We were negotiating with C-A-W-C-D to put a settlement agreement in place, and we were meeting with the tribes to understand their views, and then we were kind of carrying their views back to C-A-W-C-D to try to get them incorporated. The tribes didn't feel like we were representing their interests very well. C-A-W-C-D thought that we were trying to scuttle the agreement in principle that had been reached with Betsy Rieke. All in all, it was a fairly frustrating experience.

We got very close in May to having a final agreement, and we were struggling mightily with a final issue that had come up in the drafting of the agreement. C-A-W-C-D had put language in an early draft of the agreement, and we had countered with some counter language that said–C-A-W-C-D, as part of this agreement, wanted the right to manage their share of the C-A-P water supply. We were going to get 660,000 acre feet or -70,000 [670,000] acre feet for tribes and C-A-W-C-D was going to get around 700,000 or 800,000 acre feet for non-Indian uses within Arizona.

". . . C-A-W-C-D has to come to us . . . for approval of every contract action . . . they wanted to sever those ties. . . . So we had agreed . . . to *give* them some autonomy. We put some language in . . . that C-A-W-C-D would be given latitude to manage their share of the C-A-P water supply and that the Secretary would not *unreasonably* withhold his approval . . ."

As the project and the contractual framework currently works, C-A-W-C-D has to come to us, the Bureau of Reclamation, for approval of every contract action, the management of their water supply. We're a signatory to those contracts, and they have to come to us for approval on everything that they do with those contracts. And they wanted to sever those ties. They want us to become less involved in the

management of the project. They wanted to have a more autonomous role in the management of the project. So we had agreed, as a part of the terms of this detailed contract, to ***give*** them some autonomy. We put some language in there that said something to the extent that C-A-W-C-D would be given latitude to manage their share of the C-A-P water supply and that the Secretary would not ***unreasonably*** withhold his approval of any water transactions that C-A-W-C-D might want to carry out with its share of the water supply.

The Indian Tribes Informed Reclamation They Wanted to Be Treated on Equal Footing with Any Other Purchaser If CAWCD Wanted to Sell CAP Water

The tribes came to us around that language in May and said, "Well, that's okay, but there may be instances in the future when we may want, as a C-A-P water user, if there's water for sale within C-A-P and C-A-W-C-D wants to sell some water that's not contracted for or there's spot market, we would like to have the right to be treated on an equal footing with others in Arizona for some of that water if C-A-W-C-D's got it available."

So we asked C-A-W-C-D to add language, and we did add language in our negotiating sessions with the staff, that said we would not unreasonably withhold approval of things that C-A-W-C-D . . . but that C-A-W-C-D would treat tribes on an equal footing–I think that was the exact wording that we put in there–on an equal footing with other C-A-P water users when it came to considering those transactions.

CAWCD Refused to Agree to the Clause Guaranteeing the Indian Tribes Equal Status with Any Other CAP Water User

So we had developed at a staff level some language that we thought we liked. Well, as it went through review within C-A-W-C-D, they came back and they wanted to take out the language that said tribes will be treated on an equal footing. Well, I mean, then that just incensed the tribes, and they said, "That's crazy! Why can't we be treated on equal footing? That's ***proof*** that they want to discriminate against us that they won't put in writing that they'll treat us on an equal footing."

So it was just very contentious and we were not making any progress. We were trying to find a way to move this agreement forward. A signing ceremony had been scheduled–this was the big signing ceremony–for the Secretary to come out and meet with the C-A-W-C-D board and ***sign*** this agreement in principle. It had been scheduled for, I think it was, June 9th, 7th or 9th of 1995. And this is like we're in the middle of this in late May. The signing ceremony was on a Friday, and on the ***Monday*** before the signing ceremony we went down and had a negotiating session with C-A-W-C-D. The signing ceremony had been scheduled. The pressure was on. The Secretary was coming to town. We were going to sign this agreement, and we had a negotiated deal.

". . . it was not a bad negotiated deal. . . . the Indians did *not* like the deal. The *deal* was good for Indian tribes. . . . It got a *lot more* water for Indian tribes, and it got their O-&-M costs paid. . . . and we got a 45 million-dollar trust fund for tribes

to pay their O-&-M. It was a *great deal* for the tribes, and the tribes just did not like it. They didn't trust us, they didn't trust C-A-W-C-D, and they weren't happy with the agreement. . . ."

Quite frankly, it was not a bad negotiated deal. I mean, it had some give and take on both sides, and we were hung up on these Indian issues. By and large, the Indians did ***not*** like the deal. The ***deal*** was good for Indian tribes. It got more water for Indians. It got a ***lot more*** water for Indian tribes, and it got their O-&-M costs paid. We got the fixed O-&-M issue paid, and we got a 45 million-dollar trust fund for tribes to pay their O-&-M. It was a ***great deal*** for the tribes, and the tribes just did not like it. They didn't trust us, they didn't trust C-A-W-C-D, and they weren't happy with the agreement. We were going around and around with all of these issues, and it was ***not*** a bad deal.

After an All-night Negotiating Session, Reclamation and CAWCD Reached a Compromise

But then what happened was we have this negotiating session the Monday before. It must have been, oh, I don't know, the second or third day of June, something like that. We negotiated ***all*** day and we negotiated ***all*** night. We started that negotiation around nine or ten o'clock in the morning on that day, and we finally finished that negotiation and had a final document. The two staffs had a final document that was ready to be signed, that we ***hoped*** would be ready to be signed at three o'clock in the morning. We were all there at the C-A-W-C-D office, our joint office–that was our office, too; we shared an office with them–'til three o'clock in the morning putting the final.

"The compromise that we reached was, we'll take the whole dang thing out. We'd take that whole clause out. We wouldn't be giving equal footing to tribes, but we wouldn't also be saying that we would not unreasonably withhold our approval. . . ."

On this one issue, this equal footing issue for tribes that we were having trouble with, we reached a compromise with them. The compromise that we reached was, we'll take the whole dang thing out. We'd take that whole clause out. We wouldn't be giving equal footing to tribes, but we wouldn't also be saying that we would not unreasonably withhold our approval. The compromise was just take it and get it out of there. It wasn't part of the original negotiation with Betsy Rieke. All these issues will have to be handled, so we'll just take the whole thing out. That was the agreement that we at the table, when we were at the table, that was the agreement that we came up with between the staff, the Bureau staff and the C-A-W-C-D staff.

". . . they took that to their board, and their board didn't like that. . . . Their board unilaterally changed the contract language and came back putting *their* language back in that we had taken out and not putting in the equal footing language for the tribes. So they came back and they presented to us some language that was not acceptable to the tribes and was not acceptable to the United States, and this

is two days before the Secretary is going to come to town. . . ."

Well, they took that to their board, and their board didn't like that. This is on Wednesday before the Friday signing. Their board unilaterally changed the contract language and came back putting ***their*** language back in that we had taken out and not putting in the equal footing language for the tribes. So they came back and they presented to us some language that was not acceptable to the tribes and was not acceptable to the United States, and this is two days before the Secretary is going to come to town. So we didn't have a meeting of the minds, a final meeting of the minds, primarily because of these Indian issues, on putting a final agreement together.

The Governor of Nevada Called President Clinton and Complained about the Agreement on CAP

Then something else happened. And I'm not sure . . . I mean, I was not involved. I can only tell you what I read in the papers at the time. But concurrently we had a process going on try to resolve some Lower Basin Colorado River issues. We've had outstanding significant number of issues on the Colorado River. Nevada is going to be using its full entitlement of Colorado River water in about ten years. Nevada has been interested in trying to see some form of interstate water marketing to open up so that they can buy water from other states and support the growth that's occurring in southern Nevada. We've had a number of issues with California around how we operate the river system, how often and what procedures we use to determine the amount of water that's available on an annual basis for use within California.

". . . we always kept C-A-P separate from Colorado River issues. The financial issues on C-A-P are over here . . . But they're *not* related to the Colorado River issues, at least . . . the Bureau of Reclamation, has never linked the two of them in any way. . . ."

You've got to remember, we always kept C-A-P separate from Colorado River issues. The financial issues on C-A-P are over here, and that's one set of issues that we have to deal with. But they're ***not*** related to the Colorado River issues, at least we don't–the Federal Government, the Bureau of Reclamation, has never linked the two of them in any way. But we have issues associated with both and we were working concurrently or on a parallel track to solve issues for the states on the Colorado River and then also to resolve these financial issues with C-A-W-C-D in Arizona.

Reclamation Released its Regulations to Facilitate Water Marketing and Water Banking in May of 1994, and Arizona Particularly Objected to Those

We had developed some regulations in May of '94 that we released publicly that called for some relatively new approaches to managing the Lower Basin of the Colorado River, in essence proposed that we open up interstate marketing to allow water to be sold on a willing buyer/willing seller basis within the Lower Basin that would have allowed Nevada to buy the use of water from other states, you know, on a

negotiated on a willing buyer/willing seller, and also provided some arrangements for water banking and management of the reservoir system and management of the entitlements overall. They became a fairly controversial set of draft regulations. They were really just floated for information purposes. They were never really formally proposed as rules.

Storey: I think that's what we talked about during that last meeting.

Johnson: We may have talked about them earlier. So we had kind of put these out. And then Arizona, particularly, had objected quite strenuously to the proposals that we had made in those regulations. In response to their objections, Betsy Rieke again, who was the Assistant Secretary, had directed ***us*** and the states to work together to try to see if we couldn't find some middle ground that would accommodate Nevada and California and still protected, you know, addressed the concerns that Arizona had.

Reclamation Set up its Technical Committee to Work Through Those Issues

We had put together a "technical committee," started in about September of '94, and we worked from September of '94 through about April-May of '95 in a technical committee with the three states and the Lower Basin Indian tribes to try to develop a plan around which interstate marketing and these ***issues*** in the Lower Basin could be resolved. Quite frankly, we made good progress. We came up with a lot of approaches and a lot of innovative ways to manage the river system, and at a technical level with the states, and the staff from the states involved we felt like we had made a lot of progress in moving towards a regional solution for the Lower Basin.

Well, in about April of '94, the principals of the three states–for Arizona it was Rita Pearson [Maguire]; for Nevada it was Pat Mulroy; and for California it was Jerry Zimmerman. But it also involved Woody Wadraska, who was the General Manager of Metropolitan Water District of southern California. We'd been working in this technical committee trying to develop a consensus solution. But in about April of '95, the states decided that the technical committee had gone as far as they could and it was now time for the directors, the policy level of the states, to get together and see if they could resolve their issues.

Discussions among the States and Interior on Water Marketing and Water Banking Fell Apart

Well, Woody Wadraska at Metropolitan ***hosted*** a meeting at his house in Los Angeles in April of '94 and he had all these representatives from the three states together, ***and*** Betsy Rieke was there representing the Department of Interior. I guess that meeting did not go very well. In a technical committee meeting that we had that day, Arizona had developed a plan called the Arizona Groundwater Bank around which Nevada could buy water. They came in and they presented some more details around how much water would be available and what the price of the water would be. When that information got conveyed to Pat Mulroy of Nevada, she became very

upset. So she went to this meeting at Wadraska's of the principals and apparently spoke rather bluntly about Arizona and Arizona's unwillingness and Arizona's backing away from what Nevada viewed as what had been pretty close to being a deal in the technical committee discussions.

So as a result of that, I think the Secretary hosted a second meeting. The Secretary ***himself*** hosted a second meeting in Phoenix and it went similarly. The discussions did not go very well, and Nevada particularly was very upset with Arizona and Arizona's position on these other Colorado River–it had nothing to do with C-A-P, but on these Colorado River issues.

". . . Nevada concluded that Arizona was getting *its* deal on C-A-P, but it wasn't getting *its* deal on the Colorado River, and Arizona was suddenly becoming intransigent on issues around the Colorado River. According to the newspapers, Governor Bob Miller of Nevada, who apparently has close ties to President [Bill] Clinton, called the President . . ."

Well, as I said, all I know is what I read in the newspaper. You know, all this is parallel with the C-A-P discussions. At that same time, Nevada sees that we're getting very close to having a deal to solve the financial issues on C-A-P, and they ***thought*** at the same time we were very close to having a solution of the other states' issues on the Colorado River. Suddenly, Nevada concluded that Arizona was getting ***its*** deal on C-A-P, but it wasn't getting ***its*** deal on the Colorado River, and Arizona was suddenly becoming intransigent on issues around the Colorado River.

According to the newspapers, Governor Bob Miller of Nevada, who apparently has close ties to President [Bill] Clinton, called the President and told the President, "Mr. President, I'm very upset. Arizona and the Secretary of Interior is about to make a deal."

END SIDE 2, TAPE 1. JANUARY 13, 1997.
BEGIN SIDE 1, TAPE 2. JANUARY 13, 1997.

Storey: This is tape two of an interview by Brit Storey with Robert W. Johnson on January the 13th, 1997.

Johnson: Well, the bottom line is is Nevada saw Arizona getting what it saw as its deal on C-A-P, and it wasn't getting its deal on the Central Arizona Project. According to the newspapers, Governor Miller of Nevada, who has fairly close ties to President Clinton, actually made a phone call to the President complaining that the C-A-P deal was about to be consummated and ***their*** deal on the Colorado River was not, and encouraging the President to ***stop*** the Secretary from executing any kind of a settlement on the C-A-P problems.

Indian Refusal to Support the Repayment Negotiations Happened at the Same Time Nevada Complained to President Clinton about Arizona Getting a Deal on CAP

Well, that happened ***at the same time*** we were unable to get agreement with C-A-W-C-D around these Indian issues, and we had basically a deal that was really formulated around resolving Indian issues that the Indians were not supporting. So, one, we've got Nevada now weighing in at a very high political level in the government, and at the same time, we've got a deal which doesn't have the support of the tribes and it doesn't ***look*** good. I mean, the whole solution was kind of predicated around providing benefits and solving issues for Indian tribes.

Storey: All this was happening at the same time.

Johnson: All this was happening at the same time. Now, we had never linked them. I mean, they were always separate in our minds. But all of a sudden, here is Nevada linking the deal at a high political level, and we still don't have a deal with the tribes. The bottom line is is, I informed the Secretary that we were unable to get agreement because of the issue around the tribes, and we didn't have an agreement for him to sign. And quite frankly, I think he was probably ***relieved***, because I got a hunch that there may have been pressure. I don't ***know***. I do not ***know*** what went on at that level of government. But it very well have been that he had some contacts with the White House about signing. I just don't know that.

"The way it got played out in the Arizona press, the headlines in the *Arizona Republic* was 'Clinton Squelches C-A-P Deal.' 'Bob Miller of Nevada called President Clinton and put an end to our C-A-P settlement.' And it got played that way in the Arizona press. And quite frankly, the Secretary got treated, *I thought*, very shabbily by the press in Arizona *and by* the C-A-W-C-D, and the Arizona water establishment . . ."

The way it got played out in the Arizona press, the headlines in the *Arizona Republic* was "Clinton Squelches C-A-P Deal." "Bob Miller of Nevada called President Clinton and put an end to our C-A-P settlement." And it got played that way in the Arizona press. And quite frankly, the Secretary got treated, ***I thought***, very shabbily by the press in Arizona ***and*** *by* the C-A-W-C-D, and the Arizona water establishment within Arizona really treated the Secretary very shabbily, and the press treated him very shabbily.

". . . the whole deal on C-A-P fell apart. We didn't get the agreement signed, and the C-A-W-C-D about two weeks later filed lawsuit, to resolve all of the issues that we had been negotiating since 1990 . . ."

So, basically, the bottom line, at that point the whole deal on C-A-P fell apart. We didn't get the agreement signed, and the C-A-W-C-D about two weeks later filed lawsuit, to resolve all of the issues that we had been negotiating since 1990, in court. And we've been in that litigation ever since. We've been going through discovery. We're still going through discovery. We're taking depositions, and that's where we are today.

". . . we think we have a good legal case on the legal issues, but it is such a

complicated set of subjects. In fact, we have circumstances that *changed* when the original contracts were put in place, the failure of agriculture, other circumstances, and it just *calls* to get back to some kind of a negotiated settlement. . . ."

Quite frankly, we think we have a good legal case on the legal issues, but it is such a complicated set of subjects. In fact, we have circumstances that ***changed*** when the original contracts were put in place, the failure of agriculture, other circumstances, and it just ***calls*** to get back to some kind of a negotiated settlement. ***I think*** that eventually we will, in fact, get back to some kind of a negotiated settlement with C-A-W-C-D on these issues in the context of the litigation that's going on. ***I don't think*** it will be decided by a court. And we may very well get back to something similar to what we had negotiated in that agreement that we were about to sign in June of 1995. I don't know that that will happen. That ***may not*** happen. We may end up somewhere else. Who knows politically what could happen?

Colorado River Issues Still Continue and the Secretary Made Another Speech in December at the Colorado River Water Users Meeting in Las Vegas

We're still dealing with the Colorado River issues. The Secretary just made a major speech on the Colorado River on December 19th at the Colorado River Water Users, and we're working really hard, again on separate tracks, to try to see if we can't solve the Colorado River issues. We're dealing with California, Nevada, Arizona, as well as the Upper Basin States and we have a three-pronged effort, which is the subject of another, maybe an interview, sometime on the Colorado River and where we are on there, what the issues are there, but we're hoping within the next year or so to solve the issues for Nevada and California in the Lower Basin, and I'm hoping to get back to a negotiated settlement with C-A-W-C-D on the C-A-P issues.

Where we really end up on all of this, I don't know. I mean, I'm in the middle of it right now, and how we ultimately get it resolved, I just don't know. I sense that the opportunity is there for us to do it all, to bring it all together and get a resolution, but we're not there yet. But, I think we could be within a year of having it all come together. I would hope that we're within a year of having it all come together. C-A-P and the Colorado River as a resolution at the same time.

Storey: Good. Well, we've used our time, I'm afraid, in one way or another. So I'd like to ask you again if you're willing for the information on these tapes and the resulting transcripts to be used by researchers.

Johnson: Yes.

Storey: Good. Thank you very much.

END SIDE 1, TAPE 2. JANUARY 13, 1997.
BEGIN SIDE 1, TAPE 1. JANUARY 14, 1997.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation,

interviewing Robert W. Johnson, Regional Director of the Lower Colorado Region, in ***his*** offices in Boulder City, Nevada, on January the 14th, 1997, at about two o'clock in the afternoon. This is tape one.

You were saying that after the breakdown of negotiations in '95, I think it was, on the Colorado River that they start up. But I'm a little confused, because, of course, the '22, '28, whatever you want to date it, Colorado River Compact allocated Colorado River water. Then the Supreme Court decision in '63 specified what Arizona's ***share*** was going to be. Why are we still doing this kind of stuff?

The Colorado River Compact did not settle all the issues "Because there's changing needs over time on the Colorado River system, and agreements . . . were reached a long time ago. Society, and the economy, and the West has grown and changed a lot. It's hard to make the resources and the way they were divided back then fit the needs of today. So we're having to try to make adjustments . . ."

Johnson: Because there's changing needs over time on the Colorado River system, and agreements that were reached in 1922 and 1928 on amounts of water are agreements that were reached a long time ago. Society, and the economy, and the West has grown and changed a lot. It's hard to make the resources and the way they were divided back then fit the needs of today.

". . . we're *not changing* the Colorado River Compact, and we're not *changing* the Boulder Canyon Act, and we're not *changing* the U.S. Supreme Court decree. What we're doing on the Colorado River right now is to try to *accommodate* the changing needs of the economy and society within the framework that that law provided. That can become contentious, and that can become complicated. . . ."

So we're having to try to make adjustments in–and I need to be careful how I characterize this, because we're ***not changing*** the Colorado River Compact, and we're not ***changing*** the Boulder Canyon Act, and we're not ***changing*** the U.S. Supreme Court decree. What we're doing on the Colorado River right now is to try to ***accommodate*** the changing needs of the economy and society within the framework that that law provided. That can become contentious, and that can become complicated.

"The Boulder Canyon Act [in 1928] . . . laid out a proposed allocation on how Colorado River water in the Lower Basin should be allocated [among the states]. . . . ."

Nevada, when the water was allocated, Nevada's water allocation was 300,000 acre feet that was allocated back in 1928. At that time, that was part of the Boulder Canyon Act. The Boulder Canyon Act authorized the construction of Hoover Dam, and it also laid out a proposed allocation on how Colorado River [water] in the Lower Basin should be allocated. It gave 300,000 acre feet to Nevada, 2.8 million acre feet to Arizona, and 4.4 million acre feet to California for a total of

7½ million acre feet in the Lower Basin. It gave the compact, which was negotiated in 1922, six years earlier, gave 7½ million acre feet to the Upper Basin States, and 7½ million acre feet to the Lower Basin. Then the '28 Act allocated the 7½ million acre feet allocated to the Lower Basin under the compact.

Then the 1964 decree, Supreme Court decree in *Arizona versus California*, affirmed the apportionments that were made in the Boulder Canyon Act, and kind of charged the Secretary of the Interior with administering those entitlements and serving as watermaster on the Colorado River system just in the Lower Basin.

"What's happened is that . . . the apportionments haven't necessarily matched the . . . developing needs over time. . . ."

What's happened is that despite those apportionments that were made back in the 1920s, the need for water, the apportionments haven't necessarily matched the need and what's actually occurred in terms of developing needs over time. When Nevada was allocated 300,000 acre feet, Las Vegas had a population–I'm not sure exactly what the population was, but probably less than 5,000 people. Southern Nevada, had no irrigable lands. So there was no opportunity to put any–the terrain was such along the Colorado River within Nevada that there wasn't any lands that could reasonably be irrigated.

So 300,000 acre feet for Nevada was beyond the wildest dreams of what the city fathers in Las Vegas at that time thought they could possibly use with a population of about 5,000 people. So now we've had, what, seventy-five years of growth, or seventy years of growth.

Storey: Going on, yes.

"Las Vegas . . . In less than ten years, we'll have a need for more than 300,000 acre feet. . . . So Las Vegas is literally going to outstrip the supply that was apportioned under the Boulder Canyon Act in 1928. . . ."

Johnson: Las Vegas has a population of over a million people. In less than ten years, we'll have a need for more than 300,000 acre feet. There is ***literally*** no other supply available in southern Nevada. So Las Vegas is literally ~~outgrowing its demand. Its demand is~~ going to outstrip the supply that was apportioned ~~on the Colorado River Basin Act–not Basin Act,~~ under the Boulder Canyon Act in 1928. And they're legitimate needs, they're urban needs, they're growth needs, and there ought to be ways to accommodate those, reasonably accommodate those growth needs.

Nevada Needs a Relatively Small Amount of Water in Terms of the Whole Lower Colorado River Basin Allotment

The amount of additional water that Nevada needs in the context of the whole Colorado River system is relatively small. Another 100,000 acre feet will take care of growth in southern Nevada for probably at least fifty years, and yet think of 100,000 acre feet out of the 7½ million acre feet that's available for use in the Lower

Basin is, what, 1 percent, 2 percent of the supply that goes to the whole Lower Basin? It's a relatively small need, and it just seems like there ought to be some way of accommodating that need.

"If you look at it from an economic perspective, the value of using the water for municipal and industrial purposes in Nevada is very high . . . If you look at the other uses within the Lower Basin, out of the 7½ million acre feet, about 5 million acre feet is delivered for irrigation use. Much of *that* water is used on cotton and barley and alfalfa, which are all relatively low valued crops. Farmers would be thrilled to receive a payment of 100 or 200 dollars an acre foot for the use of their water. Las Vegas would be thrilled to pay 100 or maybe even 200 dollars for the use . . ."

So Nevada's needs have changed. There's a need to take care of, or find a way to take care of their additional needs. If you look at it from an economic perspective, the value of using the water for municipal and industrial purposes in Nevada is very high in terms of the value of water and what Las Vegas can afford to pay for additional water supplies from the Colorado River. If you look at the other uses within the Lower Basin, out of the 7½ million acre feet, about 5 million acre feet is delivered for irrigation use. Much of ***that*** water is used on cotton and barley and alfalfa, which are all relatively low valued crops. Farmers would be thrilled to receive a payment of 100 or 200 dollars an acre foot for the use of their water. Las Vegas would be thrilled to pay 100 or maybe even 200 dollars for the use of that water. The farmer would be better off financially, and Las Vegas would be able to accommodate its growth, and the economic use of that water in Las Vegas would contribute much more ***significantly*** to the economic well-being of the nation as a whole.

So economically, it would seem that it would make some sense to allow some of that agricultural use that is occurring in the Lower Basin to be transferred to that higher valued M0-&-I use in southern Nevada. So economically, it makes sense for that, and it fits with the idea of free enterprise and a capitalistic system. I mean, water ***is*** a resource. Why should we necessarily let these institutional barriers stand in the way of commerce? If you've got a willing seller in the state of Arizona or California that's willing to give the use of their water up, and allow that water to be used in southern Nevada, which is, in fact, a higher economic use, why shouldn't we try to find ways to accommodate that?

". . . that's what we're trying to do is to open up those markets to allow those voluntary exchanges or transfers to occur in this capitalistic system that we operate in. . . ."

So that's what we're trying to do is to open up those markets to allow those voluntary exchanges or transfers to occur in this capitalistic system that we operate in. That's what we all believe in in the United States, is the idea of capitalism and free enterprise and markets, and let markets define how resources ought to be used. So that's what we're trying to do within the framework of the Law of the River.

How to Accommodate M&I Needs While Also Protecting States' Entitlements and Operating Within the Framework of the Law of the River

Why can't we accommodate Nevada's needs for urban use through this transfer mechanism, and still protect the rights of the states, the allocation of the water in the state of Arizona? We would not propose in any of the solutions that we've put out–our regulations that we proposed back in 1994 or anything that we're looking at today, we would not propose that Arizona give up any permanent entitlement to its 2.8 million acre feet, or that we change the compact or the Boulder Canyon Act and those apportionments among the states. All we would like to do would be to allow an individual user within that state who has a ***right*** to the use of that water to temporarily sell the use of his water to another entity in another state, but not permanently transfer the right or permanently transfer the entitlement.

Now, the idea is is that if you had a market that would allow that to occur, it could occur. You could have farmer A in irrigation district C selling water to Nevada for, say, five years. Then after five years, he takes back the use of his water, and another farmer in another irrigation district in another state might enter into a contract for five years. So no one individual would ever permanently sell their water to Nevada, but there would be a market that would exist where Nevada could negotiate with any number of sellers within the other states to obtain water on temporary basis for short-term periods of time, maybe one year-, maybe five year-, maybe ten year-, maybe twenty- or thirty-year contracts. Then they rely upon the market for that to occur.

With 5 million acre feet of agricultural use in the Lower Basin, we know that the supply is there, that the market is there, and that the size of the market is there to accommodate the need. So why shouldn't we allow that commerce? It still protects the long-term right of Arizona and the right of the individual users, but allows that water to be put to use where it can.

The decree, the Supreme Court decree, clearly provided a mechanism for one state's water to be used in another state. Off the tape, just a few minutes ago, you and I were talking about if one state doesn't use all of its entitlement, the Supreme Court decree, Section 2.B.6. of the Supreme Court decree, says that the other states in the Lower Basin can put the unused apportionment of any one state when it's available in a given year to use in that other state. So there is provision for moving the use of water from one state to another on a year-to-year temporary basis.

So you could have farmers selling water, giving up the use of their right to water for a short-term period of time, and the state then forbearing from the use, and under 2.B.6. of the decree, allowing that water to be put to use in another state. You can ***craft*** legal documents around that concept and provide a market, a framework of a market, that would have some certainty for Nevada to rely upon, to buy water in a market system, and have some certainty that that water could be there on a long-term basis through this market mechanism.

So that's what we're trying to achieve is to try to open it up and create a

market situation that has win-win. Users get compensated for conservation, or land fallowing, reductions in use, and state entitlements still get protected because state entitlements will not deviate from that passed by the Congress and affirmed by the Supreme Court. So there are ways to accomplish that. The needs of the economy and the needs of the nation, I think, dictate that we have some flexibility in the law to accommodate Nevada's needs. Otherwise, there's going to be political–Nevada's going to press their case politically, and there's going to be a pressing need for change in the cornerstones of the Law of the River, which Arizona and long-term entitlement holders have a tendency to want to shy away from, and not have those kinds of changes made in the Law of the River.

"The Law of the River, and *all* laws have to have flexibility over time to *accommodate* the changing needs of society, don't they? Isn't that kind of what we're going through over a seventy-year period? . . ."

So we've got to have flexibility. The Law of the River, and ***all*** laws have to have flexibility over time to ***accommodate*** the changing needs of society, don't they? Isn't that kind of what we're going through over a seventy-year period? We had an allocation that was based on an economy that was very different seventy years ago than what we have today. There has to be flexibility in that law to accommodate those changing needs of society, to accommodate the changing needs of the economy. So we have to make this law that we have somewhat flexible, but do it in a way that's win-win. You know what I'm saying? Not just dictate that, well, "Arizona, we're going to take your water," or, "California, we're going to take your water," or this user, "We're going to take it and give it to California." But with the right compensation, it can be done in a manner that makes everybody happy.

Arizona Has Passed a Goundwater Management Act Which Allows Water Banking and Interstate Sale of up to 100,000 Acre Feet of Arizona's Colorado River Entitlement

So that's what we're trying to do, and I think that's what Nevada wants to see happen. Arizona has been forthcoming. Arizona has recognized Nevada's need, and I think recognizing that, in fact, there's this need for flexibility. Arizona has passed a Groundwater Management Act, and what they call an "Arizona water bank," and they have authorized the Arizona Department of Water Resources to sell on an interstate basis up to a 100,000 acre feet of Arizona's Colorado River entitlement. Under that plan, Arizona would pump Colorado River water through the Central Arizona Project into the groundwater deficient areas of Central Arizona, store that water in the groundwater basin, and for every acre foot of water that was pumped through this program and stored in the groundwater basin, Arizona would agree in some future year to reduce use in lieu of use in another state that had paid for that groundwater storage.

". . .Nevada pays today for taking surplus, unused Colorado River water, diverting it through the Central Arizona Project canal, and storing it in groundwater, with the understanding that in some future year, when Nevada needs more than its

entitlement, Arizona will reduce its use on the river in lieu of Nevada's diversion and use of a portion of their [Arizona's] entitlement up to the amount of water that was put in groundwater storage. Arizona would then pump that water put in groundwater storage back up, and use it locally to replace the Colorado River water that they otherwise had a right to. . . ."

So, in essence, the Arizona plan would be Nevada pays today for taking surplus, unused Colorado River water, diverting it through the Central Arizona Project canal, and storing it in groundwater, with the understanding that in some future year, when Nevada needs more than its entitlement, Arizona will reduce its use on the river in lieu of Nevada's diversion and use of a portion of their entitlement up to the amount of water that was put in groundwater storage. Arizona would then pump that water put in groundwater storage back up, and use it locally to replace the Colorado River water that they otherwise had a right to.

Storey: Which would likely be cheaper than pumping it from the Colorado River, anyway.

Johnson: Right. Right. At that point in time, it would be cheaper than pumping it from the Colorado River, and its initial storage cost got paid for by the neighboring state.

Reclamation Needs to Develop Regulations Defining How it Would Manage the Water Banking Program

So it's not a bad plan. It's a good plan, and it can go a long way towards solving Nevada's problem. Nevada has embraced it, is anxious for it to be implemented. The Arizona law requires ***us*** to develop some of the Federal Government, the Bureau, to develop some regulations that would define the terms under which we would administer the river to allow that to occur. We have to ***account*** for the use of water in each of the three states under the Supreme Court decree, prepare an annual report, and it's our responsibility to enforce the provisions of the decree. So we would have to establish some guidelines around which we would manage the river system to accommodate those types of exchanges.

"Whether or not Nevada's participation in this Arizona groundwater bank infringes on California's ability to use unused apportionment is going to be a ticklish issue that the regulations will have to deal with, and we'll have to sit down with the three states and figure out what water can be stored and when the pumping can occur to put that water in storage. . . ."

Arizona and Nevada have approached us, and asked us to go ahead and develop those regulations to allow that kind of water marketing to occur. We are right now in the process of publishing, as we speak, a Notice of Intent to prepare regulations to implement that. So I think we're going to be moving forward with that plan. That plan will have some controversy. There will be some sticky issues that we will have to deal with in those regulations. California continues to use more than its entitlement, and wants to continue to use the unused apportionments of Nevada and [Arizona] ~~California~~ if they don't have immediate need for those supplies. Whether or not Nevada's participation in this Arizona groundwater bank infringes on

California's ability to use unused apportionment is going to be a ticklish issue that the regulations will have to deal with, and we'll have to sit down with the three states and figure out what water can be stored and when the pumping can occur to put that water in storage. That'll be a sensitive issue that we'll have to kind of work through with the three states on how that will occur.

"So there's some things going on out there that can help accommodate these changing needs, and there is some flexibility among the states recognizing the need to be more flexible in our management of the river system. There's a flexibility among the states to allow some innovative kinds of things to occur. . . ."

So there's some things going on out there that can help accommodate these changing needs, and there is some flexibility among the states recognizing the need to be more flexible in our management of the river system. There's a flexibility among the states to allow some innovative kinds of things to occur.

One of the other–so we've got a form of interstate marketing that we're going to try to implement on the Colorado River system. It protects Arizona's entitlement. It takes care of Nevada's needs, and it will also protect California's entitlement.

California may also be interested in participating in an Arizona groundwater bank, and, in fact, may pay to store Arizona groundwater in exchange, under this same kind of a program. Metropolitan Water District has expressed interest in the past and, in fact, we did a demonstration program with Arizona, California, and Nevada along these same lines about three years ago. So we've already done a demonstration program along those lines. So the interstate marketing aspect in the Lower Basin is, I think, well on its way to getting implemented. Maybe within the next couple of years we can get regulations in place to do that.

Secretarial Responsibility to Annually Declare Shortage, Normal, and Surplus Water Conditions in the Colorado River System

The other thing that needs to be addressed is, and this is without any change to the Law of the River, but we're getting to the point where the Lower Basin is using its full entitlement of 7½ million acre feet, and probably will in many years in the future be using its full apportionment. But under the Supreme Court decree, the court charged the Secretary each year with making a determination on the river as to how much water is available for use in the Lower Basin if the court recognized that there's a possibility that the river system would be full, that there would be large wet years and conditions on the river where, in fact, there's lots of water available. So the Secretary was charged by the court with making a determination as to whether or not there is a surplus condition in the Lower Basin in which there is more than 7½ million acre feet available for use, or whether it's a ***normal*** condition in the Lower Basin, which means that there's a ***full*** 7½ million acre feet available for use in the Lower Basin, but Lower Basin use is limited to 7½ million acre feet, not more. ***Or*** there's also the possibility that we get into an extended drought and we have shortage

conditions, and there's not enough water in storage to accommodate ***all*** of the 7½ million acre feet that's been allocated for use.

In Recent Years the Lower Basin Has Approached Using its Full Entitlement of 7.5 Million Acre Feet

So the Secretary is charged each year under the Supreme Court opinion and decree with making a determination of how much water is available for use in the Lower Basin. Historically, that's not been an issue because the Lower Basin has never used more than 7½ million acre feet. The use has always been ***less*** than 7½ million acre feet. It's only now in the last four or five years that the Lower Basin has begun to have demands that look like they were going to be at or exceeding 7½ million acre feet.

1990 was the first time we used a full 7½ million acre feet. We didn't exceed it. We used a full 7½ million acre feet. Then we got a reprieve for about five years, and our use tapered off. A number of reasons. The ag economy reduced irrigation. There were a number of other things.

Storey: So there was less water usage after '90?

Johnson: Right. We dropped off because the ag economy weakened. Arizona agriculture–we had white fly infestation in the whole Lower Basin, and ag water use dropped off extensively for three or four years. We dropped down to around 7 million acre feet, I think, in like '92 and '93, in that time frame. Then it's gradually built back up.

In 1996 the Secretary Declared a Surplus Condition and the Lower Basin Used 8 Million Acre Feet of Water–the First Time Use Exceeded the Allocation

Last year, in 1996, we used ***8*** million acre feet. We exceeded–that was the first year, last year, that we actually exceeded the Lower Basin basic allocation of 7½ million acre feet. Last year, for the first time, on the Colorado River system, the Secretary declared a surplus condition. In other words, he looked at reservoir conditions and he looked at the weather, the forecasts for inflow into the reservoir condition, and looked at the demand for water in the Lower Basin. He determined that, in fact, reservoirs were relatively full. We had 80 percent. During the year we had as much as 53 million acre feet in storage on the Colorado River system, and that was about over 80 percent of the capacity of the system. So we had a relatively full system, and long-term projections indicated that we would still have a tendency to have a full system over a period of time. So we felt like it made sense to declare a surplus condition and allow the Lower Basin to go ahead and use more than its 7½ million acre feet. So we actually made that determination for last year.

". . . this has brought is a raging debate now among all seven states about what conditions constitute being able to declare a surplus, and what conditions don't support being able to declare a surplus. . . ."

But what this has brought is a raging debate now among all seven states about

what conditions constitute being able to declare a surplus, and what conditions don't support being able to declare a surplus. How full is full, full enough to declare that additional water is available?

"One of the reasons that that is such a significant debate is we have different users on the system with different priorities in times when there's not enough water to go around. . . ."

One of the reasons that that is such a significant debate is we have different users on the system with different priorities in times when there's not enough water to go around. ~~In California,~~ California, over the last fifteen or twenty years, has exceeded the use of its entitlement. They're currently using–last year they used about 5.2 million acre feet. They have 4.4 million acre foot basic apportionment. But by using the unused water of Arizona and Nevada as the Supreme Court allowed them to do, they have been able to build up and use significantly more than their entitlement for many, many years.

"California wanted to use more than 4.4 million acre feet, and was claiming that Arizona's 2.8 million acre feet was being used on the tributaries in the Salt River Project in the Phoenix area . . . California had their eye on taking the mainstream water that had been allocated to Arizona, and putting it to use within California rather than letting the Central Arizona Project develop. . . ."

That's what the Supreme Court decree was all ***about*** in 1964. California wanted to use more than 4.4 million acre feet, and was claiming that Arizona's 2.8 million acre feet was being used on the tributaries in the Salt River Project ~~around~~ in the Phoenix area, and that was part of the 2.8 million acre feet allocated to Arizona. California had their eye on taking the mainstream water that had been allocated to Arizona, and putting it to use within California rather than letting the Central Arizona Project develop.

Supreme Court Decision in 1964 Said Arizona's Entitlement Was 2.8 maf out of the Colorado River plus Development Within Arizona on the Colorado's Tributaries–California Could Take Any Unused Part of Arizona's Entitlement

That's really what the Supreme Court decision in 1964 was all about. The Supreme Court said, "No, that water belongs to Arizona under the Boulder Canyon Act, and Arizona has the right to divert and use it. In the meantime, California, until Arizona has developed the ***ability*** to use it, you can go ahead and use their unused apportionment. But when Arizona wants to take it, they've got the right to take and put it to use."

And so California has done that for the last twenty years, ever since, yes, almost twenty years now, now thirty years since the Supreme Court decision, California's been putting Arizona's unused apportionment to use. But now Central Arizona Project's getting complete. Arizona's using its full entitlement, and we're going over the 7½ million acre feet, and now California is saying, "Well, we're going

over the 7½ million acre feet. The decree also–unused apportionments no longer are going to be available, but, Mr. Secretary, you have this authority under the decree to determine that's a surplus condition. So let us continue to use 5.2 instead of 4.4." That's basically what California is saying to ***us*** in operating the river system. "Say it's a surplus condition. Let us continue to divert 5.2."

Only 550,000 Acre Feet of Colorado River Water Goes to Southern California's Metropolitan Water District with the Balance of 3.85 maf Allotted to Agricultural Use

It particularly becomes a critical issue for California because California has a priority system that says the first use of water within California goes to the ag users. Again, this goes back to the values that existed back in 1928 and the early 1930s when these agreements were all put together. Agriculture was the main user of water, urban use in the West had not developed yet, and agriculture were the first users of water in the West, and so they got the first right or the first claim to the use of water.

". . . Los Angeles all the way down to San Diego. . . . it's their long-term use that's been supported by the unused apportionment. . . . their traditional diversions from the Colorado River system have been about 1.2 million acre feet, but their long-term right . . . is only 550,000 acre feet. . . ."

So the first 3.85 million acre feet [maf] of water in California and the right to the use of that water is assigned to the ag entities. There's only 550,000 acre feet of the ag entitlement on a firm basis that's assigned for urban use in the Metropolitan Water District in southern California, Los Angeles all the way down to San Diego. Yet it's that urban area, it's their long-term use that's been supported by the unused apportionment. Their ability to divert, and their traditional diversions from the Colorado River system have been about 1.2 million acre feet, but their long-term right if we're limited to 7½ million acre feet in the Lower Basin, and there's no unused apportionment available their long-term right is only 550,000 acre feet.

". . . within California, if we can't declare a surplus under the priority system that exists, the entities that have to reduce their use are the metropolitan areas in southern California . . . So that creates a difficult political issue. . . ."

So within California, if we can't declare a surplus under the priority system that exists, the entities that have to reduce their use are the metropolitan areas in southern California–Los Angeles, San Diego, and all of that urban area that exists between the two. So that creates a difficult political issue. Under the law, the low priority user is the M-&-I entity, and yet you know that if you have to enforce that kind of reduction on an urban area, that it's going to be very difficult to sustain politically. An urban area with a large population that is so dependent on the . . .

END SIDE 1, TAPE 1. JANUARY 14, 1997.
BEGIN SIDE 2, TAPE 1. JANUARY 14, 1997.

Johnson: So California is arguing for these surplus conditions so that the urban areas don't

have to take these huge reductions in use in southern California.

". . . one of the political arrangements that Arizona had to agree to in order to get the Central Arizona Project authorized was . . . They had to *agree* to reduce the Central Arizona Project uses to zero before California *ever* had to take *any* reductions in times of shortage. . . ."

On the other hand, if you go over to Arizona and look at Arizona's entitlement, even though Arizona won the Supreme Court decree in 1964, one of the political arrangements that Arizona had to agree to in order to get the Central Arizona Project authorized was they had to agree to make the Central Arizona Project the ***lowest*** priority user in times of shortage on the Colorado River system. They had to ***agree*** to reduce the Central Arizona Project uses to zero before California ***ever*** had to take ***any*** reductions in times of shortage.

". . . that has made Arizona very sensitive to the . . . possibility of shortage on the Colorado River system, because Arizona's going to be required to bear the brunt of any shortages that might occur in future years. . . ."

When California Argues for a Surplus Determination, Arizona Argues Against on the Grounds That They Would Have to Bear a Shortage During Drought in Future Years

As a result, that has made Arizona very sensitive to the shortage, the possibility of shortage on the Colorado River system, because Arizona's going to be required to bear the brunt of any shortages that might occur in future years. So when California's arguing, "We need the water. Our urban area needs the water. Let us have a surplus condition so that that need can be met," Arizona is arguing, on the other hand, that if we allow California to use it today, and then we get into an extended drought and the reservoirs get drawn down, then ***"we are*** the ones that are expected to bear the shortage first. The water that California has taken and used today may be water that is taken from us at a future date in times of drought."

"So we've had this debate with Arizona having the strong concern about getting into a shortage condition, and arguing against any kind of a surplus determination. . . ."

So we've had this debate with Arizona having the strong concern about getting into a shortage condition, and arguing against any kind of a surplus determination. "Don't let California have more water today, because if you do, it may cause us to have to take less at some future year if we get into an extended drought and are required to take shortage."

". . . since about 1990 we've been having this debate when we first reached that 7½ million acre feet. We've had this surplus debate on an *annual* basis as we've developed our operating plan on the Colorado River system . . ."

This has been going on since about 1990 we've been having this debate when we first reached that 7½ million acre feet. We've had this surplus debate on an ***annual*** basis as we've developed our operating plan on the Colorado River system on whether or not we should be declaring a surplus.

"Last year [1996] we kind of got our nose pinned to the wall because . . .the demands, in fact, did exceed the 7½ million acre feet. The only way that we could make that available was to bite the bullet and say it's a surplus condition. . . . We had the worst period of record on the Colorado River system from 1988 through about 1994. . . . we had some wet years in '94 and '95, and we *recovered* significant amounts of storage . . . Because of that *recovery* in the storage system, we felt relatively confident that we could actually declare a surplus condition next year for '97, and also for '96 when the demand existed. . . ."

Last year we kind of got our nose pinned to the wall because we began–the demands, in fact, did exceed the 7½ million acre feet. The only way that we could make that available was to bite the bullet and say it's a surplus condition. And fortunately the reservoirs–we did have an extended drought. We had the worst period of record on the Colorado River system from 1988 through about 1994. That's probably the six or seven years of the lowest consecutive runoff on the Colorado River system, and we lost storage. We went from about 60 million acre feet in storage in 1987 down to around 43 million acre feet in storage, or 42 or 43 million acre feet in storage in 1992 or '93, somewhere in that time frame.

Now, we had some wet years in '94 and '95, and we ***recovered*** significant amounts of storage, and we're back up over 50 million acre feet. Because of that ***recovery*** in the storage system, we felt relatively confident that we could actually declare a surplus condition next year for '97, and also for '96 when the demand existed. But we still have this debate every time we go to make that kind of decision with Arizona ***and*** the other six states, by the way, now siding with Arizona saying, "No. Don't declare a surplus," and California arguing for us to declare a surplus condition, make additional water available.

Use of Colorado River Water in 1997 Was less than the Average Annual Flow

Now, if you look at the hydrology of the Colorado River system and the use of the Colorado River system that the current numbers kind of show that current use on the system, if you take Upper and Lower Basin use, and Mexico use, current use of the system is about 13 million acre feet annually. If you look at the long-term average annual ***flow*** on the Colorado River system since we first started measuring flows in 1906, the average annual flow has been about ***15*** million acre feet. So today's use is less than what the average annual flow is.

Allocated Use Is Larger than Average Annual Flow in the Colorado River Basin

Now, you have to compare that to what's allocated on the system. If you look at what's allocated on the system, we have 7½ million acre feet allocated for use in the Upper Basin, 7½ in the Lower Basin, million and a half to Mexico. We've got

16.5 million acre feet allocated for use on a long-term basis, and 15 million acre feet of average annual flow. Okay?

". . . current use is about 13 million acre feet, so *all* of the allocated uses are not yet occurring. . . . So we have use right now that's about 2 million acre feet less than what the flow is. . . ."

Now, what's happening is current use is about 13 million acre feet, so ***all*** of the allocated uses are not yet occurring. The Upper Basin is not using its allocated 7½ million acre feet. The Upper Basin is only using about 4 million out of the 7½ million. So we have use right now that's about 2 million acre feet less than what the flow is. What that means is for right now, until the Upper Basin uses its full apportionment, there's the tendency is going to be, unless we get into a very extended drought, the tendency's going to be for the inflow to be greater than the outflow, and the reservoir systems are going to tend to be full, and in a lot of years you're going to be able to declare surplus condition and meet California's additional needs.

". . . California wants us to establish some criteria that would define the conditions under which a surplus exists. . . . get a specific set of guidelines that kind of tell us how that decision is going to be made . . . I think all of the states think that's a good idea. "

What California wants us to do is California wants us to establish some criteria that would define the conditions under which a surplus exists. In other words, how full does the system [need to be], what kind of hydrologic analysis is done, and let's get it down to a formula rather than a debate every year. Let's get a specific set of guidelines that kind of tell us how that decision is going to be made, so there's some certainty that California can ***know*** what to expect in terms of the decisions from the Secretary. I think that's a good idea. I think ***all*** of the states think that's a good idea. I think California supports that.

"Now, what we're going to have is we're going to have a debate over what that criteria should be. . . ."

Now, what we're going to have is we're going to have a debate over what that criteria should be. What are the guidelines? What are the specific guidelines? California is likely to argue that anytime you got more than 40 million acre feet in storage, you ought to be declaring a surplus–just as an example. Arizona is likely to argue that unless you're spilling water, unless you're literally in a flood control release, like we are right now, we're starting to make flood control releases this week, we've had another very wet year, but unless you're in a flood control release, you ought to not be declaring a surplus. You ought to be declaring it at home here. That would be the Arizona position.

Secretary Babbitt Charged Reclamation to Develop Guidelines for Development of the Annual Operating Plan and Determining the Water Year Status on the Colorado River, and Reclamation Is Going to Work with the States

So you've got these two extreme positions, and I think our challenge is going to be in over the next year or so is to try to develop some specific guidelines that define how we go about making those decisions. The Secretary, in his speech at the Colorado River Water users this last December, charged us, the Bureau of Reclamation, with developing some guidelines around which surpluses and the decisions for surplus would be made. So we're going to be entering into an effort with the states over the next year to define that criteria so that we don't have to go through this debate every year. But we [will] have a formula, or we have a set of ***rules*** that we apply to the conditions that exist in the reservoirs, and our decision on surplus will be based on that.

So we've got regulations to implement interstate marketing. We're embarking on those. The second thing we're doing is we're trying to address this kind of an operational issue around whether it's a surplus condition or not, and whether or not we can make more water than 7½ million acre feet available for use in the Lower Basin.

". . . concern of the other Colorado River Basin states that California could not, cannot politically reduce its use to live within its basic apportionment of 4.4 million acre feet. . . ."

The ***third*** big issue that we have on the Colorado River system right now that we're struggling with is the concern of the other [Colorado River] Basin states that California could not, cannot politically reduce its use to live within its basic apportionment of 4.4 million acre feet. Going back to what I explained a few minutes ago, it's the urban area that has to reduce its use. It's not going to be possible for the urban areas to take that kind of reduction in use, and yet the priority system that exists within California for use of Colorado River water dictates that that occurs. The other six states are very concerned that the political force of southern California is enough that if we didn't have good water conditions on the Colorado River system, it would be very difficult for the decree, the Supreme Court decree in *Arizona versus California*, to be enforced.

So the other six states are saying, "California, you want this surplus criteria," that we were just talking about, and, in fact, I think the other six states may be reluctantly willing to admit that, in fact, there may be surpluses available, and that California can have additional water for some period of time until the Upper Basin develops a use for that supply. I think the basin states may be ***reluctantly*** willing to admit that, that there ought to be some criteria to allow that to happen. But the other six states are also saying, "But the day ***will*** come when the Upper Basin begins to use its full entitlement, and when that happens, you're no longer going to be able to rely on surpluses to use more than your basic apportionment in the Lower Basin. And California ***needs*** to come up with some mechanism to ultimately reduce its use to its basic apportionment of 4.4 million acre feet. There needs to be a plan from California, a viable plan from the state of California, that shows how they can reduce their reliance on Colorado River water."

The Other Basin States Believe Southern California's Plan to Reduce its Reliance on More than 4.4 maf Will Probably Rely on Intrastate Water Marketing

Now, everybody thinks that that plan is intrastate marketing. California has to ultimately probably reduce its use by about maybe 7- to 800,000 acre feet from 5.2 [maf, million acre feet] down to 4.4 [maf], to 6- to 800,000 acre feet, because their use varies a little bit. It'll range from 5 [maf], currently it ranges from 5 to 5.2 [maf]. So California has to be able to reduce its use by 6- to 800,000 acre feet. How is that going to occur? Well, 3.85 million acre feet of [California's] ~~Arizona's~~ 4.4 million acre feet is irrigation use. Again, there's thought that the agricultural component can reduce its use through conservation and land fallowing and other types of programs, and allow that water to be transferred, just like I was talking about.

It Appears Interstate Water Transfers Can Accommodate Las Vega's Needs

Transfers, interstate transfers, to take care of Las Vegas. Arizona has stepped forward with a plan that will ***accommodate*** Las Vegas's need. The other states are saying that within California there's enough ag use, it's a little higher percentage of their ag use that they have to adjust, but within California there ought to be a ***way*** through market mechanisms and conservation mechanisms for the ag users to reduce their use and accommodate this 1.2 to 1.3 million acre feet used by the Metropolitan service area. I think the other states are looking for some viable plans by California to allow that to occur.

The Seven Party Agreement Allocates Priorities for California's Colorado River Water

Now, the biggest obstacle that exists that would allow that to occur is the nature of the Seven Party Agreement.[22] Seven Party Agreement is the agreement within California that defines the use of California's Colorado River water among all of the various entities. Basically that's a priority system. It even breaks down the ag priorities. The ag priorities, the Seven Party Agreement says that Palo Verde Irrigation District, which is along the river near Blythe in California, right along the river, has the ***first*** right to the use of up to 3.85 million acre feet for all that it can put to reasonable and beneficial use. So the first priority for use of Colorado River water is the Palo Verde Irrigation District. But there's a limitation on the amount of land that can be irrigated. I think it's a ~~104,000~~ [104,500] acres. So Palo Verde has a right to use all it can put to reasonable use on ~~104,000~~ [104,500] acres.

Second priority is the Reservation Division of the Yuma Project on the California side of the river in the Yuma area. They have a right to use all they can put to reasonable use on 25,000 acres.

22. Executed on August 18, 1931, the Seven Party Agreement was developed among California water users entitled to use Colorado River water. The signatories developed the agreement in response to a request of the Secretary of the Interior of November 5, 1930, for a recommendation on the proper apportionment of California's share of Colorado River water. Source: http://www.usbr.gov/lc/region/g1000/pdfiles/ca7pty.pdf accessed on May 26, 2011, at about 12:30 P.M.

Then the ***third*** priority under the Seven Party Agreement is shared between Imperial Irrigation District, Coachella Irrigation District, and I think it's [16,000] ~~12,000~~ acres of land on the Mesa area of Palo Verde Irrigation District. They have the right up to the remaining 3.85 million acre feet for all they can put to reasonable beneficial use. Then whatever is left over within 3.85 is then available to Metropolitan for their use. So they have this tiered priority.

Now, that's further complicated by a separate agreement that was struck between Imperial and Coachella called the Compromise Agreement, and that agreement basically provides that Coachella further subordinates its priority to below Imperial. So Imperial, in fact, has what we call a 3A priority, and Coachella has a 3B priority. So Coachella is the lowest priority user of the ag entitlement holders.

". . . that system is not a very good water entitlement system because it implies that the higher priority users have an elastic water right that, for instance, Palo Verde can expand its use. If they can put more water to beneficial use, it has the right to expand its use. . . ."

Well, that system is not a very good water entitlement system because it implies that the higher priority users have an elastic water right that, for instance, Palo Verde can expand its use. If they can put more water to beneficial use, it has the right to expand its use. It historically has used about 450,000 acre feet consumptively. But I've heard Palo Verde irrigators argue that if they can grow crops that beneficially used on 104,000 acres, that they've got the right to use the full 3.85 million acre feet, and to heck with everybody else. And Imperial asserts the same right. Imperial says, "We have the right." That's a 500,000 acre [project].

"Imperial's use alone among the uses in California is as much a 3 million acre feet. They requested 3.3 million acre feet in 1997. We've got some issues with them around that water request . . ."

Imperial's use alone among the uses in California is as much a 3 million acre feet. They requested 3.3 million acre feet in 1997. We've got some issues with them around that water request, but they have many times used 3 million acre feet, or more than 3 million acre feet of the California entitlement.

". . . that kind of entitlement system . . . creates . . . one low priority user, i.e. Coachella, who kind of becomes a stumbling block in allowing water to transfer from the irrigation use to the urban areas. . . ."

Well, what happens then with that kind of entitlement system, what that creates is one low priority user, i.e. Coachella, who kind of becomes a stumbling block in allowing water to transfer from the irrigation use to the urban areas. We've had a couple of agreements now, where Imperial has agreed to allow Metropolitan to pay for water conservation. Then the idea is that Imperial conserves water, and then that frees that water up for use by Metropolitan.

Well, what's happened is Coachella has intervened and said, "Wait a minute.

When Imperial conserves water under the Seven Party Agreement, we're the next priority in line before Metropolitan. So when Imperial conserves water, that water really belongs to us, not Metropolitan. So this idea of passing water from Imperial to Metropolitan, and bypassing us is not fair. Under the Seven Party Agreement, that water belongs to us."

". . . we have this tiered priority system that places an intervening ag priority between the selling ag interests and the urban areas that we have to satisfy. . . ."

They made similar arguments–if Palo Verde, Palo Verde did some land fallowing programs with Metropolitan a few years ago, and Coachella, while they didn't formally object, raised the same issue–that, "If conservation takes place, I run the risk of being shorted because I'm the low priority user, and I'm an intervening priority that has a higher right. And I have to be offered the use of that water before it can be made available to Metropolitan." So we have this tiered priority system that places an intervening ag priority between the selling ag interests and the urban areas that we have to satisfy.

Until California's Colorado River Water Allocation System Is Fixed to Facilitate Intrastate Transfers the Other Basin States Are Reluctant to Support Surplus Determinations

What the other six states are saying is, "That system is not very conducive to allowing California, or providing the mechanism for California to reduce its use ultimately, and until we see California fix that system so that we can see a very viable plan that will allow water transfers and exchanges to occur between the urban and irrigation interests, we're not very interested in supporting any surplus determinations, or any surplus criteria that California is interested in having." So the other six states are putting quite a lot of pressure on us and on California to develop a plan around the Seven Party Agreement that will allow them to reduce their use. So we're initiating an effort with California to see if we can't get them to make some revisions to that entitlement system so that the irrigation districts can sell water to the urban areas.

What that means is that Imperial Irrigation District and Coachella Irrigation District are going to have to negotiate some new agreement that modifies that compromise agreement that makes Coachella an intervening priority. That is the first step.

There Is Continual Friction Between the Imperial Irrigation District and Coachella Valley Water District over One Anothers' Use of Water

You have to understand that Imperial and Coachella are a little bit like the Hatfields and McCoys. They've been taking pot shots at one another for years. Coachella accuses Imperial of blatant misuse and waste of water. Imperial similarly accuses Coachella of blatant and outright misuse and waste of water. And the feud between the two has escalated in the last year or so, and has become a very, very

contentious feud that gets quite a lot of publicity in southern California, but in other areas as well.

So getting those two to resolve their differences may be very difficult. We're pressing them hard to start negotiations and see if they can't. We've been through this with them before. We came to the realization in 1990, when we came up against the 7½ million acre foot limit for the first time, we thought we were in the middle of a drought. We thought we were going to have to enforce the decree. We put out notices to all of the ag users of the need to reduce their use. We put out notices to Metropolitan that they may have to curtail their diversions to stay within the entitlement in the Lower Basin. We went through a fairly extensive process with all the California districts that year trying to work with them to ensure that we stayed within the entitlement because we ~~didn't~~ had not declared surplus on the river. We're enjoined by the Supreme Court decree from allowing ***more*** than the basin apportionments from being delivered in a normal year. So we felt like we had to enforce the decree.

After notifying California in 1990 that it would have to stay within its 4.4 maf allocation on the Colorado River, ". . . we pressed the California entities in '91 and '92 to revise the Seven Party Agreement. We gave them some deadlines. . . ."

Well, that experience in 1990 told us that these elastic water entitlements and that priority system with the Seven Party Agreement was not good, and it did not work. So we pressed the California entities in '91 and '92 to revise the Seven Party Agreement. We gave them some deadlines. We pushed them to negotiate, and they did negotiate. As they tell it, they all came very close to coming up with a negotiated settlement, and then they all blame one another. Imperial and Coachella blame one another for not ultimately getting the issue resolved.

The Solicitor Has Advised Reclamation That the Secretary Could Simply Issue an Administrative Order to Define the Entitlements of Each Party in the Seven Party Agreement

We think that the Secretary has authority in his role as watermaster to administratively settle the issue. We think that the Secretary, and the solicitor's office has given us advice along these lines, that we could simply issue an administrative order defining the beneficial use requirements of each of the ag districts under the Seven Party Agreement, and, in fact, divide the entitlement rather than have an elastic water rights.

". . . we're ready to reconsider that issue and to actually issue an order to resolve the entitlements issue under the Seven Party Agreement. In fact, we're meeting with the California users tomorrow, and that's basically what we plan to tell them . . . maybe give them a three- or four-month period of time, and tell them that unless they come up with a plan on how to revise . . . that we'll go ahead and issue a secretarial order that causes it to be done for them. . . ."

We actually took a shot at that in '93, I think, actually wrote a letter and made

a proposal on how to do that. Everybody in California got **very–*all*** the ag districts were very concerned and not very supportive. So we kind of backed away from that. But now with the pressure that we have from the other six states on California, I think we're ready to reconsider that issue and to actually issue an order to resolve the entitlements issue under the Seven Party Agreement. In fact, we're meeting with the California users tomorrow, and that's basically what we plan to tell them in that meeting, that unless Coachella and Imperial are able to get together and jointly resolve this issue that we have between the two of them, that if they don't make progress, I think we're probably going to give them a deadline, maybe give them a three- or four-month period of time, and tell them that unless they come up with a plan on how to revise the agreement in a three-month period, that we'll go ahead and issue a secretarial order that causes it to be done for them.

". . . we've really kind of got three initiatives that we're pressing on right now. One is this interstate marketing plan. The second is the surplus analysis and guidelines that we need to develop that defines how much water is available. The third one is helping California develop a plan that gives the other states comfort that when the time comes for California to reduce their use, that the water entitlement mechanism will be in place that will allow that to occur. . . ."

So that's the kind of a third initiative. So we've really kind of got three initiatives that we're pressing on right now. One is this interstate marketing plan. The second is the surplus analysis and guidelines that we need to develop that defines how much water is available. The third one is helping California develop a plan that gives the other states comfort that when the time comes for California to reduce their use, that the water entitlement mechanism will be in place that will allow that to occur. So that's kind of the three things that we're focusing on right now on the Colorado River to try to resolve.

". . . it's the classic example of what we mean when we say the new mission of Reclamation is to be a water management agency. These are legal and institutional issues. . . . related to how we manage this river system that we have jurisdiction and responsibility for . . . examples of how Reclamation is carrying out its new mission as a water management organization, rather than a construction organization. . . ."

I think it's the classic example of what we mean when we say the new mission of Reclamation is to be a water management agency. These are legal and institutional issues. They're related to how we manage this river system that we have jurisdiction and responsibility for, and how we manage the water supplies and the entitlements and the water rights that exist in the Lower Basin of the Colorado River. So if we can achieve resolution of these issues, I think we'll be able to hold them up as examples of how Reclamation is carrying out its new mission as a water management organization, rather than a construction organization.

Storey: You mentioned yesterday, I think, the notice of C-A-W-C-D of completion of the project, which would then precipitate their repayment, and the initiation of repayment

on the project. Just now you mentioned going to meet with the California water users and telling them that the Secretary might take things in hand if they can't deal with it. Those are, under the circumstances, fairly highly charged politically actions that Reclamation intends to take. As I understand it, the former Regional Director, Larry Hancock, ran into a problem of a similar kind of a political problem where he made a speech to a water users group in Arizona that caused repercussions. How do you fireproof yourself and Reclamation politically when you're moving towards these kinds of actions?

A Key to Success Is Maintaining Open Relationships with the Water Users and People in the Department and Reclamation to Assure Everyone Knows What Is Going on and Why the Actions Are Being Taken

Johnson: I try to maintain a good working relationship with everybody. We really try to have open communication with everybody on these issues. So you've got to communicate a lot. You have to tell people what you're thinking. You've got to be ***talking*** to everybody all the time. I try to stay in touch with the Department and the Commissioner, and keep them informed of what we're doing, making sure that they know where we are and how we're pressing to resolve these issues so that when they get calls, or these issues get elevated to their level, they've kind of been in the loop and know what's going on, and they don't get caught off guard or I don't go out and do things that they don't know I'm doing.

So you just work real hard to try to maintain relationships, despite the fact that you've got issues, difficult and politically charged issues. You just do the best you can to try to keep that from getting out of hand and getting you personally in trouble for trying to carry out your job.

So I think that's the way you do it, but there's no guarantee you're going to be successful. I could very easily get out there and get the wrong group of people thinking I'm not dealing fair with them. Fairness is in the eye of the beholder, let me tell you. You may be doing something that a lot of other people think are very fair, but the folks that are on the receiving end may not see it as fair at all. You may have a very good basis for what you're doing, and somebody may get out to get you. There's never any guarantees. They could get you. (laughter) It's a risk. I think it's a risk that you have to live with, I think, in a job, and a position like this, but hopefully you manage it as best you can and you work really hard on relationships.

"You don't let *any* of your issues become personal, and you try to make sure that people understand that when you do have issues, that you're doing it in a way that is professional, and that you're not a disagreeable person, that you've got issues that you've got to deal with. I think usually people *respect* that . . ."

You don't let ***any*** of your issues become personal, and you try to make sure that people understand that when you do have issues, that you're doing it in a way that is professional, and that you're not a disagreeable person, that you've got issues that you've got to deal with. I think usually people ***respect*** that, you know what I'm saying? If you approach issues professionally, you don't let personalities become

involved and you don't let personal grudges get in the way. I think you have to be very forgiving, and you have to be willing to let bygones be bygones, and you just have to focus on the issues themselves and not allow things to get at a personal level.

Storey: I sort of have the impression that the cardinal sin is not doing things that are politically unpopular, it is doing things that are politically unpopular without letting the people above you, who are going to take the flak, know beforehand what's going on so that they're blindsided. Where do you stand on that perspective? Do you think that's good or what?

Johnson: I think that's true. I think that's true. I think that's true. I think you do have to stay in touch with the political level of the organization, and keep them–you need to understand where they're at politically and stay in touch with that, and let them know what you're doing and why, press forward with trying to get these things achieved, making sure that they're on board.

But even with them on board, you could get people mad at you, mad enough that it could become a personal . . .

END SIDE 2, TAPE 1. JANUARY 14, 1997.
BEGIN SIDE 1, TAPE 2. JANUARY 14, 1997.

Storey: This is tape two of an interview by Brit Storey with Robert W. Johnson on January the 14th, 1997.

You were saying that you have to make sure you deal locally as well as nationally, I think.

You Have to Deal Effectively Locally and with the Political Leadership

Johnson: Right. I think it's both ends of the spectrum, because you might be staying in touch with what the political leadership wants, and if you become a personal liability in trying to accomplish what the political leadership wants, they may find themselves in a difficult position. I mean, you may find yourself ineffective. If you can't deal effectively with the local people, you're not going to be very effective in carrying out the mandate of the political direction that you're receiving from a higher level. So I think you've got to work on both ends. It's not just keeping the political level informed. It's also working at a local level and maintaining those relationships as well.

Storey: In the discussions earlier today, you talked about the Secretary did this, the Secretary decides that. Am I correct in thinking that that's sort of the legal terminology, and the reality is that it's the Bureau of Reclamation does this?

Secretarial Responsibilities on the Colorado River Are Supported by Reclamation Which Effectively Serves on behalf of the Secretary as the Watermaster on the River

Johnson: Yes. In most cases, when I say the Secretary, that's a generic term of art kind of that we use. We always talk about the Secretary does this, but we do much on his behalf without him ever knowing what we're doing. (laughter) I don't know, there may have been, I don't remember, I don't know exactly where I used that reference. We, in essence, serve as the watermaster on behalf of the Secretary, the Bureau of Reclamation, in the Lower Basin.

Secretary's/Reclamation's Role in the Lower Colorado River Basin Is Unique and Effectively Is Substituted for the State Engineers' Authorities

Our role here is unique, by the way, in managing the lower Colorado. There's no other place in Reclamation where we have the authority that we have under the Boulder Canyon Act. We are ***literally*** the watermaster in terms of all rights to mainstem Colorado River water in the Lower Basin can ***only*** come through the Secretary, through a contact with the Secretary under the Boulder Canyon Act. The Supreme Court ***affirmed*** that responsibility of the Secretary in *Arizona versus California*. That is unique. Well, that is similar to the roles that the state engineer's–basically it's the role of being an appropriator of water. Like the state engineer does with stream adjudications, and that sort of thing. Our role is more comparable to that. Normally in Reclamation projects where we contract for water, we contract for a water right from our project that's been ***obtained*** from the state engineer. Well, in the lower Colorado River system, Reclamation is, in effect, on behalf of the Secretary, the state engineer. The Secretary has the ***sole*** authority for managing and contracting for that water and serving in this role of what we call watermaster, managing the Lower Basin of the Colorado River.

". . . the role of the Secretary on the Colorado River system is different in the Lower Basin than it is in the Upper Basin . . . We're still the operators of the reservoirs in the Upper Basin, but the management of the water rights and the entitlements is left to the states in the Upper Basin, whereas . . . the Lower Basin has been, in essence, federalized by the Boulder Canyon Act. . . ."

That same authority doesn't apply in the Upper Basin. In the Upper Basin, the states retain more authority, and, in fact, the appropriation of water in the Upper Basin is done, there's a compact for the Upper Basin states that apportions the water in the Upper Basin, and they have a Compact Commission, and they have an Upper Colorado River Commission that is separate, and that is part of the states that is funded and managed by the four states. So the role of the Secretary on the Colorado River system is different in the Lower Basin than it is in the Upper Basin in terms of being the water manager and having responsibility under the law to contract in and manage the water system. We're still the operators of the reservoirs in the Upper Basin, but the management of the water rights and the entitlements is left to the states in the Upper Basin, whereas in the Lower Basin, the Lower Basin has been, in essence, federalized by the Boulder Canyon Act. So we have a different kind of role than Reclamation traditionally has in water management.

Storey: As you were talking about moving water between Arizona and California and Nevada

earlier, and being able to temporarily transfer water, all kinds of things were flooding into my mind, issues like beneficial use, issues like would state law permit this, issues like moving surplus water into Arizona when California wants to try to use all the surplus water. Is it because we have that unique role on the lower Colorado that permits us to approach this issue?

Johnson: Yes.

Storey: And that sort of–I don't know that "negates" is quite the right word–overrides other state law that might stand in the way?

Johnson: Yes.

Storey: Can you talk about that a little more?

"I think that there was an attempt probably early on back in the 1920s for the three states to have a more autonomous role in managing their water entitlements in the Lower Basin, but . . . there was so much contention . . . between Arizona and California . . . and the states could not *agree* on how the water could be divided, that that issue could only be settled by the national government that dictated that the Lower Basin be federalized . . ."

Johnson: Yes. It's basically that the Lower Basin of the Colorado River has, in essence, been federalized. Now, I don't know that that was the original intent of Congress. I think that there was an attempt probably early on back in the 1920s for the three states to have a more autonomous role in managing their water entitlements in the Lower Basin, but basically what happened is that there was so much contention, especially between Arizona and California, it was such a contentious issue, and the states could not ***agree*** on how the water could be divided, that that issue could only be settled by the national government that dictated that the Lower Basin be federalized like it has been.

Congress Included a Suggested Lower Basin Allocation in the Boulder Canyon Project Act in 1928 Though it Did Allow the States to Create Their Own Compact Regarding the Lower Basin If They Could Agree

If you go back and read the Boulder Canyon Act, it provided the allocation, the 300,000 for Nevada, 2.8 to Arizona, and 4.4 to California. If you read the legislative history, that was a contentious debate on the floor of the Senate and the House as to how that water should be allocated, and the states could not agree. Arizona wanted more. California wanted more. Neither one of them were ***happy*** with that allocation. The Boulder Canyon Act actually provided for the states to develop a compact. They actually suggested that the states could, if they could agree, develop a compact that would define how the waters were to be divided between the states, and probably also, like the Upper Basin defined how that water was to be managed. The states could've put together a compact, and probably through that compact created some sort of a management commission that would've allowed a

state role in managing the Lower Basin of the Colorado River. The Boulder Canyon Act actually provided for that eventuality in the law.

But the Congress recognized that the contention between California and Arizona was so great that the likelihood of that occurring was not very great, so Congress then also went ahead and said, "Here's a suggested allocation, and we hereby delegate to the Secretary of the Interior the authority to enter into contracts to implement this allocation if, in fact, the states are unable to agree on a compact." So when the Congress passed the act, they left it to the states to try and get together and agree, but they recognized that it was not very likely that that would happen. So they gave the Secretary of the Interior full authority to act, to go ahead and contract for the water, and move forward and allow Hoover Dam to be constructed. I mean, development needed to occur.

When the economy in southern California was growing, and California needed to see the water supply developed, and we needed to move forward. Progress needed to be made. So the Congress was willing to ***invest*** in the Secretary the authority to move forward with those programs and to take control of the Lower Basin of the Colorado River, and to manage it for the well-being of the country as a whole, in spite of the divisiveness between the states.

"The states *literally* cannot agree on these issues. . . . Unless the Federal Government is there, *I think*, to provide leadership in moving forward and crafting solutions to these issues, we'll never get solutions. That's the role that we have to play, *especially* here in the Lower Basin where we have this contentious set of issues between the three Lower Basin states. . . ."

So I think that's kind of the history that developed as the states couldn't agree. The states still can't agree today. We still have these contentious issues that I talked about on interstate marketing, and surplus, and how the river is managed, and California's overuse. Those are still highly contentious debated issues among the states. It calls out for a central government, a Federal Government, to show leadership in resolving those issues. The states ***literally*** cannot agree on these issues. They have parochial interests to represent. They have partisan factions within their own states that they have trouble holding together. When they come and deal with the other states, it's all they can do to represent their parochial interests. Unless the Federal Government is there, ***I think***, to provide leadership in moving forward and crafting solutions to these issues, we'll never get solutions. That's the role that we have to play, ***especially*** here in the Lower Basin where we have this contentious set of issues between the three Lower Basin states.

Storey: So the proposed allocation of '28 in the Boulder Canyon Act is the one that was upheld by the Supreme Court in '63, and '64.

Johnson: Exactly, because the Secretary went forward and implemented in contracts. He entered into contracts from 1928 through the fifties contracting for those entitlements in each of the states consistent with those allocations. The Secretary basically implemented them through his contracts, and the court upheld the Secretary's

authority and really bolstered–if you read the opinion–really bolstered the Secretary's authority in serving as watermaster.

The 1964 Decision in *Arizona v. California* Struck down Contracts the State of Nevada Had Entered into with Other Entitites to Use Colorado River Water Because the Secretary Was Not Signatory to the Contracts

One of the issues in the Supreme Court opinion that was addressed in the opinion in *Arizona versus California* was Nevada had kind of usurped some of the Secretary's authority. We had entered into a contract with the state of Nevada, the Colorado River Commission. They, in turn, were entering into contracts with individuals within Nevada for portions of Nevada's entitlement without our involvement, without us being a signatory. The court struck down all of those contracts and said, "Nevada, you can't do that. You don't have the authority to do that. The Boulder Canyon Act says the only right to Colorado River water can be obtained through a contract with the Secretary. A contract with the state of Nevada is not a contract with the Secretary."

So all these contracts that Nevada had entered into got struck down by the Supreme Court in *Arizona versus California*, and we had to go back and redo them in direct contracts with the Secretary.

So the Supreme Court really ***reaffirmed*** the Federal role and responsibility of the Federal Government, and enjoined the Secretary to operate and manage the system in accordance with the decree. So we have this level of responsibility and, I think, a responsibility that goes beyond that. That's the one that I talked about in terms of providing leadership. The states can agree, and yet the social well-being has to be served. This is an important water system. The whole Southwest is dependent on the management of this water system. We can't sit around here and let these issues go unresolved and not allow the economic needs of the region to be met. So the Federal Government, I think, has to exercise some leadership to help get these issues resolved. On their own, the states, I don't think, can resolve them. I don't think the entities in California can resolve the entities that exist among them around that Seven Party Agreement on their own. I think it requires our leadership to help them move forward in that.

Differences Between Arizona and California's Interpretations of the Federal Role on the Colorado River

We have tried to get the state to assume that role in California. I've had personal conversations with Jerry Zimmermann and David Kennedy, the Director of the Department of Water Resources. They come back and say, "Gee, this is clearly your role. You are the contractor. You are the watermaster. You are the one with the responsibility and the authority, not the state. We will help you to resolve these issues and work through those issues, but in the end it's ***you***, Federal Government, that needs to exercise leadership with the California entities to help get them resolved." So there's a recognition there of our role.

Now, it becomes a sensitive issue, because state rights does come to play. Arizona is more sensitive to our role on the river as it relates to state rights. Arizona probably would take a slightly different interpretation of our role than what I just described. Arizona Department of Water Resources would probably assert that they have more authority in managing Arizona's entitlement, and that they want to exercise that authority, and they don't want the Federal Government–Arizona would not take the same attitude that I've just described for California. California says, "***That's*** your role, Mr. Secretary. You're the watermaster. The law clearly defines that that's your role. We think you should come in, and we'll work with you, but that's really your role."

Arizona would say to us, "That's our role to deal with water use within Arizona, Colorado River water use within Arizona, is ***our*** responsibility, and we don't want the Federal Government playing that role." So Arizona would argue for us to play out a more benign kind of a role in the Arizona water management issues.

Now, one of the problems is, despite what they say, under the law we're the ones that ultimately have to contract to implement anything that Arizona wants to do if there is not agreement among users within Arizona on what Arizona wants to do. The state may have one view of what it wants to do, but the users that have the contracts may have a different view. We find ourselves sometimes caught in the decisions of the state, if you know what I'm saying, or the recommendations of the state. The state might be telling us, "This is what we want you to do," but because we're directly the contractor and we have the legal responsibility, many times we find ourselves having to carry the brunt of some difficult decisions that the state may have, or of some recommendations that the state may have made.

We do try to be sensitive to Arizona in that regard. If it's clearly a state, a non-Indian issue, and there's not an overriding Federal interest associated with an endangered species issue or an Indian tribe where we have a special trust responsibility within Arizona, we do try to defer to their views as much as we can. So we try to honor their view of state rights and their responsibility, but in the end, it's still us that takes the action, and it's ***us*** that bears the legal responsibility and the liability when we carry out the recommendations of the state.

Storey: One of the places I was leading when I asked about the Secretary versus Reclamation, and who's what, and who does what, is declarations of surplus. You've mentioned that there was one declared in '96. One has been or will be declared for '97, it looks like.

Johnson: Uh-huh.

Storey: How is that process within Reclamation? What happened in order for Reclamation to arrive at that recommendation to give to the Secretary, those recommendations?

Reclamation Begins Development of the Annual Operating Plan for a Colorado River Water Year in March or April of the Year Before

Johnson: We have an annual process that we go through in conjunction with the Upper Colorado Region, because it's an annual decision that involves all seven basin states, how are we going to operate ***all*** the river system for that year. We usually begin in the spring. For instance, for the '98 annual operating plan [AOP], normally we would begin in March or April of '97. For the '98 calendar year, we would begin in March or April of '97.

We have a what we call a Colorado River Work Group, is the title. It's kind of a–I don't know what the right word–ad hoc group of interested publics that we consult with in developing the plan, the operating plan for the coming year. The Colorado River Basin Project Act mandates that we ***consult*** each year with the seven basin states on river operations and the annual operating plans, so we're mandated by law to consult with the seven states.

Then the Grand Canyon Protection Act[23] that was passed just a few years ago further mandates that we consult with ***other*** interested publics, not just the states, but other interested publics on Colorado River operations. So this work group is comprised of basically anybody that wants to participate.

Reclamation Broadly Invites Interested Publics to Participate in Discussions Leading up to the Colorado River Operating Plan

We have literally opened the process up, and we put out a *Federal Register* Notice after the Grand Canyon Protection Act was passed, and indicated that we were going to be establishing this work group and anybody that was interested in participating should let us know, and through that process, we kind of developed a group that is interested in Colorado River operations that normally participates. It includes the seven states, most of the Indian tribes on the Colorado River, both upper and Lower Basin, Bureau of Indian Affairs, the Fish and Wildlife Service, National Park Service, the International Boundary and Water Commission, and some environmental groups, the American Rivers, Grand Canyon Trust, and Natural Resources Defense Council, I think have at various times participated in the AOP [annual operating plan] process and the work group process. The environmental groups have been kind of hit and miss. They don't always come, and they really have not been regular participants. The other groups that I named are fairly regular participants.

But we'll usually start in the spring and we will hold a series of work group meetings where we'll hold an initial meeting, and we'll present in that meeting what the reservoir conditions are and what the current forecast is on the Colorado River system. In that meeting, the last five or six years we've started off with a debate between California and the other six states on what things we ought to consider in our modeling studies, and we'll, in that work group process, kind of scope out what modeling studies need to be done to assess the river conditions, and what kind of a

23. Referring to the Grand Canyon Protection Act of 1992 which is included in the Reclamation Projects Authorization and Adjustment Act of October 30, 1992 as Title XVIII. (Public Law 102-575; 43 U.S.C. 371; 106 Stat. 4669-4673).

decision we ought to be making regarding surplus–normal. Then based on that initial meeting, we usually go back and do some modeling studies. When we get the results from the modeling studies, we share them with everybody that participated in the work group process.

The Operating Plan for the next Year Is Usually Presented to Interested Parties at a Meeting in August or Early September, Then Revised, and Sent to the Secretary

Then we usually have another meeting. Everybody comes, comments on the modeling studies. Then sometimes there will be a need to do some more model runs. We'll go back and do some model runs, and then maybe have another meeting. Then usually by that time we've done all the model runs we feel like we need to be, and we start writing an annual operating plan. We usually take the previous year's plan, and start cutting and pasting, and adding in new data. We actually write a new plan and provide that for the work group to review and comment on in a kind of interactive basis. That usually ends up with a culmination of meeting in August, maybe early September, more likely sometime in August, where the principal representatives of the seven states usually come, and then those other groups as well, and the two Regional Directors. Usually it is carried out by staff up to that point in time, and then the two Regional Directors usually attend the August meeting.

At that time we hear any final input that people have on what we're proposing for the coming year, and then based on that input, we prepare a final report and set of memorandums which then transmits the whole thing through the Department to the Secretary for his signature and approval. The Secretary does ***always*** approve the plan and signs the letters to the governors of the seven states, and the other major interested parties on what his final decision is.

To date, the Secretary has not ever changed significantly any of the plans or any of the decisions that were recommended in the annual plan. To date, despite the contentiousness, we've always been able to craft a plan that everybody that participated in the work group was reasonably comfortable with. We haven't yet ended up with a significant debate where we had a big split among the states or other groups on the decision that was being put forward for the Secretary, so we haven't had a lot of controversy ***yet***. That may happen in the next couple of years if we aren't able to bring to fruition this surplus issue in the California plan. We could have some pretty big disputes in the AOP [annual operating plan] process if we aren't able to make some progress there. So that's kind of the process that we use. It works pretty well. And the Secretary does formally usually make the decision.

Secretary of the Interior Babbitt Has Been More Interested in the Colorado River Issues than Have Most Secretaries

One other thing. The interest of the Secretary and the involvement of the Secretary on the Colorado River really kind of varies depending on who the Secretary is and what his perspective is of the river, and what his interest is in the river. Traditionally, Secretaries have not taken a very detailed interest in these kind of issue. Secretary [Bruce] Babbitt has. He has. He's from Arizona. He worked on the

Colorado River. He has an appreciation of the history of the river, an awareness of the Supreme Court decision and its importance to Arizona and the Central Arizona Project. So Secretary Babbitt has really taken a much more personal interest in the issues on the Colorado River system, and getting involved in those personally, than I think any previous Secretary that I've ever worked under. Secretary Babbitt's definitely taken an interest.

So some of the times when I made reference to Secretary in some of our earlier discussions, depending upon the context, I may have been using the term "secretary" generically as we referred to him in carrying out our role, but there may have been some of those references that I made earlier when I said "the Secretary decided" where I may have been very specifically thinking of Secretary Babbitt, because he has taken a personal interest in things on the river.

Storey: Somehow predicting a year in advance seems to me–I'm not sure how to say this. I don't think "imprecise" is quite the way to say it.

Working on the Annual Operating Plan So Far in Advance Works on the Colorado Because of the Large Storage Capability on the River

Johnson: It wouldn't work on any other river system, but on the Colorado River system, it ***does***. The reason that it does is because we have such a large storage system. The Colorado River system has 60 million acre feet of storage. That's four times the average annual flow. So whether or not the reservoirs are relatively ***full*** or relatively ***low*** has a big impact. It's more of a longer term kind of decision. The next year's inflow is ***not that significant*** in determining how full the reservoir system is. You know what I'm saying? Because there's so much carryover storage from previous years.

I'll give you an example. We have four times the average annual flow on the Colorado River system. The Central Valley Project has 7 million acre feet of storage and 15 million acre feet of average annual flow, I think. I think that's the number I recall. So for the Central Valley Project, with the storage only being a portion of what the average annual flow is, what conditions prevail in the year determines how much water is available.

On the Colorado River system, when you've got four years of carryover, what's prevailed over the last five or six years is much more important than what's going to happen in the next year in terms of runoff conditions. So making a decision a year in advance on the Colorado River system is much easier than–you can't do that on the Central Valley Project.

The Platte River system, I think, has one and a half times–the storage on the Platte River system is one and a half times the average annual flow. So same thing. What happens in any given year has a much bigger impact and the current year's inflow is a much bigger decision variable than it is on the Colorado River system. So the Colorado River, again, is a little bit unique because of the large storage system it

has, certainly more flexibility in how we make decisions, and more lead time to make decisions because of that large carryover.

Storey: Why comparatively does the Colorado River have so much more storage? Do you have any ideas on that?

". . . most of the storage on the Colorado River system is in Mead and Powell. . . . Out of *60* million acre feet, *50* million acre feet is in those two reservoirs. So we've got five-sixths of the storage behind two dams. . . ."

Johnson: No, no, I don't. I don't have a really good answer for that other than the fact that there's probably some very good sites between–most of the storage on the Colorado River system is in Mead and Powell.

Storey: In the two big reservoirs.

Johnson: Yeah. Out of ***60*** million acre feet, ***50*** million acre feet is in those two reservoirs. So we've got five-sixths of the storage behind two dams. So part of it is probably just the physical configuration that we have storage sites on the river system that would accommodate such large–there's probably not ***physically*** that kind of storage capability on other river systems. So I think probably just the ***physical*** characteristics of some good dam locations and large reservoir areas probably has more to do with it than anything.

The Colorado River Is Over-allocated with 16.5 maf Allocated for Use and an Average Annual Flow of 15.5 maf "So there's always been, on the Colorado River system, this long-term concern for shortage. . . ."

The other thing is that early on we got an over-allocated river system. Go back to when I talked earlier, we got 16.5 million acre feet allocated for use, and an average flow of 15½ million acre feet. So there's always been, on the Colorado River system, this long-term concern for shortage. Okay.

"Shortages are going to *someday loom*. There's not going to be enough water. If everybody uses all the water that's been appropriated, we're going to have the inflow *less* than that average annual use, and there's going to be chronic shortages on the river system. . . ."

Shortages are going to ***someday loom***. There's not going to be enough water. If everybody uses all the water that's been appropriated, we're going to have the inflow ***less*** than that average annual use, and there's going to be chronic shortages on the river system.

So to some extent, that concern about long-term chronic shortages may have also driven the desire to support more storage and making more storage, although I don't think that's probably got as much to do with it as the fact that the physical configuration on the river provided some good storage sites. That's probably a more important reason. But the idea that the system is over-allocated and you were going

to need storage . . .

END SIDE 1, TAPE 2. JANUARY 14, 1997.
BEGIN SIDE 2, TAPE 2. JANUARY 14, 1997.

Storey: I think you had been saying that the fear of shortages might have driven the storage capacity, too. I was just getting ready to ask, I think I'm correct in my understanding that five-sixths of the water in storage can ***only*** be used in the Lower Basin.

Johnson: That's true.

Storey: I think Lake Powell ***and*** Lake Mead ***both*** can only be used in the Lower Basin.

Johnson: That's true. There's no uses below Lake Powell in the Upper Basin. Twenty miles below Lake Powell, you're into the Lower Basin. So that's true.

Lake Powell was really built to help the Upper Basin meet its compact obligation to the Lower Basin. Under the compact, they're obligated to deliver 7½ million acre feet each year to the Lower Basin.

"If they didn't have Lake Powell to hold this large amount of storage so that they could release water, they would have to draw out of their upstream reservoirs, that they're using, to meet their compact commitment to the Lower Basin. So Lake *Powell* is really the mechanism that allows the compact to work. Otherwise the Upper Basin would live in chronic fear of having to drain all of their Upper Basin reservoirs to meet their compact commitment. . . ."

If they didn't have Lake Powell to hold this large amount of storage so that they could release water, they would have to draw out of their upstream reservoirs, that they're using, ~~from~~ to meet their compact commitment to the Lower Basin. So Lake ***Powell*** is really the mechanism that allows the compact to work. Otherwise the Upper Basin would live in chronic fear of having to drain all of their Upper Basin reservoirs to meet their compact commitment.

Storey: Well, I'd like to keep going, but we're three or four minutes over now. So I'd like to ask again whether or not you're willing for researchers to use the information on these tapes and resulting transcripts.

Johnson: Yes.

Storey: Good. Thank you very much.

END SIDE 2, TAPE 2. JANUARY 14, 1997.
BEGIN SIDE 1, TAPE 1. DECEMBER 15, 1997.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Robert Johnson, Regional Director of the Lower Colorado Region of the

Bureau of Reclamation, in his offices in Boulder City, Nevada, on December the 15th, 1997. This is tape one.

Back in '87, you went to Washington [D.C.], and you mentioned, during our first interview, that Reclamation was becoming more politicized. Could you talk about that for me, please?

Increasing Politicization of Reclamation in the 1970s

Johnson: I think that really started back in the seventies, probably not ~~much~~ long after I came to work for Reclamation, and I think what happened is, there was new civil service legislation in '75 or '76, somewhere in that time frame, that I think increased the number of presidential appointees that an administration could have. I think at that time, that basically ~~, I think,~~ is probably what brought about the shift and actually brought the Commissioner's job to really a kind of a political level job. Prior to that, I think the Commissioner's job has probably ***always*** been political, I mean, even when it was a career person that was in the job. Historically, I think that was the case, is that a career person usually did rise to the ranks of Commissioner, was really very political in his orientation, dealing with Congress and the Administration. I think that's necessary for a career employee in that job, to kind of take a political perspective on things.

I think what happened then in 1976, with the expanded number of presidential appointees that could be created, that allowed the Administration to move a little farther into the organization with political appointees, rather than relying on the career service people. I think probably since Keith Higginson, who became Commissioner in 1976 in the [Jimmy] Carter Administration, we've had non-career people appointed as Commissioner of Reclamation, as ***opposed*** to Reclamation being headed up by somebody who spent their ***life*** in the Bureau of Reclamation, coming up through the ranks.

Storey: When you say political appointments, you're not talking about SES [Senior Executive Service], which happened at about this time also.

Johnson: Right.

Storey: You're talking [a] different kind of an appointment.

Johnson: Yeah.

Storey: Or are you?

Johnson: I think so. Yes, I think so. I think SES, prior to then, we had higher grade levels. I think they went Grade 16, 17, and 18.

Storey: Right.

Johnson: Up the career ladder. SES can be both political and career. There are an awful lot of

career people in the Senior Executive Service. So I think you can have both political and career people at an executive level in the organization. I think what's different is that now at the very ***top*** of the organization, at least for the last twenty years, Reclamation has had somebody who came in from ***outside*** of the organization. They may have been somebody with water experience. They may have been somebody without water experience. I think we've probably had a couple of Commissioners that came in, that really had no background at all in water, and came in and served as Reclamation Commissioner, and really it was their involvement in the political process and their connections within the Administration that ultimately got their job.

There's also been some Commissioners that had water backgrounds, I mean extensive water backgrounds, that came in–Dennis Underwood and Keith Higginson and others that came in, and Eluid Martinez. All had spent a career in water, just not a career in the organization itself. But ***I don't*** view SES necessarily as political appointees; I view SES as kind of bridging the gap between, for the most part, although there are political people that are political appointments that do carry SES grades. As a general rule, I view the SES as kind of bridging the gap between the career work force and the Administration and the political level of the organization, and translating the political goals into–or the goals, the general goals and direction that the Administration wants to go, helping to translate those into real accomplishments, I guess.

Storey: What was it you were doing back in Washington, again?

Johnson: I worked as the chief of the Contracts and Repayment Branch, which was part of, at that time, the Water, Land, and Power Division, the old 400 Division.

Storey: This was in '87?

Johnson: 1987, yes.

Storey: So this would have been soon after RRA [Reclamation Reform Act].

Reclamation Reform Act During 1987 When He Was in Washington, D.C.

Johnson: Right.

Storey: What kinds of issues did that raise in the Washington office?

Reclamation Was Developing Implementing Regulations for RRA

Johnson: Well, RRA was–they were still in the process of implementing RRA, and, in fact, they were trying to write the regulations. There was a ***hammer*** clause. RRA, I think, was passed in 1982, and there was the hammer clause that set a time frame and a set of regulations on forcing irrigation districts to decide whether or not they were going to fall under the old law or the new law. They were developing regulations to define how the RRA was going to be administered–how the trusts and ownerships, what

kind of laws Reclamation was going to follow in enforcing the acreage limitation guidelines.

"I was not directly involved in the RRA regulations. At that time, the RRA activities were mostly being led out of the Denver office. Phil Doe was the chief of that group in the Denver office. . . . the Denver office wrote the RRA regulations. We did, I think, provide some input from my office . . . most of those were being handled by the Denver office and by my *boss*, Jim Cook, who at that time was the chief of the Water, Land, and Power Division in Washington. . . . The water users were generally upset over the tone and some of the things that were being written into those regulations, and there was lots of controversy . . ."

All that was very controversial at the time. I was not directly involved in the RRA regulations. At that time, the RRA activities were mostly being led out of the Denver office. Phil Doe was the chief of that group in the Denver office. In fact, the Denver office wrote the RRA regulations. We did, I think, provide some input from my office back in Washington, on certain parts of then, but, by and large, most of those were being handled by the Denver office and by my ***boss***, Jim Cook, who at that time was the chief of the Water, Land, and Power Division in Washington. So he and Phil Doe, in Denver, were really drafting most of those regulations.

They were very controversial. The water users were generally upset over the tone and some of the things that were being written into those regulations, and there was lots of controversy, the details of which I do not recall. I think I probably knew some of the details at the time. But I was really not on the RRA and the RRA regulations in the job that I had back in Washington. I would not characterize myself as having had a major role in that back there at the time.

Storey: What was your major role back there?

In D.C. He Provided Policy Oversight for Contracts for Water Service and Repayment

Johnson: Well, it was really reviewing the–providing policy oversight for water service and repayment contracts within Reclamation. So, promulgating Commissioner policy as it relates to our water contracting issues and programs.

Storey: This was before that initial flurry of reorganization, '87-'88.

Johnson: It was just before.

Storey: Or during it?

Johnson: It was just before, yes.

Storey: How were they implementing Reclamation land and repayment policy at that time?

"There was *not* a similar office that had responsibility for that in Denver. That

was *always* handled . . . out of the Commissioner's office. So my job, as head of that group back in Washington, was to work with the regions on all their contracts. . . ."

Johnson: Well, the Washington had the primary responsibility, and ***my*** office had the primary responsibility for the contracting–water contracting and repayment of all Reclamation. There was ***not*** a similar office that had responsibility for that in Denver. That was ***always*** handled out of–all of the contracts were administered, or the ***policy*** for contracts was administered out of the Commissioner's office. So my job, as head of that group back in Washington, was to work with the regions on all their contracts.

". . . we set the policy for what needed to be included in contracts. . . . we reviewed all the bases of negotiations that were prepared by the regions. . . . amend a water contract or a repayment contract or enter into a new contract of any kind, they were required to prepare a *basis* of negotiations that would outline the issues and the position of the United States on those issues . . ."

Basically, one, we set the policy for what needed to be included in contracts. Then the other thing that we did is we reviewed all the bases of negotiations that were prepared by the regions. Anytime somebody was going to amend a water contract or a repayment contract or enter into a new contract of any kind, they were required to prepare a ***basis*** of negotiations that would outline the issues and the position of the United States on those issues that they anticipated occurring in developing either a water service or a repayment contract.

That would come in to us. Our staff in Washington reviewed that, and then we would ultimately–ultimately all the authority stems from the Commissioner, but we would prepare the letters back to the regions that the Commissioner would sign, that would basically give the Regional Director the ***authority*** to go ahead and negotiate a contract consistent with the terms that they laid out in the negotiation, or consistent with whatever direction from a policy perspective that we determined was appropriate, after consultation with the Commissioner.

". . . once the contracts were negotiated, we generally required them to be sent back to us again for review and final approval before execution. . . ."

So we reviewed all the bases of negotiation and delegated authority to the regions generally to go ahead and negotiate contracts, and then once the contracts were negotiated, we generally required them to be sent back to us again for review and final approval before execution. So, basically it was just reviewing and approving all the contract actions for water service and repayment.

Storey: At this period, was the ***length*** of the term of contracts becoming an issue yet? You know, we had traditionally done forty- and fifty-year contracts.

Johnson: No. Right.

Storey: Or we had often, I should say.

Johnson: Right. Yeah. That was still–I mean, term of contract did get talked about, but at that point the forty- and fifty-year terms were still generally being accepted. In fact, most of the contracts that we reviewed at that time, in fact, did provide for forty- or fifty-year contract terms.

Issues with Contracts on the Central Valley Project

The Central Valley Project and all the issues with the Central Valley Project were very much in the forefront. There was legislation that was being considered by Congress at the time to address some of the Central Valley Project. And, in fact, some legislation had just gotten passed.

One of the problems that the Central Valley Project had was, they had a ***fifty***-year repayment period, but it was a ***rolling*** fifty years. So every year started a new fifty-year period. They didn't have any concrete date that required the full repayment of the investment to occur within that fifty-year period. One of the things that Congress either did–and I don't remember when it occurred, if it occurred while I was back there or if it was–my memory. But one of the things that Congress did–and I don't remember if they did it while I was back there or shortly after I left, or even before I got there, I'm not sure–was pass legislation that required Reclamation to achieve repayment within a specified–and I think Congress actually specified a specific date for when the Central Valley Project had to be repaid. So we had to factor that into all of the renewals.

Contract Renewals on the Central Valley Project Were Just Beginning

Contract renewals were just beginning. The original forty-year terms on the Central Valley Project contracts were ***just then*** beginning to come to an end. The region had submitted to us some proposed basis of negotiation for renewing the Friant contracts. The Friant contracts were the first group of contracts that were coming up for renewal, and we had received a basis of negotiation from the region on renewal of the Friant contracts.

Friant Contracts Were the First Ones up for Renewal and Reclamation Was Buying into the Water Users' Arguments That the Legislation Required Contracts with a Fifty Year Term

In fact, they provided it. At that time, the argument that I think the region was making and the water users were making, and that I think we were buying into–Jim Ziglar, the Assistant Secretary, was buying into–was that the legislation, the Central Valley Project legislation, that ***authorized*** the ***original*** water service contracts, required renewal for fifty-year terms with the existing contractors. In fact, that was the position that the Department [of the Interior] and Reclamation took in beginning the renewal of the Friant contracts. That was just really the beginning of the reauthorization, Public Law 102-575 that got passed in '91 or '92.

Storey: Central Valley Project Improvement Act.[24]

Johnson: Central Valley Project Improvement Act. That was the beginning of many of the changes that were occurring. At that point in time, we were taking the position that fifty-year contract renewals with existing contractors was required.

"The debate that we had at the time that *we* were there was what kind of NEPA compliance [National Environmental Protection Act compliance] should be required as we entered into these contracts. . . ."

The debate that we had at the time that ***we*** were there was what kind of NEPA [compliance] [National Environmental Protection Act compliance] should be required as we entered into these contracts. The region maintained that we had to do, ***as a minimum***, an environmental assessment, that we needed to do an environmental assessment [EA] and then from there decide whether an EIS is required to renew those contracts, or whether or not a FONSI, a Finding of No Significant Impact, could be made and we could go ahead with the renewal of those contracts.

That was very controversial. The region recommended that we do an E-A, and the water users came in and met with the Commissioner and the Assistant Secretary and were arguing that NEPA compliance wasn't required ***at all***, because entering into these contracts, their argument was, was a non-discretionary act. There was no ***choice*** but to enter into these renewals~~, because the *law* provided that NEPA analysis be done~~.

". . . decision that was made, I think, by the Assistant Secretary . . . was . . . that it was a non-discretionary act, it was required, the renewal was required under the act. I think at least *initially* the Department agreed with the water users that NEPA compliance was not required. . . ."

The decision that I think got made while I was there–and this was a decision that was made, I think, by the Assistant Secretary at the time–was that that, in fact, was the case, that it was a non-discretionary act, it was required, the renewal was required under the act. I think at least ***initially*** the Department agreed with the water users that NEPA compliance was not required. Now, that was ***not*** consistent with what the recommendation at the time was, of the region. The regional staff had said, "We've got to at ***least*** do an environmental assessment, and hopefully that may result in a FONSI, but we really can't preclude that judgment. We have to do the environmental assessment."

". . . after I left . . . some environmental groups brought litigation and . . . the court ruled that an EIS had to be done, not just an environmental assessment, but a whole EIS had to be done on the whole contracting program. . . ."

24. The Central Valley Project Improvement Act of 1992 is included in the Reclamation Projects Authorization and Adjustment Act of October 30, 1992 as Title XXXIV. (Public Law 102-575; 43 U.S.C. 371; 106 Stat. 4706-4731).

Well, what happened after, this is after I left, and I don't remember the timing on all this, but some environmental groups brought litigation and, in fact, the court ruled that an EIS had to be done, not just an environmental assessment, but a whole EIS had to be done on the whole contracting program. So, ***my recollection*** is that's then what triggered this whole water marketing program, or one of the things that triggered this whole water marketing and contract renewal program and the EISs that were prepared in the Central Valley Project in the late eighties and early nineties.

But I was only in Washington for a little over a year, and so my involvement there was over a relatively short span of time. Central Valley Project was really a ***major*** focus of all the contracts. Central Valley Project had ***always*** been a controversial project in the terms for repayment. The Central Valley Project and the water service contracts have always been very environmentally controversial and financially controversial. So Central Valley Project was a major focus of our activities when I was back there at the time.

Storey: When you went back, that was a job, right?

Johnson: Right.

Storey: It wasn't a training thing or anything like that.

Johnson: No, it was a job. It was a job. I applied for it and competed.

Storey: And then you got to come back here.

Soon after Arriving in D.C. the 1988 Reorganization Was Announced and Went Through Several Permutations

Johnson: Well, what happened is, I went back, and shortly after I went back there, they announced that they had decided to reorganize the Washington office. And, in fact, the original announcement, that was made within about two months after I got back there. I think I got there in, I don't know, the spring of the year, late spring. Mid-spring. That summer, they announced the reorganization, and basically that announcement said that ***all Washington*** staff were going to move to Denver and that only six employees would remain in the Washington office. I think at the time we had over two hundred people in the Washington office, maybe three hundred people in the Washington office.

So, basically they were saying, "We're moving our headquarters to Denver, and so everybody that has a job in Washington, their job will be moved to Denver." That was the initial announcement. There was then some members of Congress expressed concern about that. They felt that they needed more of a technical presence in Washington, with all the issues that existed. After reconsideration, then they decided that they would keep a ***small*** staff in Washington, but they were still going to transfer most of the functions back to Denver.

From my particular position, it was identified as one of the positions and one

of the functions that would stay in Washington, so I went back there. There was an initial announcement that everything was going to Denver, and then a month or two later, there was a supplement to that, that said that some functions were going to stay in Washington, and the function that ***I*** was in was targeted to stay.

So then at that point in time, the rest of the Washington–the whole Washington office was really in quite a lot of turmoil that whole year, that whole time that I was there, because of all this reorganization that was going on. But most of the time, even though all that was going on, it was our understanding that our function was going to ***stay*** there. So from my perspective, I was just assuming that I was going to continue in the job that I was in and that I would stay after the reorganization, the organization that I was a part of would stay, and I'd still be part of the Commissioner's staff, still doing the exact function that we were doing.

We went through quite a bit of effort. In fact, during that year I actually served on a team that then developed the organizational structure and the functional statements and all that for the new office in Denver. So I did spend quite a bit of my time that year, ***some*** of my time that year, on a team trying to redesign the Denver office and the Assistant Commissioner for resources management function in the Denver office, and so I worked on that. But throughout all that, at least in my mind, I was thinking, "Well, I'm going to stay in Washington. My function's going to stay in Washington."

Basically what happened to me, then, was at the end of the year–the other thing that they announced, that was interesting is they said, "All this is a transfer of function. We're transferring functions that are currently in the Washington office to the Denver office. Everybody that has a ***job*** in Washington will have a ***similar*** job in Denver." There was not going to be any RIF [reduction in force]. The plan was that there was not going to be any RIF in the Washington office or in the Denver office. Everybody was going to have a job, but people were just being moved and reassigned.

So most of the year we kind of went through this, just thinking, well, our function, my branch that I was in charge of and the people that worked for me, we were all just pretty much staying within ourselves and doing our job and trying to continue to maintain continuity in the work, and not worrying too much. I mean, I was working on the committee that was helping to develop new organizational structure for Denver, but we were just kind of working among ourselves, thinking, "Well, we're still going to be here. We're just going to carry on. We're not going to get all caught up in this reorganization."

Bumped out of His Job During the Reorganization

Well, about two weeks before the actual, or maybe a month before the actual reorganization occurred, they determined that, in fact, they did have to conduct a RIF in the Washington office. So they went ahead and conducted the RIF, and as they went through the RIF process, I was junior to other people in Washington who

qualified for the job I was in. And so basically what happened, my functions stayed ~~in Denver--I mean,~~ in Washington. My function stayed in the Washington office, but I, in fact, got RIFed, or got bumped out of my job by a senior person who was qualified for the job.

At that point in time, I didn't know where I was going to go. I knew I was being bumped out of my job. I considered leaving the Bureau. I actually sent a résumé to World Bank and a couple of other folks back in Washington, kind of looking around to see what else might be available. But I was also ***assured*** that I would have a job Denver, that if I wanted to go to Denver that there would be a job in Denver. So I was then also thinking maybe there would be a job in Denver for me, maybe I would do something different back in Washington and leave the Bureau.

Asked by Ed Hallenback and John Brown to Take the 400 Chief Job in Boulder City

And then the job here in Boulder City opened up. The 400, what we call the Water and Land and Power Division job here in Boulder City opened at that same time. Ed Hallenback, who was the Regional Director at the time, and John Brown, who was the Assistant Regional Director, called me up and asked me if I was interested in coming back to Boulder City. Because of the uncertainty around what was going on in Denver with the reorganization there and around what my job would be there, I opted to come back to Boulder City to the job here.

Storey: When you went to Washington, was that a promotion?

Johnson: Yes, it was.

Storey: Then did you ***lateral*** back here?

Johnson: I lateraled back here, right.

Storey: What was it a promotion to in Washington?

Johnson: The job in Washington was a GS-14/15. I was a 13 here, and so when I went back there, I was promoted to a 14, with potential for promotion to the 15 level after a year. Because I wasn't there much over a year and because the job was in the RIF, the promotion to the 15 didn't come, and so I lateraled back to Boulder City at the 14 level.

Storey: Were you happy to be back in Boulder City?

Johnson: Yeah, I was. I was very pleased. It was really a great job and a great opportunity. I was very excited to be here.

Storey: Well, being RIFed, I would think, has some impact on you.

Johnson: Well, you know, it does, and at first I was surprised. When you get the letter and you

read the letter, and it's so formal, you know, and they have your severance pay, you do think, "Oh, my gosh." You feel like you don't have control of what's happening in your life and your career. A lot of us . . . many people have gone through that.

". . . they made it really clear that there is another job for you in Denver, if I wanted to go to Denver, and I was prepared to go to Denver. I *would* have gone to Denver, if something didn't pan out for me outside. . . ."

But I knew that I had a job. I mean, they made it really clear that there is another job for you in Denver, if I wanted to go to Denver, and I was prepared to go to Denver. I ***would*** have gone to Denver, if something didn't pan out for me outside. You know, I looked at the World Bank and some other areas. It would have had to have been something pretty good. But I was prepared to go to Denver and work in the Denver office in the new organization there, and I would have not been–I mean, I was prepared for that. I was prepared for that.

Storey: Were they guaranteeing you the same grade?

"Terry Lynott was very accommodating . . . Terry talked to me and said, 'We have a spot for you in Denver. We'd really like you to come,' and was really very nice about offering a position in Denver . . ."

Johnson: That's what they said. They said it would be a similar grade. The job was not well defined. Terry Lynott was very accommodating and was trying to make sure that everybody that was being impacted by the reorganization knew that he was trying–Terry was the Assistant Commissioner for resources management at the time, and he himself was moving from Washington to Denver. And so Terry talked to me and said, "We have a spot for you in Denver. We'd really like you to come," and was really very nice about offering a position in Denver and everything.

In fact, I was, you know, kind of geared up to go to Denver, if that's where things led me. There was a number of coordinator jobs there, and I think that was–they were fairly ill-defined at that point in time. They were just general coordinator jobs, and I can't remember what the organizational name we had at the time. It was part of the matrix organization, where there was going to be a series of program managers that wouldn't have staff, but would be coordinating activities in program areas, and Terry was going to offer me one of those jobs there. They were 14-level kind of coordinator jobs that Terry was going to offer me in Denver.

I was prepared and would have gone. I was also a little disappointed that I was being bumped out of my job in Washington. I mean, I went ***back*** there for that ***job*** and I was excited about doing it. I just didn't give a lot of thought to the fact that there might be other people there that would be qualified for the job that I was in and that could bump me out of the job. It was not a thought that had occurred to me at the time.

Frank Ellis Bumped Him out of His Job in Washington, D.C.

When they announced that they were going to the RIF, it was Frank Ellis. Frank Ellis was the Deputy Director of the Water, Land, and Power Division, and he had, in fact, ***held*** my job a number of years before, before I did. Within Reclamation, Frank was a very capable person, and he had worked hard in the contracts and repayment area for a long time. He had, over the years, in dealing with the regions, the contracts and repayment area had ***always*** been controversial. Frank had been at the forefront of trying to press for more stringent policies to protect the financial interests of the United States and those sorts of things. And so Frank had been somewhat controversial among the regions, and I think ***most*** folks thought that Frank, who was eligible to retire, would retire.

END SIDE 1, TAPE 1. DECEMBER 15, 1997.
BEGIN SIDE 2, TAPE 1. DECEMBER 15, 1997.

Storey: . . . assumed Mr. Ellis would retire.

Johnson: Right. I think most folks assumed that Frank would retire. And, in fact, Frank didn't want to retire. He wanted to work a few more years and so decided to exercise his option to stay on. So I think it was a bit controversial when Frank bumped me out of my job, and I was surprised by it and a lot of others were surprised by it, because everybody kind of thought that Frank would retire. But, you know, it was a ***right*** that Frank had, and Frank and I talked about it later and I think both agreed that it was the appropriate thing for him to do. Under the circumstances, he had every right to do that.

Storey: Had you worked with Terry Lynott before? Was he your Assistant Commissioner?

Johnson: Yes, he was. I didn't work directly for Terry, but Terry was–in fact, Terry was Jim Cook's boss. Jim Cook was my boss as the head of the Division back in Washington, but he reported to Terry.

Storey: What was Terry like?

Liked Working with Terry Lynott

Johnson: Oh, Terry was great. I really liked Terry. I had worked with Terry. I had spent most of my career in planning, most of my early career in planning, in the planning program, and Terry had served as the Assistant Planning Chief in the Denver office.

At that time, the Denver office really played a central role throughout the Bureau in the planning program. There was a planning technical services office there, and Terry had been the assistant to Bob Lanky there in that office. So I had interacted with Terry on our planning program for a number of years and had worked, I suppose at a distance. I didn't work directly for Terry, but had been around him and had worked on planning issues and in meetings and on various programs that Terry had involvement in. So I knew Terry through the planning program.

Then Terry went back to Washington to become the Assistant Commissioner in, I don't know, '86 probably, somewhere in that time frame. Although that was not the reason I went back to Washington, but I ended up being on Terry's staff back there when I transferred back there.

I went to Washington to get broader experience. I had worked in Sacramento at the time and I transferred here to Boulder City, and I had been in the job that I had here in Boulder City for about five years. I had just decided that it was time to get more experience and to try something different. So this job back in Washington came along, and I threw my hat in the ring and got it.

Storey: Well, I appreciate your taking time with me, but I know you've got an appointment, so we best cut this short. Are you willing for the information in this tape and the resulting transcripts to be used by researchers?

Johnson: Yes.

Storey: Good. Thank you.

END SIDE 2, TAPE 1. DECEMBER 15, 1997.
BEGIN SIDE 1, TAPE 1. JULY 19, 2000.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation interviewing Robert W. "Bob" Johnson, Regional Director of the Lower Colorado Region of the Bureau of Reclamation on July 19th, 2000, in his office in Boulder City, Nevada, at about ten o'clock in the morning. This is tape one.

Mr. Johnson, it's been three and a half years since we've talked, I guess.

Johnson: Has it been three and a half years? You're kidding.

Appointment as Acting Regional Director and Then Regional Director

Storey: Yeah. '97, I think. I'd like to ask about your appointment as Regional Director. You know, I was sitting up in Denver and we had a memo that said Maryanne Bach was going to be down here indefinitely as acting Regional Director or something like that, and then all of a sudden you were announced. Could you tell me what happened and what was going on, please?

Johnson: Well, I mean, I'm not sure completely what was going on. At the time, I had heard rumors. You say you actually saw something in writing that said that?

Storey: I think I saw a Commissioner's memo.[25]

Johnson: Really?

25. Actually the interviewer's/editor's manager announced this in a staff meeting, and there was no memo.

Storey: Yeah.

Johnson: I never, ever saw that. That was never an announcement that I was aware of being made in any kind of a formal way. It was a rumor, I think, that was going on during that process. Larry Hancock was moving out of the job, and there were rumors that I'd heard that Maryanne was going to be asked to come and be the Regional Director. Of course, I'd been the Assistant Regional Director and had been here for a long time.

"I wrote an e-mail to Dan Beard . . . that basically said. . . I had been here for quite a while, had a lot of experience with the region, felt like I had a vision for where the region needed to go and at least wanted a chance to be considered as the Regional Director. . . ." and made the same pitch to Assistant Secretary Betsy Rieke

So I wrote an e-mail to Dan Beard, who was the Commissioner at the time, that basically said to Dan that I thought Maryanne is a great person, still think Maryanne is a great person, and that she'd be a ***great*** potential selection for the job, but that I had been here for quite a while, had a lot of experience with the region, felt like I had a vision for where the region needed to go and at least wanted a chance to be considered as the Regional Director. So I wasn't objecting to Maryanne, per se, as much as I was saying to Dan that I'd like a chance to be considered.

So Dan wrote me back an e-mail almost immediately, I think within a day or so of when I sent it, that basically said, "You will get a chance to be considered."

I also made a phone call. I didn't have an e-mail connection with Betsy Rieke, but Betsy Rieke was the Assistant Secretary at that time. So I called Betsy, and I made the same pitch to her that, you know, I'd ***been*** here, I ***knew*** the constituents, I knew the ***program***, and that I felt like I had a vision. I think I had a vision for what the region needed to do and the direction that we needed to go and the issues that were on our platter, and how we ought to be dealing with those, and I thought that that was a good vision that needed to be considered when they made a selection for Regional Director. Betsy made no promises. Betsy said, you know, "You ought to be considered," but she made no promises, as Dan made no promises. But they both said, "You'll have a chance to be considered."

Selection as Regional Director

The next thing I ***know***, the job was advertised, and I applied and went through the competitive process and then, in fact, I was selected as Regional Director. I started acting. They asked me to act as Regional Director. I think Larry left the job the first of September of 1995, and I started acting the day that Larry left. I acted for about three months, and the selection was made and announced in early December as my selection as Regional Director. So that's what I know about the process.

Storey: Okay. Good. Did you do an interview or anything in that process?

Johnson: No, I don't believe I did. I don't recall doing an interview. I submitted an application. There were a lot of applications for the job. I do recall that there was a panel that was put together to review the applicants. I don't know what the results of the panel where, but there were some names that were forwarded from the panel for consideration. So, no, I was not. I don't recall doing an interview as part of the process. I was excited to ***get*** the job and am still excited to ***have*** the job.

Storey: You like it?

Johnson: I like it. I've enjoyed it. It's been a challenge, and I think we've made some progress. I think part of the vision that I had we followed and that we were implementing some, and have, in fact, implemented some of the things that I envisioned.

Storey: What were some of those things?

". . . my vision was that we needed to create flexibility on the Colorado River system, and I had a vision for water marketing and trying to put in place a system that would allow water to be transferred among entities. . . ."

Johnson: Well, I think, my vision was that we needed to create flexibility on the Colorado River system, and I had a vision for water marketing and trying to put in place a system that would allow water to be transferred among entities.

One of the big problems with the Colorado River system is that we've got a system of laws that are seventy-five years old, and the compact and the Boulder Canyon Act that authorized Hoover Dam and the allocation of water among the states were put in place seventy-five years ago based on values and needs that existed seventy-five years ago. The ***needs*** that existed seventy-five years ago was irrigated agriculture, and the basis for determining how the water ought to be allocated was based on how much arable land is there in the various states. So we allocated water on that basis and signed contracts.

Urbanization and ESA Have Changed Water Needs on the Colorado River System

Seventy-five years later we've got huge population growth in southern California, Phoenix, Las Vegas, and water needs, and the Colorado River being the prime source of water for the region. And yet we have the water allocated mostly for irrigation use. So how do we put a system in place that can allow some flexibility in that original allocation and allow water to move to where the needs are? And also environmental needs. I mean, seventy-years ago, environmental needs were not a strong consideration on the river system.

". . . water marketing and water transfers and exchanges is the win-win approach to facilitating contemporary needs . . . my vision for what needed to be done, is promoting those kinds of ideas and trying to create flexibility on how the river system is managed . . ."

Today we have the NEPA [National Environmental Protection Act] and the Endangered Species Act, and we have water needs associated with trying to meet those needs, and I think water marketing and water transfers and exchanges is the win-win approach to facilitating contemporary needs on the river system. So that was really kind of my vision for what needed to be done, is promoting those kinds of ideas and trying to create flexibility on how the river system is managed to meet those changing needs.

". . . we just finished the Colorado River offstream banking rule, which is the first form of interstate cooperation in the Lower Basin that will allow Nevada to store water temporarily. It's a form of interstate water marketing . . ."

Today we have a lot of programs that were in place, trying to put in place, to try to do that. I mean, we just finished the Colorado River offstream [water] banking rule, which is the first form of interstate cooperation in the Lower Basin that will allow Nevada to store water temporarily. It's a form of interstate water marketing, is what it is. It allows Nevada to store water in Arizona when extra water is available, with the idea that then Arizona would forbear in their use of Colorado River water in the future, and Nevada could divert Arizona's entitlement and use it for needs in Las Vegas.

That's a ***big*** breakthrough to get that rule in place, and I think it was part of my vision. Certainly the Secretary's adopted a lot of that ***vision*** and has really carried it forward as his program and has ***made*** it a major piece that he wants to leave as his legacy as Secretary of the Interior. So it's really his program, and he's lent his power and influence to try and get those things implemented.

"I think before Bruce Babbitt had a vision to create more flexibility on the Colorado River system, Bob Johnson had a vision to create more flexibility on the Colorado River system. . . . 1996 the Secretary started a series of speeches at the Colorado River Water users where he began to lay out his vision, and a lot of that was based on thoughts and ideas that I had about how the river system should be managed. . . ."

But I feel like a ***lot*** of that emanated from the vision that I had when I wanted to become the Regional Director. I think before Bruce Babbitt had a vision to create more flexibility on the Colorado River system, Bob Johnson had a vision to create more flexibility on the Colorado River system. In, I believe, 1996 the Secretary started a series of speeches at the Colorado River Water users where he began to lay out his vision, and a lot of that was based on thoughts and ideas that I had about how the river system should be managed.

"We're also in the process of trying to put a California plan in place that allows California to reduce its use of Colorado River water . . . a big part of that is it includes the idea of water transfers and moving water from the agricultural areas in southern California to the metropolitan area . . ."

We're also in the process of trying to put a California plan in place that allows California to reduce its use of Colorado River water, what we call the 4.4 Plan. And a big part of that is it includes the idea of water transfers and moving water from the [agricultural] ~~urban~~ areas in southern California to the metropolitan area, the Imperial Irrigation District reducing its use.

The Work Requires the Support of the Secretary of the Interior and His Staff

Now, I don't want to take away from Secretary Babbitt and David Hayes and their effort. Their effort in ***all*** of these things are tremendous, and their lending the owner[ship] and authority of the Secretary's office has really allowed the success that we've had. Bob Johnson by himself probably could not have implemented this vision, so I don't want to take away anything from the Secretary or Dave Hayes. They have embraced this, and they have put tons of their own time and effort into implementing. So I don't want to take away from what they have done.

". . . I was a part of originally having the vision for what needed to be done in the Lower Basin . . . it *grew out* of my experience as the chief of the Operations Division and as Assistant Regional Director for a number of years. . . . experience in dealing with the basin states and dealing with the issues . . . helped formulate in my mind . . . what needed to come forward. . . ."

But I would like to say that I think I was a part of originally having the vision for what needed to be done in the Lower Basin of the Colorado River system, and it ***grew out*** of my experience as the chief of the Operations Division and as Assistant Regional Director for a number of years. All that experience in dealing with the basin states and dealing with the issues in each of the basin states over time is really what helped formulate in my mind, I think, what needed to come forward.

So I don't want to overstate, you know, my role, but it was certainly in ***my*** mind what needed to be done and what I expressed and what I had in my mind when I expressed to Dan Beard and to Betsy Rieke that I thought I had the vision for the direction that the region needed to move.

In 1994 the Lower Colorado Region Put out a Set of Draft Regulations on Water Marketing

We–this region put out–and it was really largely developed in this region, we had no involvement from the Interior Department–in 1994 we issued a set of draft regulations for management of the Colorado River system that called for interstate water marketing and actually laid out a framework to allow interstate water marketing to occur, and that was before the Secretary really had taken an interest and an involvement. Those regulations and the drafting of those regulations actually began back in the early nineties before this Administration came on. Again, it stemmed from the natural evolution of things on the river system with the Lower Basin reaching its full entitlement and a recognition that there were going to be limited water supplies available and that we needed some management strategies to

meet contemporary needs on the river system.

That whole idea has kind of developed over time on the Colorado River system. And it's not just Bob Johnson. I would give credit to LeGrand [Neilsen], my Deputy Regional Director, and to our staff here, to Bill Swan, who was our field solicitor down in Phoenix. It was a collective ***vision***, I think, that was developed by the staff over time and that, in fact, the Secretary has embraced and made his own vision for what needs to be done.

Reclamation Is in the Process of Issuing Surplus Guidelines for the Colorado River

So I feel good about that. I mean, the regulation is in place. We're still working on the California plan. We're working overtime to try to complete the California plan by the end of this year. We've got the surplus guidelines. We just issued an EIS [Environmental Impact Statement] on surplus guidelines, how we would operate the river system to provide additional water supplies periodically when they're available. That EIS was just released on July seventh, and we're undergoing the public review on that.[26] So those are ***all initiatives*** that kind of fall into this vision for providing some flexibility in the management of the system to meet contemporary needs.

Storey: You say the reg is in place?

Johnson: Yes.

Storey: This is the one that you started on back in '94 or so?

The Water Banking Regulation Became Final November 1, 1999

Johnson: Well, the '94 regulation actually spawned the regulation that got put in place. The regulation was final, I believe, last November, November 1 of last year, 1999.

Storey: And that's the off-river storage that you were talking about?

Johnson: That's the off-river storage. ***That concept*** grew out of the regulation that we floated in 1994. The regulation that we floated in 1994 called for interstate marketing of Colorado River water, and the concept was that a water user in one state could negotiate to buy water from an entitlement holder in another state. The regulation was careful not to allow the transfer of the entitlement. The regulation only provided for the transfer of the ***use*** of the water for a limited period of time. So a water user in Nevada could never buy entitlement from a water user in Arizona. But what a water user in Nevada could do would be to pay, for instance, a farmer in Arizona to fallow

26. Reclamation issued a later version of this document in November 2000 as: "Colorado River Interim Surplus Criteria : Administrative Final Environmental Impact Statement." In December 2000 Reclamation published the "Colorado River Interim Surplus Criteria : Final Environmental Impact Statement." Then in January 2001 the Secretary of the Interior signed the "Record of Decision, Colorado River Interim Surplus Criteria: Final Environmental Impact Statement."

farmland and to put land out of production to reduce his water use with, the idea that then the use of that water for that year could be transferred to be used in the state of Nevada or wherever the purchasing entity was.

Our regulation called for state review and comment and consultation in that process but left the final decision with the Secretary of Interior on the approval of that transfer. It's a ***good idea***, and even today that approach to water marketing on the Colorado River is a good idea. I still think it's a good idea. Unfortunately, not everybody else thinks that's a good idea. Particularly the state of Arizona doesn't think it's a good idea.

"I think California and Nevada and the state of Utah are of a mind that that kind of water marketing on the Colorado River system is a good idea and there would be support in those states. The state of Arizona very carefully protects its entitlement under the allocation system and doesn't believe that anybody within that state has the right to reduce their use and allow that use to occur in another state. . . ."

I think California and Nevada and the state of Utah are of a mind that that kind of water marketing on the Colorado River system is a good idea and there would be support in those states. The state of Arizona very carefully protects its entitlement under the allocation system and doesn't believe that anybody within that state has the right to reduce their use and allow that use to occur in another state. There's a ***strong*** objection.

In 1994 Reclamation Informally Circulated, for Review and Comment, Draft Regulations for Marketing Water in the Lower Basin

So that rule that we put out in 1994 ran into very strong objections, particularly from the state of Arizona. The Arizona congressional delegation wrote a ***very strong*** letter of protest to that draft regulation. I need to say, it wasn't even a draft regulation. I don't know what we would call it, because we never, ever published it and said that we were thinking. We floated it. It was a draft that had been prepared by staff locally, and we floated it out there, not for formal comment, although we did go out and hold some public meetings soliciting input on the idea. So we did kind of pursue it to some extent.

Technical Committee Established to Look at Establishing Flexibility in Management of the Colorado River

We got a ***very strong*** reaction, particularly from Arizona, and as a result of that strong reaction in 1994, in late '94 and through the beginning of '95, we set up a "technical committee" that was composed of representatives from the Bureau of Reclamation and representatives from the three Lower Basin states and representatives from the Lower Basin Indian tribes.

Water Banking Regulations Came out of the Technical Committee Discussions

That technical committee sat down and kind of took a look at this idea of providing flexibility in the lower Colorado River and how do we go about doing that. We talked about water marketing and we talked about forms of interstate cooperation. Out of that discussion came this idea of interstate water banking that reflects the rule that we finally put in place, and that is this interstate banking concept where one state can take extra water, store it in groundwater basins ***or*** in surface reservoirs, and then that state will agree to forbear in its use of Colorado River water at some future date.

". . . quite frankly, Arizona's got lots of water on the Colorado River system. They can grow into that use over time. There is no interest on the part of Arizona to facilitating flexibility on the system. So Arizona is kind of an unwilling cooperator. . . ."

So I guess what I would say is the regulation that we floated in 1994 was not what was adopted last year, ***but*** it grew out of what was proposed in 1994. I argue that we would have never gotten to the proposal that we had if we had not shown the leadership to float the proposal that we put out in '94, because, quite frankly, Arizona's got lots of water on the Colorado River system. They can grow into that use over time. There is no interest on the part of Arizona to facilitating flexibility on the system. So Arizona is kind of an unwilling cooperator.

". . . when *we* put out a proposal that says we're considering interstate marketing . . . it made Arizona kind of rethink their position . . . Arizona interests became concerned that we may go forward in implementing some form of interstate marketing even over their objections, and it was better for them to come to the table and help develop a proposal that they *could* live with than it was not to engage the issue. . . ."

But when the Secretary–when ***we*** put out a proposal that says we're considering interstate marketing, I think it made Arizona kind of rethink their position, and I think some of the Arizona interests became concerned that we may go forward in implementing some form of interstate marketing even over their objections, and it was better for them to come to the table and help develop a proposal that they ***could*** live with than it was not to engage the issue.

So I think our leadership in putting something out is what really brought about the consensus-building process that grew from that, that ended up with the regulation that ***did provide*** some flexibility and did provide some cooperation among states in helping to meet contemporary needs. So I think our leadership kind of helped spawn that. While we didn't end up with what we originally proposed, I don't think we would get to what we've got today had we not shown some leadership in putting a proposal on the table.

Storey: This surplus water that Arizona would store, is that really Nevada's surplus water? How does that work?

Johnson: It could be Nevada's unused entitlement. It could be surplus water available for use

in Nevada that Nevada doesn't need, or it could be unused entitlement the state of Arizona has that they're not currently using. It could be any of those three pieces of Colorado River water. There ***are*** going to be times in the future when the system is full and we're spilling water, and you can take advantage of pulling water off the system and putting it in storage, groundwater storage. And so that's the idea here. It doesn't infringe on anybody else's entitlement or take water supplies away from anybody else.

". . . we could capture more water when we have flood flows . . . and increase the yield of the system. . . . now we're capturing the water, moving it off of the system and putting it in the groundwater . . ."

In essence, this idea is like building a bigger Hoover Dam. If we had a bigger Hoover Dam, we could capture more water when we have flood flows on the system and increase the yield of the system. Well, that's basically what we're doing here, except now we're capturing the water, moving it off of the system and putting it in the groundwater basically, and it's really like then just storing more water in Hoover Dam with the idea that the water that is stored can then be earmarked for a specific entity's use in the future through this forbearance and exchange program.

Storey: And then Nevada has to pay what? Pumping cost?

Johnson: Right. Whatever the cost of putting it in storage. Well, we really leave that to discussions between the two states. We will approve the agreement in the end, but it's kind of a negotiated arrangement between the two states. I think Arizona is kind of leaning towards the idea of not trying to make profit or lots of money off of Nevada. Metropolitan Water District in southern California is interested in doing the same thing. They would like to enter into some interstate storage agreements with Arizona, and so it would be California as well as Nevada storing groundwater.

"California is developing a lot of groundwater storage capacity within the state of California–Coachella Valley Water District. It will just be intrastate rather than interstate. . . ."

California is developing a lot of groundwater storage capacity within the state of California–Coachella Valley Water District. It will just be intrastate rather than interstate. The state of Arizona is doing their own groundwater banking program on an intrastate basis where they divert their entitlement, and so is the state of Nevada. Nevada is doing some storage of groundwater in groundwater basins as well. ***Nevada*** is limited in its ability to do that because it doesn't have many groundwater basins that are capable of storing much water. But both Arizona and California have some very significant groundwater basins where a lot of storage can occur.

The nice thing about storing water in the ground is it never evaporates, and so the losses are minimized over time. So it creates a nice program for interstate cooperation and exchanges of water that we didn't have before. It's not as good as interstate marketing, I don't think, what we originally proposed in 1994, but it is a big

step in the right direction in terms of providing more interstate cooperation and creating some flexibility in the system to meet new needs.

Storey: How are we doing on title transfers in this region?

Title Transfers in the Lower Colorado Region

Johnson: I think we're doing okay. We did one with San Diego.

San Diego County Water Authority

San Diego County Water Authority had a system that was originally built by Reclamation that was paid off, and they had a clause in their contract and in their authorizing legislation that provided for transfer to occur when the system was paid off. So when they were paid off, we went ahead and negotiated the arrangements and the conditions to allow that transfer to occur, and we actually transferred the system that delivers water from the Met[ropolitan] aqueduct down into San Diego. We transferred title to that to San Diego about two years ago. Maybe it was three years ago. Something. I don't remember the timing on it. But a few years ago we implemented that. So we had a successful title transfer there. There were issues that needed to be worked through. I think if you went and talked to San Diego people, they'd say it went well and we pulled off a successful transfer of title.

Boulder City Pipeline

We did one with Boulder City. There's a Boulder City pipeline that delivers water from Lake Mead up to Boulder City. There was some legislation that was passed several years ago that allowed that transfer to occur, and we implemented that early on. Both of those were implemented early on in the title transfer program.

Wellton-Mohawk Irrigation and Drainage District

There's two others that we did a lot of work on and that have just resulted in acts of Congress that have authorized the actual transfer of title. The Wellton-Mohawk Irrigation District down in the Yuma area said that they were interested in doing a title transfer. We sat down with them and negotiated an agreement that kind of laid out all the details on what would have to be done to implement a title transfer, and entered into that agreement with them a couple of years ago. It didn't actually transfer title, but it said if we had ***authority*** to transfer title, here's the steps that we would go through, here's what we think those steps would cost, and here's who would do what steps, and who would pay the costs of accomplishing that transfer.

So we had a title transfer agreement with the district that they were comfortable with and we were comfortable with. That title transfer then and the language that we put into that agreement became the basis for legislation that some of the Arizona congressmen introduced, and Congress just, in fact, got that title transfer bill passed. So we now have authority to move ahead with what we agreed to and to accomplish the title transfer with Wellton-Mohawk. So we got the authorization and

we'll follow through on completing all of those steps.

Southern Nevada Water Authority

Southern Nevada Water Authority is the other one that's been interested in the title transfer in our region. We did a similar thing with them. We had an agreement with them that lays out all the steps that need to be done. That became the basis for legislation to do a title transfer with them, and that legislation just passed this month.

It took a couple of years for the legislation. We had the agreements in place for some time, and it took a year or two for Congress to be able to actually get the legislation passed. So I expect both of those within the next year will successfully come to a culmination with the title transfers. That will be, I guess, four title transfers that we will have implemented in this region, I think without a lot of controversy. It probably will go pretty smoothly.

Storey: What about Salt River Project?

"Salt River Project is an interesting one. From our perspective, Salt River Project would be an ideal project to have title transfer on. It's paid off. . . . They're a very large organization, very capable, manage the facilities very well. There's really no need for strong Federal involvement on the Salt River Project at all. The Salt River Project is not interested in title transfer . . ."

Johnson: Salt River Project is an interesting one. From our perspective, Salt River Project would be an ideal project to have title transfer on. It's paid off. It's a seventy-, eighty-year-old project. We have ***little*** to do with the operation and maintenance of the facilities or oversight of the facilities. It's basically been turned over to them. They're a very large organization, very capable, manage the facilities very well. There's really no need for strong Federal involvement on the Salt River Project at all.

The Salt River Project is not interested in title transfer and, in fact, the Salt River Project, every ***year*** at the National Water Resources Association meeting the Commissioner makes himself available to meet with whatever water district wants to meet with him, and ***every year*** Salt River Project schedules a meeting with the Commissioner, and the purpose of their meeting is to come in to tell the Commissioner that they ***are not interested*** in title transfer, that they want the title to remain in the name of the United States, and that they're very happy with the Federal ownership and the relationship that they have with the Bureau of Reclamation and they don't want it to come to an end. So it's interesting, the different perspectives of different entities on title transfer.

There Are Other Entities in the Region That Are Also Not Interested in Title Transfer

I think that's probably true, although the others don't express it as strongly, I think that's probably true for most of the entities in this region that have facilities that

we still own. There's a lot of them that are paid off. Down in the Yuma area there's several other districts down there that we don't do O-&-M on. They manage the facilities. They're canals. They're not dams. They're not big facilities. But they're very comfortable. There's not any kind of an adverse relationship between us and them, and they're very comfortable with the Federal ownership, and they don't seem to be interested in pursuing. We have gone out and . . .

END SIDE 1, TAPE 1. JULY 19, 2000.
BEGIN SIDE 2, TAPE 1. JULY 19, 2000.

Storey: . . . queried everybody.

Johnson: Yes. We have gone out and queried all of our water districts where we own facilities, to see if there was interest, and for the most part we have not received any interest. I think there's a variety of reasons why they're not interested. In Salt River Project's case, one, I think they view Federal ownership, you know, if there's problems with the facilities as maybe ***offsetting*** some of the liability and/or helping financially in solving problems if they come up in the future, and I think that argument probably applies to many of the other districts that are out there. They don't necessarily see disadvantages to Federal ownership, and they see, from a liability and financial assistance perspective in the future, they see maybe some potential benefits of continuing Federal ownership.

". . . Salt River Project, I think, views itself as a public agency. They're a large utility in the Phoenix area, and I think that there are benefits that they are able to receive in the local environment by being a public agency in the local regulatory environment . . ."

The other thing on Salt River Project is, Salt River Project, I think, views itself as a public agency. They're a large utility in the Phoenix area, and I think that there are benefits that they are able to receive in the local environment by being a public agency in the local regulatory environment, that by being a public agency that's affiliated with a Federal agency and have facilities that are owned by the Federal Government help bolster their public entity perspective in the local political environment within Arizona. I think that's probably the strongest reason why Salt River Project is not interested in title transfer.

So for the most part, we don't have interest in title transfer. There's one other district that may be interested in the future, I think, in our region, and that's the All-American Canal, which is the canal that serves Imperial and Coachella. The lining of that canal was authorized by Congress about ten years ago, ten or twelve years ago, and the Congress provided that once the lining was complete, that the transfer of the title could occur to the local entities.

That's a joint facility that serves both Imperial Irrigation District and Coachella Valley Water District. When and if the lining of that project occurs, I think those entities may very well be interested in seeing title to those facilities being transferred to a local agency, and I think we're more than happy to do that.

Right now that can't occur because the lining hasn't occurred, and ***also*** I don't think Coachella Valley Water District–there's a number of complicated issues between the Imperial and Coachella. I think Imperial would love to have ownership of the facilities as soon as they could get it, but I don't think ***Coachella*** wants ownership of the facilities yet. And until a lot of these other issues are resolved around lining the canal and among sharing the water entitlements that there would be Coachella objecting to the title transfers. So I think maybe when we get all of those issues resolved and we're working on those, that there may be at that point in time interest in doing a title transfer down there.

Storey: Hmm. Interesting. Let's see, I'm wondering about–what do they call the Santa Clara? A cienega or a bosque?

Ciénega de Santa Clara

Johnson: The Ciénega de Santa Clara, what's also frequently referred to as the Santa Clara slough.

Storey: Let's talk about what's going on down there. I read a newspaper article in which you were quoted recently.

Johnson: Well, Title I of the 1974 ~~Colorado Salinity Act,~~ Colorado River Basin Salinity Act, authorized the construction of facilities to take drainage flows from Wellton-Mohawk Irrigation District.

Gila Project (Wellton-Mohawk Irrigation and Drainage District) Drainage Is Very Saline and Increased Salinity in the Gila and Colorado Rivers

Maybe I need to back up a little bit and give a little background on Title I. The Gila Project and the Wellton-Mohawk Division of the Gila Project down near the Yuma area was constructed in the 1950s, and it put about 70,000 or 80,000 acres of farmland along the Gila River in the Yuma area under irrigation, and it built diversion facilities and canals to deliver water to those lands and allow them to be irrigated.

Turns out that those lands had a lot of salt in them, and the Colorado River water was delivered for irrigation, and then the drainage flows picked up large amounts of salt, and the drainage flows from the system were dumped into the Gila River. They flowed to the Gila River, and then the Gila is a tributary of the Colorado and combines with the Colorado River down in the Yuma area, and all that then becomes part of the river entitlement that got delivered to the country of Mexico.

We have a treaty with the country of Mexico that calls for us to deliver 1.5 million acre feet of Colorado River water annually to the country of Mexico, which we've done for many years. Prior to the development of the Gila Project, the Wellton-Mohawk area, the quality of the water that was delivered to the country of Mexico was pretty good. But once this Wellton-Mohawk Project was developed and these drainage flows started flowing down through the Gila River and getting into the

deliveries to Mexico, the ***quality*** of the water that we were delivering to Mexico deteriorated significantly. The country of Mexico objected, filed a diplomatic note with the state Department. So it was a major international problem in meeting our treaty commitments to Mexico.

Committee of Fourteen

As a result, there was, they call it the Committee of Fourteen, which included representatives from all the basin states, and representatives from the state Department and Reclamation and also representatives from the country of Mexico negotiated a solution to the problem.

Reclamation's Solution to the Problem of Increased Salinity in the Colorado River Because of Gila Project Drainage, Which Mexico Objected To, Was to Build a Bypass Canal So the Drainage Water Never Entered the Gila and Colorado Rivers

And the solution to the problem was to take the Wellton-Mohawk drainage water and not let it go into the Gila or to go into the Colorado River, but to take those drainage flows and divert them away from the river, and actually the canal, the drainage canal, was built all the way down into the country of Mexico to the Ciénega de Santa Clara and dumps that poor quality water, drainage water, into the Ciénega de Santa Clara ***under*** the provisions of the treaty that was modified back in–the minute to the treaty was put in place in the early 1970s, the salinity act was passed in 1974,[27] and the bypass canal and delivery of the water down to the Ciénega de Santa Clara began to occur in the late 1970s, '78-, '79, something like that.

". . . that drainage water, even though it's poor quality . . . when you put it in a desert environment down in this slough that exists, it's created a big body of water. It's anywhere from 100- to 160,000 acre feet of water annually, drainage water that's delivered down there. It's created a lot of habitat, over 10,000 acres of vegetation and a large body of water that's very significant environmentally. . . ."

What's happened is that drainage water, even though it's poor quality, I think back in the '70s and the '50s and '60s it was 5-, 6,000 parts per million tds.[28] Today the water's down around 3,000 parts per million tds. Still not good for irrigation, not

27. Referring to the Colorado River Basin Salinity Control Act". (88 Stat. 266; 43 U.S.C. §1571). (Act of June 24, 1974, Public Law 93-320, 88 Stat. 266). This stated in part:

> See. 101. (a) [Enhance and protect quality of Colorado River water—Obligations of United States.]-The Secretary of the Interior, hereinafter referred to as the "Secretary", is authorized and directed to proceed with a program of works of improvement for the enhancement and protection of the quality of water available in the Colorado River for use in the United States and the Republic of Mexico, and to enable the United States to comply with its obligations under the agreement with Mexico of August 30, 1973 (Minute No. 242 of the International Boundary and Water Commission, United States and Mexico), concluded pursuant to the Treaty of February 3, 1944 (TS 994), in accordance with the provisions of this Act.
>
> (b) [Construction authorized—Features of desalting complex—Acquisition of lands—Use of Navajo Station power and energy—Authorization to purchase supplemental power and energy.]

28. Total dissolved solids.

good for domestic use, but when you put it in a desert environment down in this slough that exists, it's created a big body of water. It's anywhere from 100 to 160,000 acre feet of water annually, drainage water that's delivered down there.

It's created a lot of habitat, over 10,000 acres of vegetation and a large body of water that's very significant environmentally. I mean, there's a number of endangered species that exist down there, and so it's just ***really*** enhanced the habitat in the Ciénega de Santa Clara, which is actually in the country of Mexico.

". . . the basin states were concerned that this water is lost to the system and that, in fact, it robs 130,000 acre feet of water from the Colorado River system that otherwise would have been delivered to meet the Mexican treaty commitment. So the basin states felt like they were harmed by this diversion of water down into the country of Mexico. . . ."

The problem is, is we've created this habitat through this drainage flow, but the salinity act provided that–the basin states were concerned that this water is lost to the system and that, in fact, it robs 130,000 acre feet of water from the Colorado River system that otherwise would have been delivered to meet the Mexican treaty commitment. So the basin states felt like they were harmed by this diversion of water down into the country of Mexico.

The Desalting Plant at Yuma Was Intended to Make the Drainage Water Suitable for Delivery to Mexico

In order to accommodate that, Congress authorized the construction of the Yuma desalting plant, which is located right near this drainage canal down in Yuma, Arizona. Congress provided for that when the day came when that water became more needed for the Colorado River system–I'm simplifying here; it's more complicated than that–that then this desalting plant would take this 3,000 part water, drainage water, from Wellton-Mohawk, run it through the desalting plant, clean it up, and deliver that water to Mexico under their 1.5 million acre foot entitlement so that the basin states wouldn't have to be releasing the additional water from the storage reservoirs on the Colorado River system.

So ***ultimately*** the Congress provided the means to recover that drainage flow and actually deliver it for consumptive use in Mexico rather than allow the water to go to the Ciénega de Santa Clara. In fact, the desalting plant is in place and ready to operate when the need ultimately occurs.

". . . we've created a very valuable environmental asset within the country of Mexico that accommodates the needs of endangered species, and as soon as we begin to operate that desalting plant and use that water and deliver it for consumptive use in Mexico, it will no longer be available for this environmental resource that exists down in the country of Mexico. There's strong objections from environmental groups . . ."

So what's happened now is we've created a very valuable environmental asset within the country of Mexico that accommodates the needs of endangered species, and as soon as we begin to operate that desalting plant and use that water and deliver it for consumptive use in Mexico, it will no longer be available for this environmental resource that exists down in the country of Mexico. There's strong objections from environmental groups about doing that–about operating the desalting plant and taking away the environmental use that has developed for that water.

So that's the controversy and the issue that we face, and the issue that the reporter that you referred to asked me about in the newspaper article. My answer to him was that we are looking at options. I mean, operating the Yuma desalting plant is very expensive. It costs us probably somewhere around 300 dollars an acre foot just to operate the plant, not including the capital costs. So to operate that plant and clean that water up would be very expensive. So we're looking at options. Are there ***other*** ways that we can obtain the water to keep the basin states whole, let the water continue to go to the cienega feed that environmental resource, and maybe even save money? Because 300 dollars an acre foot is a ***lot*** of money.[29]

"You could pay a farmer to fallow land for a *whole* lot less than 300 dollars an acre foot. . . ."

You could pay a farmer to fallow land for a ***whole*** lot less than 300 dollars an acre foot. That's a form of what we talked about a few minutes ago, a form of water marketing. We could probably deliver five million acre feet, in the ***neighborhood*** of five million acre feet, for irrigation use in the Lower Basin. A ***lot*** of that use is for basic crops like alfalfa and grain, crops that are in oversupply that really aren't needed from an ag production, a national ag production standpoint, and that aren't really high value in terms of the income that's generated from growing. Cotton and barley and alfalfa are all very common crops, and the revenues generated from those crops are not large. I can guarantee you that 100 dollars an acre foot is a whole lot more than the profit that a farmer makes from using Colorado River water for that purpose.

So one of the things that we've been pursuing, we've been having discussions with the basin states about, is how about if we ***not*** operate the desalting plant and how about if we agree to pay a farmer not to farm when water supply conditions are critical and offset this.

The Congress made it a national obligation to replace the bypass flows, the drainage flows from Wellton-Mohawk, so we're obligated to replace them. Congress authorized the desalting plant to be the means of meeting that national obligation. Now implementing that form of the national obligation, one, is very expensive, and, two, has significant environmental impacts. So why not save some money, preserve the environment, and buy water from farmers at a lot less cost? Then everybody's happy. So that's the idea. Also, maybe we could participate, the Federal Government could participate in these water banking programs, like Las Vegas is

29. For 100,000 acre feet of water this would be $30,000,000 a year. For 130,000 acre feet of water this would be $39,000,000 annually.

going to do with Arizona. Let us pay to put some extra water, when it's available, in storage, with the idea that we could call on that water to meet our national obligation at some point in the future when it's needed.

So those are the kind of options that ***we've*** been talking about, and the quote that I had in the newspaper was, "We're looking at options to see if we can avoid having to operate the plant." So that's what we're working on.

We're having the same problem that we had in the '94 draft regulations that I talked about, and that is concern by the state of Arizona about water marketing and about paying farmers to fallow land. They're concerned that that eats into Arizona's ***entitlement*** and infringes on Arizona's entitlement to Colorado River water and that we're setting precedents that they're uncomfortable with. So we're trying to work through those issues with Arizona and with the other basin states to see if we can't put some programs in place that make sense for everybody. We're not there yet, but we continue to press on those issues.

Storey: I think I heard somewhere that we're being sued over the ciénega.

Environmental Groups Have Filed Federal Suit Against Reclamation Asking for Initiation of Endangered Species Act Consultation for the Colorado River Delta in Mexico–which includes the Ciénega de Santa Clara

Johnson: I don't know that I would say that we're being sued over the ciénega. What we're being sued over is the Mexican delta, which is related to the ciénega. The ciénega happens to be located in the Mexican delta. That's really a different issue. The environmental groups, a number of them, Sierra Club, Southwest Center for Biological Diversity, Defenders of Wildlife, and some other American groups who I can't recall right now, and I number of environmental groups from the country of Mexico have filed suit in Federal district court–this is like within the last two or three weeks; I don't remember the exact date–asking that the Bureau reinitiate Endangered Species Act consultation with the Fish and Wildlife Service to consider the impacts of our operations under the Endangered Species Act ***in*** the country of Mexico.

The environmental groups are of the opinion that the Endangered Species Act requires us to consider the impact of our actions in the United States on an international basis. So we have an international river here that flows past the border with Mexico, and the delta of the Colorado River system, for the most part, since development of the dams on the Colorado River system, has been dry.

Environmental Groups Want Colorado River Water to Flow to the Sea of Cortez (Gulf of California) Through the Mexican Delta to Meet Environmental Needs

There are flood flows that occur periodically when the reservoirs can't store all of the water, and we do have water that reaches the Pacific Ocean and the Gulf of California. The environmental groups would like to see a ***commitment*** of ***permanent*** water supplies for that purpose, where we'd actually release water from the reservoirs

and maintain some flow to the Pacific Ocean on a regular basis, actually commit some water supplies to that. They maintain that there are endangered species down there and that our unwillingness to release water for that purpose causes negative impacts on the species and that we ought to be considering that in our consultations with the Service. So that's basically what that litigation is about.

It's a complicated legal issue, and we've been having some discussions of late with the Department. It involves more than the Department of Interior. It involves the State Department–the litigation is filed against the State Department as well–and also the Department of Commerce, because there's National Oceanic [and Atmospheric] Administration, NOAA, that's responsible for administering E-S-A in the ocean, you know, outside the borders of the United States. So the Commerce Department, of which NOAA is a part, is also being sued under the litigation, saying that we need to be consulting with them as well, as it relates to the land impacts, but NOAA as it relates to the impacts in the Gulf of California, because there are species in the Gulf of California that do benefit from fresh water flows. There's a porpoise, the [vaquita] ~~totoaba~~, which I believe is a porpoise, that lives in the Gulf of California that's endangered. And there's another fish [, the totoaba,] that I'm embarrassed to admit that I can't remember the name of, that they maintain we need to be consulting on. So that's what that litigation is about.

It's a very complicated issue, and I don't know what position the government ultimately will take in the litigation at this point in time. I can tell you that my own view is that it's a volatile political issue. The basin states and the water users see this as a threat to their water supplies. And, in fact, one of the concerns that I have is [that the] Colorado River system is over-allocated. I mean, we have all kinds of people lined up on the Colorado River system that want more water–Las Vegas, Los Angeles–and we're telling them, "No, there isn't more water." The system is over-allocated. We're beating the heck out of California telling California they have to reduce their use by 600- to 800,000 acre feet over the next fifteen years. So now we have this environmental suit that says on ***top*** of all of this inadequate supply on the Colorado River, you need to be releasing water on a regular basis to meet these environmental needs in the Mexican delta.

". . . I don't know where the water's going to come from. There's not enough water now to go around on the Colorado River system. . . . even if we release the water that we would be able to control what happens once the water crosses the border and it's in Mexico. . . ."

Getting back to my own view is, I don't know where the water's going to come from. There's not enough water now to go around on the Colorado River system. We ***don't*** control what happens once the water passes the Mexican border. Mexico's priorities are economic uses. There's not enough water in Mexico either under the treaty obligation. They're always interested in getting surplus supplies for diversion in the Mexican use in the Mexicali Valley and serving the population centers in Mexicali and Tijuana and Sonora. So I'm not sure that even if we release the water that we would be able to control what happens once the water crosses the border and it's in Mexico.

I think it's presumptuous on our part to suggest that somehow ***our*** Endangered Species Act has application in another country. So my own perspective is that to say that we're obligated to do that under the Endangered Species Act is probably not a good approach, at least from a Bureau of Reclamation perspective, that we ought to not be doing that. We've got enough other problems on the Colorado River system.

". . . there may be things that can be done proactively in consultation with the country of Mexico, not under some mandate of the Endangered Species Act, but proactively through the State Department in discussions with the country of Mexico that might help enhance habitat and endangered species within the country . . ."

Now, that said, there may be things that can be done proactively in consultation with the country of Mexico, not under some mandate of the Endangered Species Act, but proactively through the State Department in discussions with the country of Mexico that might help enhance habitat and endangered species within the country of Mexico. So maybe there are some cooperative efforts that we can do with the country of Mexico to address the delta issues.

I don't think we ought to turn a blind eye to the delta and those needs down there, because they are significant needs, and we've got significant constituencies within the United States that think that those needs should be addressed. So I ***do*** think that we ought to be proactive through the State Department in dealing with the country of Mexico to see what can be done to meet the needs of the Mexican delta.

We deliver a million and a half acre feet to Mexico, and there's a lot of irrigated land in the Mexicali Valley. Are there ways to take more drainage water out of the Mexicali Valley like we do out of Wellton-Mohawk that can't be used for any other purpose and move that drainage water over into the delta to maintain habitat when there's dry cycles on the Colorado River system and we don't have flood flows to maintain the delta?

Are there water marketing options? Can we buy water from Mexican farmers during dry cycles to maintain the delta? Can we buy water from users in the United States to deliver water into Mexico and have an international agreement where we could allow that water to flow down to maintain habitat?

So my perspective is that just like we're trying to come up with win-win for Las Vegas and win-win for southern California and win-win for Arizona, are there win-win approaches to dealing with the issues of the Mexican delta that are proactive and bring in the country of Mexico and gets their commitment that if we do do these things that the water will, in fact, be used for those purposes? Are there ways to address those issues? But let's not do them under the auspices of the Endangered Species Act, and let's ***not*** do them under some court order that dictates that we take somebody else's water and commit it to the Mexican delta. So that's what that's all about.

"All that is still part of that vision we talked about earlier: how do we meet contemporary needs on the river system and not infringe on everybody else's, and how do we create some flexibility in the system to meet new needs. . . ."

All that is still part of that vision we talked about earlier: how do we meet contemporary needs on the river system and not infringe on everybody else's, and how do we create some flexibility in the system to meet new needs. That's the problem that we have. And it's probably not unique just to the lower Colorado River. That probably applies westwide, that idea and that vision.

Storey: I remember going down to the policy team meeting in Las Vegas a few years ago when Secretary Babbitt got up at the–what's that, the Colorado River Water users Association or something?

Johnson: Yes.

Storey: And told them that California was going to have to limit its water to 4.4 [maf]. A lot of things we've talked about today revolve around this issue– water transfers and the issue of surpluses and the environmental statement and so on. What's been going on with California and the 4.4 limitation?

The biggest obstacle to California staying within its 4.4 maf allocation on the Colorado River is ". . . their legal entitlement system that existed within California. It's called the Seven Party Agreement . . ."

Johnson: I think we've made good progress, and we're ***very*** close to having a deal that's going to allow California to take a big bite out of that reduction that needs to occur.

By way of background, the biggest obstacle to helping California reduce their use was their legal entitlement system that existed within California. It's called the Seven Party Agreement, and it's part of that inflexible framework that was set up seventy-five years ago. The Lower Basin states fought like cats and dogs over the Colorado River entitlement. California and Arizona had the big fight over it.

". . . a lot of people don't understand . . . there was as big a fight within California over Colorado River water and who got entitlement within the state of California . . . the California parties put in place . . . the Seven Party Agreement. . . ."

What a lot of people don't understand is there was as big a fight within California over Colorado River water and who got entitlement within the state of California to California's ***share*** of Colorado River water. As a result of that fight, the California parties put in place an agreement to allocate their shares of Colorado River water under an agreement called the Seven Party Agreement. I think it was negotiated in 1931-, 1932, somewhere in that framework it was signed.

". . . the Seven Party Agreement. . . set up a tiered priority system that gave . . . 3.85 million acre feet to irrigation use, and then it gave 550,000 acre feet to the . . . the Metropolitan Water District of Southern California . . . Metropolitan needed

more than 550,000 acre feet, and they built a canal to actually divert 1.3 million acre feet. . . ."

Basically, the Seven Party Agreement, because they couldn't agree on who should get how much water, it set up a tiered priority system that gave 3.85 million acre feet to the agricultural. Of Arizona's 4.4 million acre feet, it gave 3.85 million acre feet to irrigation use, and then it gave 550,000 acre feet to the Los Angeles metropolitan area, the Metropolitan Water District of Southern California, 550,000 acre feet. Metropolitan needed more than 550,000 acre feet, and they built a canal to actually divert 1.3 million acre feet.

So the Seven Party Agreement, to the extent that water is available on the Colorado River system, gave an addition 612,000 acre feet up to the capacity of Met's canal, the Metropolitan, what's called the fifth priority, and then also assigned a sixth and a seventh priority to be shared among the rest of the agricultural users.

If the Water Was Available in the System, the Seven Party Agreement Allocated up to 5.2 maf

So the Seven Party Agreement actually allocated somewhere around 5 to 5.2 million acre feet for use as long as it was available on the system, and because we haven't had the Lower Basin states until the last five or six years, the other Lower Basin states, using all of that entitlement in the last five or six years, we've been able to deliver all of that water to California. But now the Lower Basin states are using all of their ***entitlement***, and we now have to get California down to what their actual entitlement is.

". . . under a strict interpretation of that Seven Party Agreement, all of the reduction has to come from the Los Angeles metropolitan area, about a 600- or 700,000 acre foot reduction. And that's probably *impossible* to achieve. . . ."

The problem that we face is that the low-priority user under that Seven Party Agreement is the ***urban*** area. In order to get California down to 4.4, under a strict interpretation of that Seven Party Agreement, all of the reduction has to come from the Los Angeles metropolitan area, about a 600- or 700,000 acre foot reduction. And that's probably ***impossible*** to achieve.

". . . that's 20 million people in an urban area that's dependent on that water supply now, and you can't probably *expect* them to make that kind of reduction in use, especially with the reductions that have occurred in other places in California . . . the State Water Project is not now able to divert the water that they thought they were going to be able to divert to southern California. The Mono Lake finding . . ."

I mean, that's 20 million people in an urban area that's dependent on that water supply now, and you can't probably ***expect*** them to make that kind of reduction in use, especially with the reductions that have occurred in other places in

California–CalFed and the State Water Project, the Bay-Delta[30] issues, and the State Water Project is not now able to divert the water that they thought they were going to be able to divert to southern California. The Mono Lake finding, you know, the city of Los Angeles . . .

END SIDE 2, TAPE 1. JULY 19, 2000.
BEGIN SIDE 1, TAPE 2. JULY 19, 2000.

Storey: This is Brit Allan Storey with Bob Johnson on July the 19th, 2000.

Johnson: There's been environmental court rulings that limited the water supply to southern California. Now, here we are on the Colorado River all of a sudden saying in addition to all that we're going to reduce southern California by another 600,000 to 700,000 acre feet and everybody agrees to that. So the priority system that was set up under the Seven Party Agreement and the values that existed seventy-five years ago gave the priority to all the agricultural users and the low priority to the metropolitan area.

Issues Caused by the Seven Party Agreement When Water Marketing Is Tried

One of the further problems that we have with the Seven Party Agreement, you know, the idea that's developed is water marketing. I mean, this is an idea. The first transfer in California was done about twelve years go, where Imperial tried to transfer 100,000 acre feet to Metropolitan Water District, with the idea that Metropolitan would pay Imperial to reduce their use.

A couple of problems grew out of that transfer. One was the Seven Party Agreement has a tiered system even among the agricultural users. ***None*** of the agricultural users have a defined entitlement. It just sets up a priority system for the 3.85 million acre feet, and it gave first priority to Palo Verde Irrigation District for use on, I think it's about 100,000 acres of land along the river, gives second priority to the Yuma Project, which is down near Yuma, but it's on the California side of the river down near Yuma, Arizona, and it gave them a second priority for use on 25,000 acres of land. ***Then*** it gave ***third*** priority to Imperial Irrigation District, and there's no quantification. It's as much water as they can put to beneficial use on their lands. And then what the fourth priority, the Coachella Valley Water District, Coachella being the low-priority user among the California ag districts.

Now, I suppose back in 1931 that sounded like a great idea, when they didn't envision that the ag districts could ***use*** more than 3.85 million acre feet, but in recent years the ag districts ***have*** used 3.85 million acre feet and, in fact, in some years have exceeded the 3.85 million acre feet. So one of the problems that came out of these transfers is that the first time that Imperial when to transfer water to Metropolitan, Coachella Valley Water District filed suit saying, "We have an intervening priority. Metropolitan is fifth under the Seven Party Agreement and we're fourth, and any water that Imperial doesn't use belongs to ***us***, not to Metropolitan."

30. The Bay-Delta of the Sacramento and San Joaquin rivers on the north and east side of San Francisco Bay. See footnote on page 70.

So you have this unquantified set of entitlements that put Coachella Valley Water District as an intervening priority holder at risk, and you couldn't effectuate any transfers from the big water user, Imperial, to Metropolitan.

". . . in 1988 Imperial supposedly agreed to transfer 100,000 acre feet to Metropolitan and proceeded to implement conservation plans to theoretically reduce their use of water. But during that same period of time, Imperial's use went from 2.5 million acre feet to over 3 million acre feet. . . ."

The second problem that became apparent under that Seven Party Agreement is in 1988 Imperial supposedly agreed to transfer 100,000 acre feet to Metropolitan and proceeded to implement conservation plans to theoretically reduce their use of water. But during that same period of time, Imperial's use went from 2.5 million acre feet to over 3 million acre feet. So what is this? When they entered into an agreement with Metropolitan they were using 2.5, they agreed to transfer 100,000 acre feet to Metropolitan, but during the period that they were supposed to be conserving, they actually increased their use, and there's no limit on their entitlement. See, that's the ***problem***. Imperial argues that they did reduce their use. But by the same token under the Seven Party Agreement, they got the right to also put more to use. And so while the conservation occurred, their irrigation demands increased over that period of time by double-cropping and triple-cropping and other things. That was their prerogative, and even though they had sold the water to Metropolitan, they also had this right to increase, and it was Metropolitan's tough luck the water wasn't available to them because they had increased their use.

". . . the Seven Party Agreement was *not* conducive to facilitating ag-to-urban water transfers. So the key component, in my mind, of the California plan is putting in place what we now term a quantification agreement that actually establishes some *limits* on the amount of water, at least, that Imperial is entitled to and that Coachella is entitled to . . ."

The system that was put in place seventy-five or sixty or seventy years ago under the Seven Party Agreement was ***not*** conducive to facilitating ag-to-urban water transfers. So the key component, in my mind, of the California plan is putting in place what we now term a quantification agreement that actually establishes some ***limits*** on the amount of water, at least, that Imperial is entitled to and that Coachella is entitled to, so that we ***know*** what Imperial's water right is and we have some basis for measuring their reduction in use. So when they say they're selling 100,000 acre feet of water to Metropolitan, we can ***measure*** that against some limit on their entitlement. Because under the old system there was no limit on their entitlement, and they could enter into these agreements to sell water and then turn around and use it up. So we needed to quantify Imperial's entitlement. We also had to quantify ***Coachella's*** entitlement so that they couldn't claim to be an intervening priority anymore. So we had to get a quantified amount for them.

So this is where the Secretary and David Hayes have really lent their skills, particularly David Hayes ***and*** the authority of the Secretary's office, to

accomplishing the California plan, because David Hayes personally has served as a ***facilitator*** to sit down with all of the members of the Seven Party Agreement and ***negotiate*** a revision to that agreement that sets limits for Imperial and Coachella so that water transfers can occur.

We're very close. We had a breakthrough agreement last October with a framework for quantification where we got Imperial and Coachella to agree to quantified amounts, and now we're putting the details on all of those agreements in a final document that'll actually become legally binding and that hopefully will be approved by the Secretary at the end of this year. There's still some details. There's always devil in the details. There's still some details to be worked out, but I would classify them as minor details. There's a meeting in Washington next week with David Hayes and the California parties that I'm going to where hopefully we're going to cap off all of the unresolved issues and actually get a final set of agreements that will achieve that.

So that's a huge accomplishment. I mean, this is an issue that we became aware of in 1988 when the original irrigation transfer from Imperial to Metropolitan tried to occur. We recognized the problem, and we actually tackled this issue in 1992. The Bureau at the regional level here tried to implement a quantification of all of the entitlement holders under the Seven Party Agreement. It's kind of like our 1994 water marketing guidelines. We stepped forward to provide some leadership and say, okay, we encouraged the parties to negotiate, we had them negotiate. They couldn't agree, and we said, "If you guys can't agree by this date, we're going to do it by administrative order."

Reclamation Proposed a Quantification in 1992 That the Parties in California Hated

So in 1992, Regional Director Bob Towles at the time sent a letter to the California parties that basically said, "Here's a quantification that we're proposing to move forward administratively on." So we floated a straw man to see if we could get them all to agree.

That was similar to what happened to us in water marketing regulations. ***All*** of them ***hated*** our proposal, and they all threatened to sue us if we tried to implement it, the California parties. So we backed away from it and did not try to impose our will. We floated an idea, but in the end, because of the strong negative reaction, we decided not to try to impose our will on them. We've had the issue kind of cooking ever since, and with this new initiative by the Secretary and the recognition on the Secretary's part that this is important and that if you're ever going to get a California plan this quantification piece had to be put in place. The Secretary put ***his*** power and authority, not just the Regional Director's power and authority, behind getting a quantification. And I think it's that power the Secretary can bring to the table that's allowed us to get something that the parties can agree to.

Storey: What kind of quantification have they worked out?

It Appears a Quantification Agreement Is Close with Imperial Receiving 3.1 maf and Coachella 458,000 Acre Feet

Johnson: Imperial gets 3.1 million acre feet, and Coachella gets–I think it's 458,000 acre feet.

". . . Imperial then agrees to . . . selling water to Coachella and to San Diego and to Met, and *ultimately* Imperial's use is going to come down to about somewhere between 2.6 and 2.7 million acre feet. . . ."

So they're absolute quantified numbers for those two irrigation districts, and then as a ***piece*** of that Imperial then agrees to transfer significant amounts of water to Metropolitan ***via*** the San Diego County Water Authority and to Coachella Valley Water District. So Imperial doesn't really get 3.1. Imperial ends up selling water to Coachella and to San Diego and to Met, and ***ultimately*** Imperial's use is going to come down to about somewhere between 2.6 and 2.7 million acre feet. So the quantified number is 3.1, but the actual number, once the transfers are implemented, gets their use down to about 2.7.

Their historical use in the last three or four years has been right around 3.1 million acre feet. So they're getting quantified at about their recent consumptive use, and they're going to have to reduce that use down to a significant number as part of this California plan under the ag-to-urban transfers that are occurring.

Storey: So they're using almost 75 percent of California's Colorado River entitlement.

Imperial Irrigation District Uses about 75 Percent of California's Entitlement and Close to 50 Percent of the Lower Basin's Entitlement

Johnson: Yes, absolutely. Imperial is the big user. They're even the big user in the Lower Basin. I mean, they're ***close*** to 50 percent of the Lower Basin entitlement in all three states. So they're ***huge***. Imperial is ***huge*** in the Lower Basin in terms of their water use, and they are key to any successful California plan. The idea was to get something that would work without litigation, because if you go to litigation, you're probably tied up for years and years and years without getting any resolution.

Storey: And you don't know what the hell the judge is going to do either.

". . . we've got an *Arizona versus California* decree to enforce. We might find ourselves having to tell the Los Angeles metropolitan area that they've got to reduce their use by 600- to 700,000 acre feet. And the political ramifications of that would be very serious and very difficult to deal with. . . ."

Johnson: And then we've got an *Arizona versus California* decree to enforce. We might find ourselves having to tell the Los Angeles metropolitan area that they've got to reduce their use by 600- to 700,000 acre feet. And the political ramifications of that would be very serious and very difficult to deal with. So getting some negotiated settlement among the parties is ***really*** absolutely critical.

The Secretary bringing David Hayes and bringing his skills and ***power***, the power of the Secretary, Regional Director is not very powerful in the eyes of California and the California entities, but the Secretary is, and the Secretary can marshal the cooperation of the governor, which he has, and the California legislature and really bring a lot more force to bear among the parties on getting them to agree to making changes. It was very difficult and a very hard fought negotiation to get those numbers and to get some quantification of those entitlements.

Storey: Is California getting ***any*** water through the Los Angeles aqueduct? MWD, I guess.

Johnson: Some, but it's limited. I think historically they got 300,000 acre feet, but I think that's been cut back, but I'm not sure by how much. I think it's been cut back significantly. You're talking about the Mono Lake.

Storey: Yes. The Mono Lake thing. The Owens Valley thing.

Johnson: I think it depends probably to some extent on what's the hydrologic conditions, how much rain may have occurred. But in a lot of years, that's been cut back significantly.

Storey: Are you aware of anything else that MWD is doing to reduce its need for Colorado River water?

Los Angeles Has Done a Lot to Improve Water Use and Conservation

Johnson: Yes. They've got some very successful conservation programs and water reuse programs. So if you ever ask Met to give you a presentation on what they've done to manage local water supplies, they have put a tremendous investment and tremendous effort in developing–by local water supplies they mean water supplies from the Los Angeles basin, not imported supplies in. So they have done a lot to try to reduce their demand through urban conservation and also through development of local water supplies.

Wastewater reuse is a big component. They've developed a lot of wastewater that's being dumped to the ocean. They're doing treatment and groundwater recharge. They use a lot of the wastewater for irrigation. Otherwise, potable water was being used for irrigation by putting wastewater into irrigation. They're able to free up potable supplies for M-&-I use. So they've had some tremendous efforts in that area, and we've been a part of that. We've got this Title XVI[31] wastewater reuse program, and we've probably put somewhere in the neighborhood of–over the last six or seven or eight years, we've probably put a couple of hundred million dollars in southern California on wastewater reuse projects. I imagine local entities have probably put three or four times the amount of the Federal contribution or contributions like less than 50 percent of the funding that's been put into those kinds of programs.

31. See footnote on page 91.

Storey: Right now I think my major question is the C-A-W-C-D lawsuit. I don't think we have time to finish that today.

Johnson: Probably not.

Storey: Is there anything else we should be talking about that you can think of? How are we doing budget-wise in this region?

Johnson: Well, our budget is never enough. [Laughter]

Storey: Just like the Centennial program, huh? [Laughter]

"The budget is never enough. We've been battling some budget issues. We always have more demand for the money. I mean, we've got some major programs, Title XVI being one, where we have a number of authorized projects and not enough money to go around in terms of the authorized projects that we have and the commitments that we have. . . ."

Johnson: The budget is never enough. We've been battling some budget issues. We always have more demand for the money. I mean, we've got some major programs, Title XVI being one, where we have a number of authorized projects and not enough money to go around in terms of the authorized projects that we have and the commitments that we have.

Underfunding Title XVI Because of the Budget

So we've been underfunding Title XVI for the last several years.

Underfunding the Gila River Indian Community Distribution System

We've got an Indian project that's part of the Central Arizona Project, the Gila River Indian community, C-A-P water distribution system, which is a 400-million-dollar commitment to allow the Gila River Indian community put its C-A-P allocation to use. They're the largest Indian community, C-A-P Indian water user. They've got the largest allocation. And about a 400-million-dollar commitment there that we've been kind of–I don't think we've put more than 20 to 25 million dollars over the last couple of years into that program, and the expectation and the need is significantly higher for that.

Operations on the Colorado River, Including ESA Requirements Have Recently Been Underfunded

Our Colorado River operations program, that's our program that we use to administer, carry out our watermaster responsibilities on the lower river. That's been underfunded the last couple of years. We're implementing all of our Endangered Species Act requirements under that program, and we've had a significant need for funds to allow us to carry out our commitments under the Endangered Species Act.

We haven't been successful in getting the funding that we need there from Congress. Compared to the Title XVI and the C-A-P, that's a smaller piece.

We've been requesting about 13 million dollars a year from Congress for carrying out that program. Last year they cut us, I think, about five million. This year the House didn't cut us and we were thrilled, but it got to the Senate and they've cut us by six or seven million. So we've got a battle ahead of us just this year on that program, trying to see as it goes through the conference committee to see if we can get something better than the Senate gave us, see if we can get as close as we can to the full funding request.

So it's always a battle. I mean, there's never enough money. I think our budgets are tight, and we're looking for ways to be more efficient and to get by with less money and to be just as efficient as we can in the things that we have to carry out. I guess we're surviving. Our budget is still there. Of course, Hoover is funded off budget and we've got Parker-Davis off budget now.

Budget and Staffing Are down Substantially in the Lower Colorado Region

The region's total budget is–I think our request to Congress last year was around 130 million. That was this region's share of Reclamation's appropriation request. That's down. In the early nineties, this region's budget was probably somewhere around 300 million dollars. Of course, now, most of that is C-A-P and the completion of funding on C-A-P. But still that's a big cut, and we're a lot less in other areas as well from where we were ten years ago, or from where we were eight years ago, even.

"We think the staffing level is about right, and we seem to be holding our own on the budget. The budget is not enough. We have more demands for funds than we have money . . ."

The staffing in the region is down. We're down to about 900 employees in the region now. Ten years ago or even six or seven years ago we were about 1,600 employees. So the region is a lot smaller than it was. But we're holding our own. We're not expecting to go below the 900. We think the staffing level is about right, and we seem to be holding our own on the budget. The budget is not enough. We have more demands for funds than we have money, but we've leveled off at that 130-, 140-million-dollar level.

Our ***mission***, I think, is well defined. I think our goals and objectives are well defined. We know where we're headed. We know what we need to do, and I think we have a stable program. So I think we know where we're headed and what we need to do and what our budget needs are, and we're doing the best we can.

Storey: But if we're getting budget cuts like that, what does that mean that we're not doing that we think that we ought to be doing?

Johnson: We're not funding the Gila River system like we think we should. We're not funding

Title XVI like we think we should. We're not funding our–

Storey: Title XVI is water conservation?

Johnson: Wastewater reuse programs. We're not funding our Colorado River operations program like we think we should. The implementation of the Endangered Species Act role. So those are all things that we're not doing that we could do more of if we had more money.

Storey: Let's see. Do we have time to talk about the Indian tribes and the C-A-P?

Johnson: Sure.

Storey: What kinds of issues does that raise for us?

". . . we *finally* have negotiated a settlement of our lawsuit with C-A-W-C-D over their financial aspects of the Central Arizona Project, and we have a *stipulated* settlement that the court has approved. . . ."

Johnson: Well, we had some interesting developments of late. We probably don't have time for all of this, but we ***finally*** have negotiated a settlement of our lawsuit with C-A-W-C-D over their financial aspects of the Central Arizona Project, and we have a ***stipulated*** settlement that the court has approved. So the Justice Department has presented that to the court.

Storey: I thought we could talk about that one tomorrow.

"We're reducing Arizona's repayment obligation for the Central Arizona Project, and in exchange for that we're getting about 200,000 acre feet of additional C-A-P water for use by Indian tribes. . . ."

Johnson: I'm not going to go into a lot of detail on that other than we have that in place. The cornerstone of that settlement is getting a lot of additional water for Indian tribes. We're reducing Arizona's repayment obligation for the Central Arizona Project, and in exchange for that we're getting about 200,000 acre feet of additional C-A-P water for use by Indian tribes. So the Indian tribes are the cornerstone of the settlement that we've negotiated with C-A-W-C-D.

The C-A-P settlement then is contingent upon an act of Congress that would finally settle the claims of the Gila River Indian community. That's the tribe that we're funding the distribution system of that I just talked about. They've also got a ***huge*** Indian water right claim on the Gila River and the Salt and Verde systems, particularly the Salt system in Arizona. A lot of this water, additional water, that we're getting in the C-A-P settlement is earmarked for the Gila River community and their tribe. The C-A-P settlement is contingent upon that Indian settlement being passed by Congress.

"So we really don't have a final C-A-W-C-D settlement until we have a settlement of the Indian water right claims with the Gila Tribe and an act of Congress that . . . allows the *water* that we've set aside under the C-A-W-C-D to be committed to the Gila River Indian community. . . ."

So we really don't have a final C-A-W-C-D settlement until we have a settlement of the Indian water right claims with the Gila Tribe and an act of Congress that finally settles those claims and allows the ***water*** that we've set aside under the C-A-W-C-D to be committed to the Gila River Indian community. So the tribes and their use of C-A-P water are kind of integral to everything that we're putting together on C-A-P.

The Secretary of the Interior Has Threatened to Allocate Unused CAP Water to the Tribes under His Authority as Watermaster if CAWCD Doesn't Come to Terms with the Tribes

One of the things that's happened is the Secretary and the Department has been negotiating these Indian settlements, and one of the things that the Secretary has used–and this is kind of an interesting story–that the Secretary has used as leverage with the Arizona parties that he's negotiating with is, "If you don't come to terms with the tribes and negotiate reasonable settlements with the tribes, I have the authority as watermaster of the Colorado River and under the C-A-P, to just allocate this water to tribes anyway, in other words, even without a C-A-P settlement. There's a bunch of ***water*** in the Central Arizona Project that's available for reallocation, and I can reallocate that water and just give it to the tribes. And, by golly, if we don't have a deal done by the end of this year, I may just do that."

The Secretary Requested That the Region Develop an Environmental Statement for Various Alternatives for Allocating Water to the Indian Tribes. The Preferred Alternative Is the Negotiated Settlement, but Other More Extensive Allocations Are Also Presented as Alternatives.

In order to bolster that claim, the Secretary has asked us to prepare the NEPA documentation for the allocation of C-A-P water to Indian tribes. So over the last year our staff has been working very diligently to put together an EIS that would lay several options at the Secretary's feet that he could adopt by the end of this year that would allocate C-A-P water to Indian and non-Indian uses within the project.

Now, the preferred option in that EIS is the negotiated option that we've agreed to with all of the parties under the C-A-W-C-D settlement so it's consistent with what everybody's agreed to. But there are ***other options*** in that EIS that the Secretary could go to that would, in fact, even allocate more water to Indian tribes, and those ***other*** options have been a bargaining chip for the Secretary or a ***leverage*** point for the Secretary in the negotiations with the non-Indian interests.

Senator Jon Kyl, Through Legislation, Has Tied the Secretary's Hands Regarding the Indian Water Allocation Issue

Reclamation has not been a real active–I mean, we're not the lead on the negotiation of those claims. We support those negotiations with our staff, but that's the Department that does that negotiation. A lot of this has really personally occurred between the Secretary and Senator [Jon] Kyl, and David Hayes and Senator Kyl from Arizona and the Secretary on the big issues actually sit down and have done a lot of this negotiation.

Senator Kyl, in the supplemental appropriations act that just got passed by Congress, put some language in there that forbid us from using ***any*** money in that supplemental appropriations act or ***any other act*** for completing the EIS or for allocating any more Central Arizona Project water until further act of Congress. Senator Kyl has also put language in the 2001 appropriation act that again carries forward that same provision.

So, in essence, what Senator Kyl has done is he's tied the Secretary's hands and has taken away that leverage point in the negotiations and has limited our ability. We've got an EIS, a draft EIS, on the street. It's just put out about three weeks ago, three or four weeks ago, and now we have an act of Congress that forbids us from spending any more money on completing that EIS, holding public meetings, or moving forward in doing any of the other activities that would allow the Secretary to allocate that water.

Storey: So he can't just allocate the water now.

Johnson: Right. The Secretary's ***no longer*** able to allocate water for the Central Arizona Project because of the language in that act. Now, the attorneys say that that supplemental act only has force and effect through the remainder of Fiscal Year 2000. That was a supplemental act, and ***unless*** that same language is carried over into the 2001 appropriations act, come October 1 our hands will be untied–the Secretary's hands will be untied. But Senator Kyl understands that, and he's also put similar language in our 2001 appropriations act.

So it will be interesting how that plays out over the next couple of months and whether or not that language gets left in the act. It probably will, and our hands will be tied for the rest of this year and Secretary Babbitt's probably lost his ability and we've lost our ability to complete the EIS and the Secretary's lost his ability to allocate the water.

So it's interesting, you know, the Senate is powerful, and it's interesting that Senator Kyl, a single senator, can successfully implement those kinds of limitations on the Secretary over the strong objections of the Administration. The Administration objected strongly. Not strongly enough to be able to feel like they can veto the act. The supplemental appropriations act was ***critical*** to the military, and the President could not . . .

END SIDE 1, TAPE 2. JULY 19, 2000.
BEGIN SIDE 2, TAPE 2. JULY 19, 2000.

Storey: Did I hear you say that Senator Kyl was involved in the negotiations?

Johnson: Yes, yes, very much.

Storey: So he didn't like the way the negotiations were going?

Johnson: Well, he wanted to take away the Secretary's leverage in the negotiations. I think the Arizona parties viewed the Secretary's threat as–I mean, you don't want the other party to have any more leverage over you than possible. So the Senator has kind of been able to counterbalance that threat.

Storey: Interesting.

Johnson: I guess depending on who you talk to, you know, quite frankly, my own sense is that the Federal Government, when it comes to trying to get local entities to come to the table and negotiate Indian water right claims, the Federal Government doesn't have a whole lot of ability to make that happen, and this was a nice tool to get the Arizona parties to be more willing to negotiate. It's a big loss not to be able to have that, I guess, arrow in your quiver, and it probably makes the negotiations more difficult.

Storey: Well, I see that our time is up. I'd like to ask you whether or not you're willing for the information on these tapes and the resulting transcripts to be used by researchers.

Johnson: I can't think of a thing I've said that ought to give me any trouble, no. Yeah, it's fine.

Storey: Good. Thank you.

END SIDE 2, TAPE 2. JULY 19, 2000.
BEGIN SIDE 1, TAPE 1. JULY 20, 2000.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Bob Johnson on July the 20th, 2000 in his office in Boulder City, Nevada, at about ten o'clock in the morning. This is tape one.

Let's see. Why don't we start out with the hard, the big question, and that's the C-A-W-C-D lawsuit, and talk about that this morning.

Johnson: Okay. Well, I'm not sure where to start. I guess the bottom line for today is that we have reached a settlement of that litigation, was negotiated over the last two or three years. The litigation was filed in July of 1995, and we went through a court proceeding. I don't remember the years, but it took a couple of years. We did discovery, and with such a big and complex piece of litigation, the judge [Judge Earl Hamblin Carroll of the United States District Court for the District of Arizona] laid it out in phases over time. I think there were like at least three phases of trial that were scheduled by the judge that broke the litigation and the claims and counterclaims down into various pieces.

The Three Big Phases of the CAWCD Litigation Are CAWCD's Repayment

Obligation, How Costs Were Allocated, and Payment of O&M Costs

The first piece of the litigation dealt with the cost ceiling and the amount of money that was owed by C-A-W-C-D to the United States for construction of the project. The second ***phase*** of the litigation was, I think, to deal with the cost allocation and how the costs were allocated and differing points of view over that. I'm generalizing, because there were a million smaller claims. We're talking in very generalities. And I think the third phase was going to deal with O-&-M and who was responsible for payment of various pieces of the O-&-M of the project.

On the Cost Ceiling and CAWCD's Repayment Obligation the Judge Ruled Against the United States

We got through Phase One of the trial that dealt with the cost ceiling and what was the cost ceiling. The judge actually had a trial. The trial lasted, I can't remember, one or two weeks, and I'm trying to remember the date. The date was probably–boy, when did that happen? '97 or '98 time frame. The judge issued a decision that basically ruled against the United States.

The finding of the judge was that the cost ceiling for C-A-W-C-D was 1.78 billion dollars. We maintained that C-A-W-C-D was obligated to pay about–I don't remember the exact number–somewhere around 2.2 billion. So the bottom line is, the court ruled in favor of C-A-W-C-D and actually ruled that the ceiling was about 400 million dollars ***less*** than what we thought it should be. It was related to some language.

Actually, it wasn't even some language. We felt that the language in the contract was pretty clear, but there was an ***attachment*** that was attached to the contract, an exhibit, that showed some adjustments to the ceiling, and we didn't feel it was adjustments to the ceiling, we thought it was a demonstration of how the obligation–there's a difference between a repayment obligation and a repayment ceiling, at least in our mind there was.

When you start construction, when you sign a repayment contract, you don't know ***what*** the project is going to cost, and when you enter into a repayment contracts with districts, you usually set a ceiling and you say, "Well, here's a rough estimate of what we think it ***could*** cost, and ***we'll*** only charge you whatever it actually is. But we're going to put a cap in there, because other public entities can't enter into unlimited obligations." So you proceed with the understanding that if something happens that causes you to go over the ceiling, that you would go back and amend the contract and establish a new ceiling.

The ***obligation***, as opposed to the ceiling, is whatever that cost actually turns out to be. So you may have a ceiling of 2 billion dollars, and the ultimate repayment obligation may be 1.9 billion, if that's all the project ended up costing. The trial was what is the ceiling, and we thought that the contract said very clearly the ceiling was at least 2 billion dollars, and we had some arguments to argue that it was even higher

than that–2.2 billion.

But the locals argued that it was 1.78 billion, and that was based on an exhibit that was attached at the end of the contract that showed an adjustment to what we ***thought*** was the obligation that would occur if the Gila River Indian community used more water, entered into a contract and utilized the full amount of water that had been allocated to them. That, in fact, if more water went to Indian tribes, that would adjust the amount of cost that would be allocated and repayable by C-A-W-C-D.

We thought that that was put in there just as an example, to demonstrate how the obligation might change, and C-A-W-C-D argued that that was to be an adjustment to the ***ceiling*** if the Gila River Indian community actually entered into their contract. Because the Gila River Indian community ***did*** enter into a contract after the repayment contract had been signed, they argued that the ceiling had been adjusted down to 1.78 billion, and the court agreed with them and established a significantly lower ceiling than we anticipated.

That was a ***big blow*** to the Federal perspective on C-A-W-C-D. It's ***disappointing*** when you get a ruling by a judge–I mean, you know, I think there's many on the Federal side that were involved in that, that still don't agree with what the judge said, that think the true intent of that contract was a higher ceiling and that do not agree with the ruling. Nevertheless, the court had legal reasoning and held in favor of C-A-W-C-D, and that caused us to reconsider where we were in the court process.

We did think about appeal of the decision. We had all the other phases of the trial yet to come, and appeal seemed to be an option, but it seemed like appeal would carry on the animosity for years and years and years, because you really couldn't appeal until all the other phases of the trial were completed, and those were scheduled out over a number of years. It would have lasted two or three more years, the other phases of the trial.

On the Cost Allocation Issue the Judge Pressed the Parties to Negotiate a Resolution

The judge did then ***actually*** hold a hearing–I don't think "hearing" is the right–hold a trial on Phase Two around the cost allocation, which was an extremely complex set of arguments about how costs get allocated and how you actually determine the repayment obligation. So we went through that second phase, but the judge never did issue a decision. He really pressed back on both sides pretty hard to sit down and negotiate and see if the sides could negotiate a resolution rather than having him hand down a ruling one way or the other.

". . . following phase one and after the phase two trial, we started negotiating again with C-A-W-C-D to see if we could find a negotiated settlement. . . ."

So anyway, following phase one and after the phase two trial, we started negotiating again with C-A-W-C-D to see if we could find a negotiated settlement.

The negotiation team was composed of the Justice Department, who technically are in the lead in the negotiations. Once you're in a court trial, the agency that's involved in the litigation is no longer the lead agency. The Justice Department is formally in the lead in negotiating the settlement of litigation.

So we had John Stempelwitz [phonetic] from the Justice Department, who has been a–we had a team of about four attorneys from the Justice Department that worked on this litigation with us, and they were fantastic. They did a very good job of representing our perspective. The United States was served very well by their counsel and their representation.

So John Stempelwitz was on our negotiating team. I was on the negotiating team. Dave Hayes, who at the time when we started this was a counselor. His title was counselor to the Secretary. Dave is now the ***Deputy*** Secretary of Interior. I'm trying to think, was there anybody else on our team? It's been a while since we've had the negotiations.

Anyway, we negotiated long and hard with C-A-W-C-D. The C-A-W-C-D negotiating team was Grady Gammage, who was Chairman of the C-A-W-C-D board; Larry Dozier; Sid Wilson; Stu [Stuart L.] Somack, who was their trial attorney. Stu Somack is not an in-house attorney for C-A-W-C-D; he was their trial attorney. Stu, in the long term, in my opinion, turned out to be very helpful in getting a ~~litigated settlement–not a litigated settlement, but a~~ negotiated settlement of litigation. Stu's an attorney, a water attorney, that works mostly in California. He's located in Sacramento, and he's pretty active in Central Valley Project activities and represents a number of clients in the Central Valley Project.

Anyway, I can't remember all the blow-by-blow details of the negotiations, but we went back and forth for months trying to get to a negotiated settlement. It was clear that once we started negotiating again, that the Department, i.e., the Secretary, Secretary [Bruce] Babbitt, was interested in getting a settlement of the litigation. So we continued to work very hard.

Before the Litigation Began Reclamation and CAWCD Nearly Had a Deal in 1995 Which Fell Apart over Indian Issues When CAWCD Unilaterally Changed the Agreement

One of the problems is that I think two things happened in this final negotiated settlement. We had a deal, and I think we talked about it in one of our previous sessions. We had a deal back before the litigation. We had a negotiated settlement back in 1995 that was pretty close to being ready to be signed, that would have settled all of the repayment issues. It fell apart for–***our*** view is it fell apart because of the Indian tribes and the unwillingness of Indian tribes to support the settlement. The benefits of the settlement was primarily aimed at providing additional water supplies for Indian tribes. So we had the main beneficiary of the settlement objecting to the settlement that we had negotiated.

Others, the state of Arizona blamed the Secretary and they maintained that the Secretary had ***walked*** from those negotiations. They made all kinds of public accusations about what occurred in those negotiations. There were newspaper reports that the negotiations were ***scuttled*** because the state of Nevada, the governor of Nevada, called and complained to President Clinton about Arizona getting a good deal that was settling their water problems and concerns and Nevada was left here with some difficult water problems and wasn't getting their problems resolved. That was actually reported in the press in both Nevada and Arizona.

I do know that the Nevada senators, both [Harry M.] Reid and [Richard H.] Bryan, met with the Secretary and were expressing concerns about the C-A-P settlement about the time that the settlement was coming to conclusion. I don't personally know what transpired in those discussions, and I also don't know whether or not the governor of Nevada called the President and complained. I've got a hunch it's probably true.

From my perspective and working in the field and trying to get that settlement resolved, it was the Indian tribes that were objecting. That was the reason the Secretary cited to me as backing away. And in fact, we did not walk away from the deal. The fact of the matter is, in 1995 C-A-W-C-D walked away from the deal or they tried to change the deal. I probably talked about this in the previous . . .

Storey: Let's talk about it again.

Johnson: Yeah, I'll go over it again. The signing of the settlement in '95 was scheduled to take place, and we had some unresolved issues. The one issue was, though, that we couldn't–I'm trying to think. What was it? It was the role of tribes in whether or not the tribes could be considered for additional allocations of water in the future or whether or not tribes, if there was a water marketing framework ever set up within Arizona, whether or not tribes could be treated on the equal footing with other entities in central Arizona for the purchase of C-A-P water for use on reservations and/or for use in water right settlement provisions.

The ***deal*** was going to allocate, I think, an additional 240,000 acre feet–this is in 1995–to Indian tribes, and C-A-W-C-D did not want tribes to be able to get ***any*** more water. They felt very strongly that–it was going to give tribes an additional 240,000 acre feet back in '95, was going to give tribes about 49 percent of the C-A-P supply, and C-A-W-C-D did not want to be in a position where ***more*** than 50 percent of the C-A-P water would end up in the hands of Indian tribes.

". . . C-A-W-C-D was objecting to that language, mainly because they didn't want to see the tribes ever get more than 50 percent of the water supply. . . ."

We had some language in there that said that, one, that the Secretary would not use his authority to unjustly interfere. I don't remember if that's exactly the words we had, but to unjustly interfere with approving assignments and transfers of C-A-P water. Then as a counteraction to that, we had put in language that said that ***tribes*** would be treated on an ***equal*** footing with other non-Indian entities for

exchanges and transfers of water that might occur in the future. And C-A-W-C-D was objecting to that language, mainly because they didn't want to see the tribes ~~to~~ ever get more than 50 percent of the water supply.

So we had a negotiating session to settle that. It was about a week before the C-A-P deal, signing ceremony, was scheduled for the Secretary, and we had these unresolved issues, so we scheduled a negotiating session with C-A-W-C-D. At the time, everybody else had kind of bailed out, and I was the lead. Don Glaser had been the lead at one time. Betsy Rieke had been the lead at one time. Ed Osann and Dan Beard had been the leads at one time on trying to negotiating a settlement with C-A-W-C-D. I had been involved in all of that, but never in the lead.

Well, at the end everybody had left and I was the only one left and I was kind of the lead negotiator, I guess, for the Federal team. But I had B-I-A [Bureau of Indian Affairs]. I had Barry Welsh from B-I-A and Kathy–her last name escapes me. She's an attorney that works for B-I-A down in the Phoenix office. Very capable lady. I had them on my team. I had some of our staff, Steve Hvinden and I think Tom Burbee, and we had a negotiating session at the C-A-W-C-D office.

We started at nine o'clock in the morning to try to resolve these issues. We negotiated all day, and we negotiated until three o'clock in the morning the next day. So it was what we called the marathon negotiating session, to try to ***finalize*** this agreement on settlement of the C-A-P issues. In the end, in the agreement that we had, the negotiating teams when we walked out at three o'clock in the morning, we had agreed to–we'd gone back and forth ***all*** day and all night around this issue of equal footing, about the Secretary approving, not unreasonably withholding the approval of exchanges and transfers in the project, and that Indian tribes were on an equal footing. So we'd gone back and forth all day on that language, and at the end of the night, the compromise that the negotiating teams reached was we'll just take that ***whole*** section out of the contract. We wouldn't say that the Secretary would not unreasonably withhold his approval and we would not say anything about tribes being on equal footing. That was the best we could do. So it was kind of leaving those issues unresolved. I thought it was a good compromise, and it's what we walked away with when we shook hands with the ***negotiating*** team on the other side of the table that night.

How CAWCD Changed the Contract

So we walked away thinking we had a deal with the negotiating team. Two days later, the negotiating team for C-A-W-C-D presented to their board the agreement, and their board did not agree with taking the language out. What the board did is they approved a contract for signature by the Secretary that put the language back in about the Secretary not unreasonably withholding approval, but did not put the language in that said tribes would be placed on equal footing. They came back with that like two days before the agreement was–I don't remember the exact timing, two or three days before the agreement could be signed, and that ended up being the straw that broke the camel's back. Basically ***we*** decided, collectively

decided–I consulted with the Secretary–that that was unacceptable language and that we didn't have a deal.

The Arizona entities made ***big*** headlines that the Secretary walked on the agreement, didn't come in and sign. They ***knew*** we didn't have a deal, and they made all these headlines in the newspaper and this claim that, you know, the call from the governor of Nevada to President Clinton had caused the negotiations to be scuttled. So that was what was portrayed publicly and what the Arizona entities argued had occurred.

There was ***nothing*** in any of the press accounts that said anything about the C-A-W-C-D board ***changing*** the agreement that had been struck by the negotiating team at three o'clock in the morning three days before. The press did call our office and ask for our response to what had occurred, and Bob Walsh, our Public Information Officer, responded that the deal fell apart because of this issue around Indian tribes and the treatment of Indian tribes on exchanges and transfers.

These were ***huge headlines*** and front page articles in the paper, and the quote from Bob Walsh in the local newspapers was the very last sentence at the end of the article that was continued over on page twenty or whatever page of the newspaper. So our response was the very last piece of the article. So the Secretary was portrayed in a very bad light in Arizona, and the whole deal fell apart in a kind of a very ugly way.

". . . the whole thing fell apart, and that led to the litigation, the finding by the judge that our position on the ceiling was incorrect, which was a big blow to us. . . ."

It is true that Nevada was weighing in and arguing against the agreement. It's also true that Indian tribes were objecting and that C-A-W-C-D was changing the agreement at the last minute from what the negotiating team had negotiated. So, anyway, the whole thing fell apart, and that led to the litigation, the finding by the judge that our position on the ceiling was incorrect, which was a big blow to us.

Then the other thing that happened–so the deal fell apart. We ended up in litigation. The judge ruled against us. Kind of jumping out of what happened back in '95, the judge ruled against us, which was not good from a Federal perspective.

In 1995 CAWCD Had Difficult Issues to Deal with Because Water Districts Were Not Able to Pay for the Water They'd Contracted for and CAP Was Costing More than Anticipated

The other thing that happened is that the water community in Arizona got back on its feet. In 1995, the C-A-W-C-D and the water community were kind of reeling from all the difficult circumstances that had developed over the Central Arizona Project. There had been some bankruptcies by some of the irrigation districts who were unable to pay their loans and that had gotten a lot of press. They weren't delivering near as much C-A-P water as they had always projected. It was

costing more to operate the project than they had anticipated, and they were very concerned fiscally, you know, the board was. So they were kind of on their heels, and we had negotiated the deal.

The 1995 Deal Included 240,000 Acre Feet of Water for the Indians, Including 65,000 Acre Feet of High Priority Municipal and Industrial Water

In the '95 deal, we had negotiated a deal where we were going to get 240,000 acre feet of water, additional water for Indian tribes, including 65,000 acre feet of M-&-I water. The thing about the M-&-I water is the M-&-I water is higher priority. So there was ***uncontracted*** —&-I water from the original water supply allocation for use by cities, and that water was a higher priority than the agricultural water. So we were going to get, what, 180,000 or 175,000 acre feet of agricultural water, which was low priority for Indian tribes, plus 65,000 acre feet of high priority —&-I water for Indian tribes in the '95 settlement. And, in addition to that, we were going to get a repayment obligation from C-A-W-C-D of, I think it was, 1.95 billion. So they were going to agree to repay about $1.9 billion of the project, of the cost.

At the time, we had our critics. OMB [Office of Management and Budget] didn't like that deal. OMB was complaining strongly and was not willing to support. We did not have the Justice Department involved in that negotiation. Anyway, we had a deal that a lot of people didn't like, but, in retrospect, it doesn't look that bad.

Then what happened in the interim is we ended up going to court. The judge ruled against us. That kind of set us on our heels. In the meantime, the water community in Arizona had kind of recovered financially. The irrigation districts, their financial conditions had improved. The bankruptcies were settled. We only had two bankruptcies, and there was another district that had gotten back on its feet, some of the big districts. C-A-W-C-D had kind of gotten past and they had put into place a framework to deliver water, and they were actually delivering a lot more C-A-P water, and so the financial condition of the C-A-W-C-D had kind of turned around as well and they were in a stronger position politically ***and economically***. You add to that the court ruling against us and kind of the tables turned a little bit, and they were in a little bit stronger negotiating position.

". . . this negotiated deal that we have today [2000] is, in my view, is probably not as good as the one that we had in 1995. . . ."

So after all that, this negotiated deal that we have today is, in my view, is probably not as good as the one that we had in 1995. We finally did get a settlement just this last spring. But the ***big*** differences between this settlement and what we had in '95, is instead of getting ***240,000*** acre feet of water for Indians, we only got ***200,000*** acre feet, and we didn't get ***any*** of the high priority —&-I water. So it's ***all*** lower priority water for Indian tribes. So we did get more water for Indian tribes, a good chunk of more water for Indian tribes, but not all of the water that we had hoped to get, and we didn't get a 1.95 billion repayment obligation. We ended up with–I don't remember the exact–I think it was 1.65 billion repayment amount from C-A-W-

C-D. So this deal that we negotiated last spring ***wasn't*** as good a deal as we had in '95, and it would be nice to go back to that '95 deal and hold it together.

Both deals got O-&-M paid for Indian tribes, which is a big benefit of Indian tribes. And this new deal that we have is contingent upon legislation. We're looking to get legislation that will finally implement the settlement. The deal we had in '95, we didn't think required legislation. We thought it could be implemented without legislation. But this one will have to, and it will be tied to legislation to settle the Indian water rights claims of the Gila River Indian community, which will be probably the biggest water settlement that's ever been passed by Congress. The water budget for the Gila River Indian community is 654,000 acre feet of water, something like that. Huge. Huge amount of water.

END SIDE 1, TAPE 1. JULY 20, 2000.
BEGIN SIDE 2, TAPE 1. JULY 20, 2000.

Storey: Let's see. The Gila is the one there on the eastern edge of Scottsdale, isn't it?

Johnson: They're actually on the south edge of Phoenix, their reservation.

Storey: Okay, maybe I'm thinking Fort McDowell.[32]

"The Gilas are located . . . south and east of Phoenix with a *huge* amount of arable land . . . So they have a very large piece of arable land, can justify the use of large amounts of water, and that's why their water budget is so big. . . ."

Johnson: You're probably thinking Fort McDowell. Fort McDowell is on the edge of Scottsdale. Fort McDowell is actually near the confluence, I think, of the Salt and Verde Rivers in Phoenix. The Gilas are located–you've got a ***huge*** piece of land south and east of Phoenix with a ***huge*** amount of arable land, and the Gila River runs right through the middle of their reservation, and the reservation also extends over and bumps up against parts of the Salt River. So they have a very large piece of arable land, can justify the use of large amounts of water, and that's why their water budget is so big. So they have huge claims that's kind of looming over all of the Phoenix area, including the Salt River Project, and ***settlement*** of their claims is a ***big*** step forward in management of water in central Arizona. So it's a big deal to get that outstanding claim resolved.

And I understand they're still negotiating on that. They've got many issues resolved, but there are still a few unresolved issues. I understand they're close. The ***goal*** is to get some draft legislation that would settle the Gila claims ***this*** year, maybe even this summer, although it's not anticipated that the legislation will get passed this year. More likely that something would happen next year.

Storey: I'm confused. We're talking 1.78, 1.65 billion dollars. My recollection is this project

32. The reservation bordering the eastern edge of Scottsdale, Arizona, is the Salt River Pima-Maricopa Indian Community. The Fort McDowell Yavapai Nation lies on the eastern border and to the north of the Salt River Pima-Maricopa Indian Community.

is costing close to 4 billion dollars.

Allocated Costs on the Project Are Close to 3 Billion Dollars, but Many of the Costs Are Not Reimbursable

Johnson: If everything got built on C-A-P, I think that's probably the cost. There are a lot of features that were authorized that won't get built: Buttes Dam, Hooker Dam, Charleston Dam. So there were a lot of facilities that were authorized as part of C-A-P that ***probably*** won't get built. That also includes expenditures for Indian systems and Indian distribution systems and also non-Indian distribution systems, which C-A-W-C-D has no obligation for at all.

So the actual cost that goes into the allocation is not a full 4 billion, and I don't remember the exact number, but it's something closer to 3 billion. The cost that actually gets allocated is closer to 3 billion.

What you've got to consider is that this is a multipurpose project that serves flood control, recreation, irrigation and M-&-I water supply, and Indian tribes. I think that's the main functions. And power. Power supply with the Navaho powerplant. So when you go through a cost allocation, flood control costs are nonreimbursable, most of the recreation costs are nonreimbursable, and Indian water supply is almost 50 percent of the project. So close to 50 percent of the water supply costs are written off as nonreimbursable under the Leavitt Act,[33] that aren't part of C-A-W-C-D's repayment obligation as well.

"So after you go through the cost allocation and adjust all of the costs to consider what costs are reimbursable and what costs are nonreimbursable, you end up with a much smaller piece of the project is actually being repaid by C-A-W-C-D. . . ."

So after you go through the cost allocation and adjust all of the costs to consider what costs are reimbursable and what costs are nonreimbursable, you end up with a much smaller piece of the project is actually being repaid by C-A-W-C-D.

Storey: If Indian water supply is a major part of the project, I mean, the O-&-M has to be paid, the construction has to be paid. Who pays these things?

Johnson: The O-&-M?

Storey: Let's do both. The construction and the O-&-M.

Construction Repayment and O&M Costs for Indian Water

Johnson: The construction under the authorizing act for C-A-P is to be treated as deferred

33. The Leavitt Act: An act to authorize the Secretary of the Interior to adjust reimbursable debts of Indians and tribes of Indians. (Act of July 1, 1932, ch. 369, 47 Stat. 564, 25 U.S.C. 386a.)

under the Leavitt Act, and to the extent that those costs exceed the ability of the tribes to pay, they're to be treated as nonreimbursable. Now, deferred means that the tribes don't pay as long as the lands and the area served is on the Indian reservation. If the Indian lands ever go into private ownership, then those deferred costs would become reimbursable. It's not ***likely*** that that would ever happen. So, in essence, deferred under the Leavitt Act is pretty equivalent to being nonreimbursable. So the act defines the construction costs of the project basically to be nonreimbursable. Those are paid for by the taxpayer as a whole, part of the appropriations.

"Under the act, the O-&-M costs are going to be paid by the United States through monies that flow into the development fund. There's a development fund that was set up by Congress. . . ."

Under the act, the O-&-M costs are going to be paid by the United States through monies that flow into the development fund. There's a development fund that was set up by Congress. One of the designations for the use of that fund was to pay O-&-M costs, and, under the settlement agreement, monies that flow into that development fund will be used to pay O-&-M costs for Indian tribes. Now, that's the ***main*** O-&-M costs, the Indian's share of the ***main*** O-&-M costs that flow through the C-A-P.

Under the agreement, C-A-W-C-D will pay–I'm trying to remember. No, the development fund will pay both fixed and variable, under the final agreement, O-&-M costs. The monies in the development fund for that purpose would otherwise go back to the Treasury if they didn't go to pay the Indian O-&-M. So, in essence, the taxpayer is also paying those O-&-M costs for the tribes.

". . . main distribution systems are also treated as deferred or nonreimbursable under the act. But the O-&-M of those systems the tribes themselves will pay. . . ."

Now, there are also then, in addition to those costs, there's costs associated with distribution systems that actually then take the water from the main C-A-P canal and deliver it to the tribes, and those main distribution systems are also treated as deferred or nonreimbursable under the act. But the O-&-M of those systems the tribes themselves will pay. So the tribes will pay the O-&-M on the specific distribution systems.

Storey: Do they do the O-&-M themselves?

Johnson: Yes. They'll do the O-&-M themselves.

Storey: So they just have to pay that out of their budget, in effect.

Johnson: Right.

Storey: Do we oversee their O-&-M?

Johnson: Yes, we will. We will do reviews of O-&-M, as we do reviews of O-&-M on other Federal facilities that have been built on C-A-P. We have non-Indian distribution systems that were built as well, that deliver water to the non-Indian districts on C-A-P, and we oversee the O-&-M. That's periodic inspections, the review of maintenance program that Reclamation has always done. So periodically we'll go out and review the facilities and see how they're being O-&-M'ed, and if there's problems that we see, we prepare a report and submit it to the district and suggest that they take care, if there are some deficiencies or anything like that, we ask them to take care of them.

Storey: The Nevada role is a little confusing to me. I understand, sort of, the tensions that exist between the Lower Basin states, but it doesn't look to me as if Arizona's taking anybody's ***water*** or anything. Why is Nevada so interested in what's going on in Arizona? I don't quite understand that link yet.

Nevada's Decision to Object to Arizona's Agreement to Settle the CAP Issues Possibly Stemmed from Nevada Not Getting What it Wanted in the Technical Committee Discussions about Allowing Water Marketing in the Lower Basin

Johnson: That's a good question. I don't know what prompted Nevada to get involved. Remember yesterday we talked about the '94 regulations that we put out with the water marketing, and the water marketing was going to be a big benefit to Nevada. We had this ongoing thing with the three Lower Basin states and the Lower Basin tribes. I talked about the technical committee where we sat down, and out of that grew this Arizona banking program. We had had a series of meetings that brought the principals of the three Lower Basin states together to talk about how we create some flexibility in the system to maybe let Nevada buy some water. So that effort was going on concurrently with these negotiations on C-A-P. I was a busy guy, because I was involved in all of that at the time. But it was a very interesting time, and there were lots of things going on.

So we had these issues going on between the three Lower Basin states where we were trying to put some sort of a system of–we were looking at developing some regulations to try to create some more flexibility. Something happened. Arizona came back to the table. Remember I told you Arizona's always been an unwilling partner in trying to create more flexibility on the system. Their attitude is, "We got our water, we're happy, leave us alone." They viewed our attempts to create water marketing as infringing on their water entitlement, although my own opinion is, if you've got a willing buyer in Arizona who has a right to the water and is using it and he wants to sell it to somebody in Nevada, how does that hurt the state of Arizona? I mean, the seller of the water is getting compensated for the use of the water. I don't see the harm, personally, but Arizona does, especially if there's not a permanent transfer of the right but only a temporary transfer of the use of the water. I don't see that as harming Arizona, but Arizona sees that. So Arizona is reluctant to embrace those kinds of concepts and those kinds of ideas, and those are the things that we were talking about in the context of these discussions.

About the time we were concluding those C-A-P negotiations, we were also trying to bring to a close these discussions about–now, we didn't view the two sets of discussions as being related. ***I*** never did. C-A-P is a matter for internal to Arizona, and it doesn't involve the other basin states. But I guess the truth of the matter is, everything that happens on the Colorado River is everybody's business. [Laughter] At least that's the way it seems to be.

This technical committee process was kind of moving along. I think Arizona started to be a little, I don't know what, intransigent in some of the discussions and unwilling to, at least in Pat Mulroy's mind at the time, not being cooperative in terms of trying to help establish some sort of a framework. So I think that Pat sat there and saw there we were close to having a deal on C-A-P and said, "Hey, this isn't fair. Arizona's getting everything they want. They're getting a deal that solves all of their problems on C-A-P. They got the C-A-P funded. They got the C-A-P built so they could put their water to use, and now they're getting a negotiated settlement here that takes care of all of Arizona's big water concerns in this '95 deal that we were trying to put together. And here's Nevada. We're got big water needs, and we're not getting any help from anybody and this ain't fair." I think that's probably how Nevada was looking at it. "Why is Arizona getting a good deal and we're not getting anything?"

". . . this whole thing on trying to create water marketing, interstate water marketing, in my view, was aimed at trying to help Nevada, because you don't need interstate water marketing for California or Arizona in the Lower Basin. There's lots of agriculture in those two states. . . . But, see, Nevada doesn't have any agriculture. . . ."

In our defense, this whole thing on trying to create water marketing, interstate water marketing, in my view, was aimed at trying to help Nevada, because you don't need interstate water marketing for California or Arizona in the Lower Basin. There's lots of agriculture in those two states. In California, Met's the big need of water. There's plenty of ag water in the state of California, for Metropolitan to buy water from Imperial or somebody else and take care of their needs. But, see, Nevada doesn't have any agriculture.

"Nevada's just got a very small share of the Colorado River . . . They're bumping up against their entitlement, and there's not a lot of other water supplies available to southern Nevada . . ."

Nevada's just got a very small share of the Colorado River, only 300,000 acre feet. They're bumping up against their entitlement, and there's not a lot of other water supplies available to southern Nevada and they've got all this growth going on.

". . . we were trying to help Nevada by putting this more flexible system in place and allow them to buy water. But Nevada didn't view Arizona as being cooperative enough in that process. . . ."

So our whole effort in '94 and '95, from a Federal perspective, was to try to

help Nevada. That's who we're really trying to help. So the truth of the matter is, we were trying to help Nevada by putting this more flexible system in place and allow them to buy water. But Nevada didn't view Arizona as being cooperative enough in that process.

So I think that the Nevada water people, like probably Pat Mulroy, maybe Richard Bunker–I can't remember if Richard Bunker was involved back then–I think the governor of Nevada at the time was Bob Miller, and I think he had a pretty close relationship with President Clinton, and I think the water people probably called up and said, "Hey, this is not fair, you know. Arizona's getting a good deal and we're not getting anything." So I think that's kind of what happened. From my perspective, I never viewed the two processes as being linked. But, obviously, Nevada saw an opportunity to try to link them and used it.

Storey: I was in the Service Center, went up to these strange people who were rummaging in our file drawers and said, "Can I help you with something?"

"Oh, we're here gathering the material for the C-A-P lawsuit." They were ***everywhere*** gathering the documents. What role did you have in the court case? Did you have any direct role?

Johnson: I had nothing to do with gathering all of the information. [Laughter]

Storey: Well, no. I mean, that was a huge team doing that.

Johnson: Yes.

Storey: Did you, for instance, go sit in the courtroom and listen?

Johnson: No, I didn't.

Storey: Did you testify?

Testified in the CAWCD Lawsuit Against Reclamation

Johnson: I testified. I testified in the court case and probably had the most colorful testimony. [Laughter] Probably had the most colorful testimony. I gave depositions. I probably spent four or five days giving depositions with attorneys, where the discovery process is you've got to lay everything out. What was the thinking? What were you doing? What did this document mean? What does that document mean?

Probably the most colorful part of the testimony that I gave related to C-A-W-C-D's attempt to make their case that the United States had acted in bad faith in the '95 negotiations when it fell apart. I just gave you my rendition of what happened there. C-A-W-C-D wanted to present to the judge this idea that we had a negotiated settlement, but the Secretary walked away and wouldn't sign it and that the United States had ***acted*** in bad faith in negotiating in the '95 deal. So that was the focus of

part of the testimony that I gave. I testified, I think, consistent. I think I testified consistent with what I just told you about what occurred.

There was a point in the testimony. So many things happen when you're doing this. At the time that we were going through this process, I had our staff preparing all of the background documentation for the settlement. I knew that we were going to have to have a documented record. You know, if we got a deal and the Secretary came and signed it, we were going to have a ***documented*** record of the deal. We prepare memos to the file and memos to the Commissioner normally when we do contracts that kind of lay out–I can't remember what we call it. Approval memorandums. In the contracting world we call them approval memorandums, where they lay out the negotiations that occurred, the positions that were taken, and what was said by who, and what the final language of the agreement is and why we accepted the final language of the agreement.

When C-A-W-C-D came back with the language in the, you know . . .

Storey: The altered language?

Because Reclamation Had Only a Very Short Time to Find out Whether the Department Would Approve the Agreement as Altered and Then Ratified by the CAWCD Board, Reclamation Prepared a Memo That Would Have Accompanied the Agreement for Ratification If the Decision to Go That Direction Was Made

Johnson: Yeah. Put their language back in and leaving the language of Indian tribes back out, I didn't know if we were going to accept that or not. And it was a very short time frame to when the Secretary was going to sign it. We wanted to get our memorandum together, our approval memo together, and get it back in Washington so it could be signed. Before the Secretary did the signing agreement, we were under very short time frames, and I wanted this approval memo ***back*** to be signed by the Commissioner and the Assistant Secretary before the Secretary goes to sign this deal in the signing ceremony.

So when C-A-W-C-D came back and said, "We're going to put [in] this language," I didn't know if we were going to accept that language or not. I didn't tell C-A-W-C-D we were going to accept it. I didn't know if we were going to accept the language or not, and I had to go back and consult with the Department and the Secretary to see if we were going to accept it. And the timeframe was very short.

So I went to our staff, Hvinden in our contracts group–I'm conjecturing, because I don't remember all the details. Things were moving and that's five years ago. But I ***must have gone*** to Steve and said, "Steve, get an approval memo as though we're going to sign the deal, even though C-A-W-C-D won't agree to that language. I don't know if we're going to agree to it or not, but get an approval memo that supports the new language." So Steve Hvinden prepared an approval memo that supported the language.

CAWCD Attorneys Found the Memorandum Which Was Pre-decisional, but it

Caused an Issue During Testimony in the Courtroom

In the meantime then, after consultation with the Secretary and the Department, we decided we weren't going to accept that and the deal all fell apart. So I just said, "You know, it all fell apart. We're done." But that approval memo that Steve prepared was in Steve's files, and in the discovery process, the attorneys for C-A-W-C-D ***found*** that approval memo, which was ***pre-decisional***. It was not ***signed***. I don't think it was signed by me or the Commissioner as being approved. So it was pre-decisional and it was prepared by staff, and it was probably prepared by staff at my direction, but it was ***before*** we had made a decision whether or not we were going to–but the time frames were so short it had to be prepared.

In the court trial, the C-A-W-C-D attorneys put that before me and said, "What is this? Read this language." And it was language that supported C-A-W-C-D's perspective that ***implied*** that we were going to sign the agreement and that the Secretary had walked. And, you know, quite frankly, it just kind of threw me. I read the language, and they asked me to say what it meant. I was sitting there, and I was just flabbergasted. I didn't know what to say, and I said, "What is this document?" And I sit there looking at the document and I said–I can't remember exactly what I did say. I said something like–I just wouldn't answer it. I don't think I would answer it.

Our attorney jumped up and said, "I object. This is a pre-decisional document."

I was also saying, "Gee, this thing's thirty, forty pages long. I'm not sure I know everything that's in this document, you know." [Laughter] I think that's what I said. I wasn't going to say, "Yeah, this was our document." And the courtroom was full of people, and I'm kind of sitting there fumbling around.

Our attorneys object and the judge looks at me and says, "No, I want Mr. Johnson to answer that question." He says, "We're just going to sit there and let you read that document until you can answer that question." [Laughter] This is kind of an older judge, in his seventies, and he was a ***difficult*** judge. I mean, he was kind of–I don't know if "cantankerous" is the right word or not. He ***really*** was hard on the attorneys in the case, very difficult.

Storey: On both sides?

Johnson: In my opinion, harder on our attorneys than on the C-A-W-C-D attorneys. He was ***very*** hard on our attorneys. And our attorneys, in my opinion, were ***above reproach*** in everything that they did. But, anyway, he just kind of put it on me. He says, "We're just going to wait here until you read." And then he says, "Mr. Johnson, you brought in a satchel over there. Maybe you've got something in your satchel that will help you answer that question." [Laughter]

So I sit there, you know, on the stand, not knowing what to say. So he said,

"We'll, just take a break for a few minutes. Go get your satchel and see what you got." I didn't have anything in my satchel that was going to give me anything. And it was my briefcase, you know. I didn't know. I didn't have anything. So I sit there and I read it over. Took about ten minutes to kind of gather my thoughts.

We got back and basically the answer that I gave after ten minutes is, "This is a pre-decisional document, and there was lots of things being prepared that are pre-decisional and this did not reflect–what's written here was probably written in anticipation of the decision that we ***might*** approve the document because we were under short time frames." So that's how I finally testified. But it was a difficult time.

I was on the stand a number of times in a number of different–this is the phase two trial. I also testified in the phase two trial as it relates to the cost allocation and gave quite a bit of testimony there as well. Got grilled thoroughly by the attorneys for the other side, both in the trial and in the depositions that we gave.

An E-mail to Patty Beneke Regarding the Issues That Might Be Negotiated Causes Problems at the Second Trial in the CAWCD Lawsuit

It was really interesting in the depositions that came out, and they used this in the trial as well, right after the deal with C-A-W-C-D fell apart there was a couple of weeks there that, quite frankly, I'd been working really hard to get this deal. We were ***so close*** to having it and then it had fallen apart. They still hadn't filed litigation. C-A-W-C-D–Sid Wilson had called me up on the phone. He and I had talked. He said, "Look, we're going to file litigation. But if there's any way for us to figure out how to get this resolved, we'd still be willing to do it."

So I'm sitting here thinking, "Man, we ought to take a shot at getting back at the table with C-A-W-C-D." So I wrote an e-mail message to Patty Beneke. Patty Beneke had just come in. Betsy Rieke had left and Patty Beneke had been appointed to serve as acting Assistant Secretary. This is like June or July of '95. So she was the acting Assistant Secretary [For Water and Science]. We didn't have a Commissioner. I think Steve Magnussen was acting Commissioner. Patty had been tasked by the Secretary to get involved, because Betsy had been involved in the C-A-P stuff, and Patty had been tasked. I did spend quite a lot of time on the phone with Patty Beneke during that period of time, talking to her. I said I talked some to the Secretary, but I didn't talk a whole lot to the Secretary. I talked a ***lot*** to Patty Beneke during that time frame.

So, anyway, after this whole big deal fell apart, I wrote an e-mail message. It was a pretty long e-mail, you know, three or four or five pages, that talked about the problems that the tribes had. At that point in time, ***in my mind***, the thing had fallen apart because of the tribes, the tribes' unwillingness to accept, you know, the tribes weren't happy with the deal and what were the key points that the tribes had objected to. So I was kind of laying out, you know, "C-A-W-C-D's going to file litigation. I really don't ***want*** to get into litigation. If we can get back to some negotiated settlement, the tribes are still objecting. Here are some of the concerns of the tribes, and here's some of my ideas on what we might do to try to address some of their

concerns," and there were some of their concerns that we had kind of come to closure with C-A-W-C-D on that I didn't think we could go back and open up again with C-A-W-C-D. In the course of that memo I said, "I don't think we can go back." It didn't have anything to do with any other issues, but I just used the term in that memo, "I don't think we can go back to C-A-W-C-D on ***this*** issue." And I used the term "bad faith" to go back. So this was the memo or an e-mail that sent to Patty Beneke. Well, do you know in discovery they even get your e-mails? [Laughter]

Storey: Yes.

Johnson: And they plopped that in front of me and said, "What does this mean? You use the words 'bad faith'."

Johnson: It ***wasn't*** bad faith on any of the things that they were ***alleging*** bad faith on, and it was just kind of an off-the-cuff kind of a comment to Patty Beneke. They used that memo to try to prove that the United States had acted in bad faith in the arguments with the judge as well.

The judge didn't rule on that point. The judge did not find bad faith. That was on the table, and he did ***not*** rule that the United States had acted in bad faith in the negotiations. So, in my view, we won on that point. [Laughter]

But it was an interesting experience to go through a trial. That's the first time I ever testified in a trial. And complicated and complex and also full of attorneys trying to make you look bad.

END SIDE 2, TAPE 1. JULY 20, 2000.
BEGIN SIDE 1, TAPE 2. JULY 20, 2000.

Storey: This is [tape 2 of an interview by] Brit Allan Storey with Bob Johnson in his office on July 20, 2000.

How did the U.S. Attorney prep you for the depositions and for the testimony?

U.S. Attorneys' Preparation of Government Witnesses

Johnson: I think they were very careful not to try to lead us in any way. I think they worked to just see that the truth got brought out. They did not try to coach us and build a case in that way. Attorneys aren't supposed to do that. They can ask questions and they can listen to the testimony and they build a case based upon the testimony. I mean, they did talk about trial, and they always advised, "Don't talk too much. Just answer the question. Keep to the question and don't go beyond what you need to say."

We did talk a little bit in general terms about the kinds of things that ***they*** might pursue on the stand, but did not go through and rehearse in any way any of the questions or answers that we gave them when they were asking questions of us. So I

think we had very ethical folks, set of attorneys, that worked with us, and I think they presented a good case on our behalf. It's hard for me not to say too much, and if I'm guilty of something I may have in a couple of cases talked more than I should have or needed to.

Storey: I guess I'm interested in how you prepped then within Reclamation. How did you gather what you thought you needed in order to be able to testify? Was there any guidance from the U.S. Attorney on how to do this or anything, or were you just doing it internally?

Johnson: No. They worked with our staff. I mean, I really wasn't involved in that. They did work with our staff, and we had a person in our Phoenix office who kind of was in charge of trying to put it all together and get it filed and organized. She did a terrific job, and we got a whole roomful of material that was collected. But we were completely open. We didn't hide a thing. My personal files that I had through the negotiations, our staff files, our central files, all of the offices, we just bared it all. We did not talk among ourselves. I mean, in the negotiations we had lots of strategy, but we ***never***, ***ever*** colluded as a Federal team.

In fact, they accused us of that in some of the questions and answers. We also had some in the bankruptcy court case. I testified in one of those, and some of the attorneys in the depositions there actually accused us of colluding against the non-Indians and being on the side of Indian tribes and colluding to try to take water and do things to the non-Indians. We hadn't done anything like that at all.

It was interesting. I think that the Justice Department folks will tell you that the testimony of the Federal people that were involved, I mean, all of us, was probably pretty consistent. We never, ever got together and colluded in any way, "Now, here's the story we're going to tell." You know what I'm saying? We just let everybody tell their story as they remembered it. I think if you went and talked to John Stimplewitz, our attorney, he would tell you that we all told very consistent stories on what had happened. We just kind of let the truth come out, is what we did.

Storey: I'm interested in how you reacted to this trial, a couple of weeks long. I think I would have been wanting to be in there ***every*** minute listening. How did you react to that?

Johnson: I didn't have time. I mean, I was Regional Director when the trial was going on. I just didn't have time. So I went the day I was supposed to testify, and I testified, and then I left.

Storey: Interesting.

Johnson: And I have not read all of the transcripts. I did read some of the transcripts from the trial, but I have ***not*** read all of the transcripts.

Storey: Did anybody from Reclamation go and sit through the whole thing that you're aware of?

Johnson: Tom Burbee may have. Steve Auguston [phonetic] may have, from our Phoenix office. Randy Chandler may have. I'm not sure.

Storey: When you say there was a trial, was there a jury?

Johnson: No.

Storey: It was just the judge ruling?

Johnson: Just the judge. It was to present information to the judge for his decision.

Storey: Let's move up to the present and talk about–you mentioned that you felt that the settlement that was negotiated back then was better for the Indians.

Johnson: Right.

Storey: Let's talk about what we can of the settlement that we have now. I don't know, is that open for discussion or is that . . .

Johnson: It's a matter of public record.

Storey: Okay.

The Negotiated Settlement in 1995 That the Indians Would Not Support Was Actually Better than the Settlement Finally Arrived at

Johnson: I don't know that I can remember the details and, in fact, the final settlement agreement was actually put together and approved when I was actually out. I had a surgery here in March and I was actually out of the office for about six weeks, and the final deal was actually put together during that period of time.

I'm trying to think. Other than what I've told you, which are the major pieces, 1.65 repayment obligation, 200,000 acre feet of additional water for Indian tribes, payment of O-&-M, main system O-&-M for Indian tribes out of the development fund, what else? Those are the main components, the big time components of the deal. Right off the top of my head, if I sat here long enough, I could probably remember most of the other pieces. I know we had ***lots*** of negotiations over ***many*** details. I can't remember how long the settlement agreement is that was presented to the judge. It's probably thirty or forty pages, something like that.

Storey: And this is something he has to approve?

Johnson: And already has approved.

Storey: He has approved it?

Johnson: Right.

Storey: But it's contingent on the Gila community?

Johnson: Settlement act.

Storey: There's something there.

". . . until *Congress* actually passes that act and authorizes all of that, the settlement is not final. And if somehow that falls apart, then this whole deal goes away. I think it's *possible* we could be back to court if that doesn't get passed or back to the negotiating table. . . ."

Johnson: Right. So until ***Congress*** actually passes that act and authorizes all of that, the settlement is not final. And if somehow that falls apart, then this whole deal goes away. I think it's ***possible*** we could be back to court if that doesn't get passed or back to the negotiating table.

I'm just trying to think, there's quite a lot of small details that are addressed in there and language that talks about tribes' roles and C-A-W-C-D's role, and issues came up around system capacity, and when everybody's ordering water in the summertime, how do you allocate system capacity between tribes and non-Indians, that sort of thing. I mean, there are always a plethora of details that come up in negotiations and ***lots*** of things that were talked about, some of which got addressed in the final settlement agreement and some that didn't.

Right off the top of my head, without actually going back to the settlement agreement and refreshing my memory, I couldn't–I'm really–other than to give you those really broad things and contrast it to what we had in '95. The '95 deal had also lots of details, lot more details than I described. But the big picture sort of thing on how much are they going to pay and how much water are we going to get, that was really the really big issues that we were dealing with, and how does tribal O-&-M get paid. Those were really the ***big*** issues, the ***big*** dollar and ***big*** water supply issues that we had to deal with.

Storey: Yesterday we talked about, I believe it was the environmental statement for declaring surpluses.

Johnson: Um-hmm.

Storey: What role, if any, did Upper Colorado have in all of this?

The Environmental Statement Regarding Surpluses on the Colorado River Was a Joint Effort of the Upper Colorado and Lower Colorado Regions

Johnson: They had a big role, because the EIS [environmental impact statement], the operation of the whole Colorado River system to provide surpluses in the Lower Basin involves the operation of Upper Basin reservoirs as well. So it was a joint effort between the

Lower Colorado Region and the Upper Colorado Region to put that EIS together. We jointly funded it and our staffs worked together jointly.

We work pretty close with the Upper Colorado Region in developing the annual operating plan each year for how the system is going to be operated year to year, defining releases from the Upper Basin to the Lower Basin and defining the amount of water that's going to be released for use in the Lower Basin, all of those things. We do an annual plan. It's a public process. And that's a joint effort between the two regions. And these surplus guidelines are similarly, because that is the operation of the whole system, similarly a joint effort by the two regions.

Storey: Does somebody take the lead, or how does this work?

For Preparation of the Annual Colorado River Operating Plan the Lead Switches Back and Forth Between the Upper Colorado and Lower Colorado Regions

Johnson: On the annual operating plan, we switch the lead back and forth in alternate years. One year they have the lead. I can't remember exactly how it works. We're both involved each year. One year one's the lead, one year another's the lead. But in the year that you're not the lead, then you're responsible for doing the notes. The model, the hydrologic model, is developed. There's an Upper Basin piece to the model, the Upper Basin depletion schedules and inflows and all of that stuff, and then our Lower Basin depletion schedules, so the model is jointly developed and run by the staffs in the two regions.

Jayne Harkins

I think the lead has been Jayne Harkins, who is the chief of our–I don't even know what we call it, but our hydrology group, our operations group in the Boulder Canyon operation. I think she is actually the lead in the effort. But the Upper Colorado staff has been integrally involved in everything. Tom–I can't remember his last name–he's their hydrology model person in the upper region, has been very integrally involved with Jayne in putting the whole thing together. But Jayne and Bill Rinne here, and I think Jayne has been actually designated as the lead person on the EIS on our staff.

But it's a joint effort. We jointly funded it. We funded fifty-fifty. We put 50 percent of the money. We hired a contractor to do a lot of the work, and we jointly pay for it. Charley [Calhoun] and I both attend and/or Rick [Gold] or LeGrand [Neilson] jointly attend the meetings, public meetings. So it's a joint effort. I think we work pretty good. I think the two regions work pretty good together, my opinion would be. We have, you know, little things that come up from time to time, but I think for the most part our staffs work well together and I think the two regions work well together.

Storey: Um-hmm. How are we doing on ESA [Endangered Species Act] stuff?

Endangered Species Act Issues in the Lower Colorado Region

Johnson: Well, it's a big item for us. It's a big item for everybody in the Bureau. In this region we consulted–I mean, we've always dealt with ESA, and prior to the mid-1990s, most of our ESA activity was relatively minor. We dealt with ESA and did consultations with the [Fish and Wildlife] Service on specific actions, the construction of Central Arizona Project. Little action, contract actions, you know, minor actions along the river we would do ESA consultations, many times informal consultations.

Razorback Sucker and Bonytail Chub

I don't remember what year, but somewhere in the mid-1990s, the Fish and Wildlife Service designated most of the Lower Colorado River Basin as critical habitat for the razorback sucker and bonytail chub two native species on the Colorado River system. All of a sudden we were put in the position of having to consult on our operations in the Lower Basin. We'd never done that before.

So in the '95-'96 time frame, this region worked very diligently to prepare a biological opinion that addressed how our operations affected species. We did not feel that our operations had big impact on the species, and we had from the early nineties implemented a number of programs to try to enhance species. We've had a razorback recovery program in this region for over ten years, independent of any ESA consultations that were required.

". . . we've been trying to be proactive in addressing the needs of endangered species in the region, but we never felt like our operations, per se, was the major cause of impacts to the species. . . ."

So we've been trying to be proactive in addressing the needs of endangered species in the region, but we never felt like our operations, per se, was the major cause of impacts to the species. The two fish species that exist, the major cause, we feel, and I think most biologists agree, is the introduction of non-native species, the trout and the bass, who eat the natives before they get big enough to survive. We've got populations of ***old*** razorbacks and bonytails, but no younger populations. The consensus is that the trout and the bass and the catfish eat them before they reach maturity and that's what's causing them to be endangered.

So our strategy from the early nineties has been to collect the young larvae before they get eaten, isolate them in habitats that don't have the non-native species in it, the trout and the bass in it. We've built coves off of the river up and down the river and got all the non-natives out of there and raise them to about a foot long and then reintroduce them back into the river. We've been doing that for ten years.

But we never felt like our operations were having significant–any kind of impacts on them, and our biological opinion reflected that. It was not an opinion; only the Service issues opinions. We issue assessments. The other big issue that became apparent . . . Anyway, we prepared a biological assessment in '95-'96 time

frame, submitted it to the Service, and then under the consultation guidelines they have to write an opinion that comes back and either concurs or says we may effect or that we're jeopardizing the species in some way.

Basically, the Service reviewed our assessment, did not agree with our conclusion, concluded that we were jeopardizing the species, but gave us seventeen reasonable and prudent alternatives to implement to keep from receiving a jeopardy opinion. So in '97 they gave us that opinion with the seventeen reasonable prudent alternatives, and we have been busy implementing those reasonable and prudent alternatives ever since.

Willow Flycatchers on the Colorado River Delta at the Upper End of Lake Mead

Some of the ***major*** things that were included in that opinion were one of the things that happened right when we were in the middle of the consultation is we had a wet year on the Colorado River system and Lake Mead started to fill. We had had a dry cycle and the lake had come down, and what had happened is in the delta area of Lake Mead where the river comes out of the Grand Canyon and flows into Lake Mead, Lake Mead had been lowered.

We had a bunch of cottonwood/willow habitat grow up in that area, and that became an area where willow flycatchers were nesting. Willow flycatchers come in in the summer months and nest, and willow flycatchers are endangered species. When we had this wet year, Lake Mead began to fill and it was inundating this habitat that had developed on the upper end of the Lake Mead.

The Service became very concerned about that in our consultation, and because of that and other impacts that they thought our operations was having on habitat along the river, one of the RPAs [reasonable and prudent alternatives] that they gave us was to obtain and protect ~~1,700 acres of, no,~~ 1,400 acres of occupied habitat in the Lower Basin. So we've been responsible over a five-year period to come up with [1,400] ~~1,700~~ acres to protect habitat for willow flycatchers. That was one of the RPAs that was included in the biological opinion.

Introducing Razorback Suckers and Bonytail Chubs into the River

They also required us to introduce 50,000 razorback suckers and bonytail chub into the lower river over that period of time. They required us to develop 300 to 600 acres of additional backwaters. They had a whole bunch of study requirements, studies and research on endangered species requirements. In total, all of those we estimated would cost in the neighborhood of 20 to 25 million dollars, and we're close to having most of those RPA requirements implemented, not quite all of them.

Congress Had Not Funded Requests for Budget for Environmental Work

One of the biggest problems we've had is getting funding from Congress. We've included money in our budgets for the last two or three years to fund these

activities, and we've gotten cuts. Got cuts last year. Looks like we're getting cuts again this year. We've done a reprogramming request this year that if it gets approved we'll still be able to accomplish, but I don't know if we can do that again next year. It's been difficult from a funding perspective to get the money we need to protect the species.

Lawsuit over the Willow Flycatcher

Right after the Service issued their opinion, the Southwest Center for Biological Diversity brought litigation because of the filling lake and asked the judge, Federal judge, ***same judge*** that heard the C-A-P trial, Judge [Earl Hamblin] Carroll down in Phoenix, but they brought suit, ended up in Judge Carroll's court asking the judge to issue an injunction requiring us to release, we estimated, four to six million acre feet of water out of Lake Mead to maintain that habitat in the delta area to protect the willow flycatcher.

Storey: This is the delta of Lake Mead?

Johnson: Of Lake Mead, right. Not the delta of Mexico.

Storey: Not the Mexican delta?

Johnson: Right.

Storey: But coincidentally, it might have helped the delta.

Johnson: It would have helped the delta, too. And, in fact, that was probably one of the ulterior motives of the litigation.

The Federal Courts Supported Reclamation's Position Regarding Management of the River and Willow Flycatcher Issues

But basically the judge heard the case, took a look. Fortunately, we had the biological opinion from the Service that said that if we implement our seventeen RPAs [reasonable and prudent alternatives] that we're in compliance with the act and we're not jeopardizing the species, and the judge was able to use that to turn away the litigators, and so we defended ourselves successfully on that litigation.

The Southwest Center appealed that to the Ninth Circuit, and the Ninth Circuit further supported Judge Carroll's finding and, in fact, established some pretty important–I mean, one of the things that we were taking into consideration and arguing with the Service was, you know, we can't lower Lake Mead. That water supply is ***critical*** to the Colorado River basin states and ultimately the country of Mexico, and there'd be big negative impacts associated with those releases of water, and politically there would be difficulty making that kind of decision. So those were all things that–and we also argued with the Service that we had a Supreme Court decree that limited how we could operate the system, that we were enjoined by the Supreme Court in how we operated the system, and that we had to take those things

into consideration.

Through the discovery process, the environmental groups obtained information that indicated in our deliberations with the Service that there were different opinions between us and the Service about what should be done. The Service wanted us to do ***more*** than what we felt was appropriate, and they got the records that showed that and some of the arguments that went back and forth between us and the Service that was in the files.

Basically, the Circuit Court ruled that it was perfectly legitimate to take those kinds of considerations into account when we make decisions about how we manage for endangered species and that the Service's hands are not ***tied*** to just strictly listen to the biologists, but to try to balance all the various factors and considerations that are out there. A lot of people view that as a pretty important piece of court ruling in terms of how the Endangered Species Act is administered. It kind of opens the door for broader consideration of things.

How ESA Might Be Seen to Conflict with Existing Law and Precedent

It's a balancing act. I mean, you know, the Endangered Species Act, if it's taken to its ultimate end, and many argue would ***override*** things like a Supreme Court decree, would override the Boulder Canyon Act, and all of a sudden we need to ignore and there's a big conflict here between what one set of laws tells us in terms of how we manage the river and what the Endangered Species Act tells us that we got to do to protect species or what the Fish and Wildlife Service might also tell us we got to do to protect the species.

That's a balancing act, and I think the challenge of Federal agencies is to figure out how to eliminate that conflict. How do you protect species and still respect the law of the river and protect the rights of the water users and the other people that have a ***vested*** interest in how the river system is operated? That's a challenge that I think all Federal agencies face, is to figure out a way to meet both objectives of Congress, because there are conflicts there, and our job is to figure out how to meet both objectives without necessarily creating a conflict.

Alternative Actions That Can Take Place Without Affecting Anyone's Water Supply or Water Right

These RPAs that we agreed to with the Service, in effect, accomplishes that. Fourteen hundred acres of habitat, we can do that without infringing on anybody's water right. Six hundred acres of backwater, we can ***do*** that without infringing. Now, it costs some money, but it doesn't take away anybody's water supply or anybody's needs along the river.

Multi-Species Conservation Plan (MSCP)

Now, that biological opinion only covers us through the year 2002. It was

only good for five years. So we have another process in place called the Multi-Species Conservation Plan or Program, M-S-C-P, that's aimed at developing a long-term plan that would implement measures to further enhance and protect the species for a longer period of time. That's a joint effort with the three Lower Basin states, Indian tribes, other interested groups, and we're working very diligently to try to develop a long-term plan that would do more than what we've done under this interim program to protect species and still allow the law of the river and the needs of the river, the traditional needs of the river, to be met. So that process is going on.

About a year from now, if everything stays on schedule, that long-term plan should be coming together. Hopefully, we'll be able to get something implemented that protects endangered species for a long time.

MSCP is ". . . talking about the river from Lee's Ferry to the Mexican border, which is the length of the lower river. *None* of that is addressing Mexico . . ."

Now, that's talking about the river from Lee's Ferry to the Mexican border, which is the length of the lower river. ***None*** of that is addressing Mexico and the section of the river in Mexico. I think we talked about that yesterday.

Storey: Yeah, we did a little.

In a pending lawsuit regarding environmental issues in Mexico, ". . . we will be arguing that we weren't required to consider the section of the river in Mexico when we did that. That's not to say that we shouldn't do something proactive with the country of Mexico to try to address those needs in a proactive way, but, at least from a legal perspective, we don't think ESA applies there. . . ."

Johnson: And the delta. We don't believe, at least from a Reclamation perspective, we don't believe that ESA applies on that section of the river. It's not appropriate to be included either in the M-S-C-P or in the consultation that we completed back in 1997 with the Service. We've got litigation today that's been filed again–it was just filed a couple of weeks ago–that says that consultation that we concluded in 1997 is inappropriate because it does ***not*** consider effects in the delta. That's before a court as we speak, and we will be arguing that we weren't required to consider the section of the river in Mexico when we did that. That's not to say that we shouldn't do something proactive with the country of Mexico to try to address those needs in a proactive way, but, at least from a legal perspective, we don't think ESA applies there.

So ESA is a complicated set of issues in the Lower Basin, just like it is everywhere in Reclamation. I guarantee you every Regional Director could sit down and tell you long stories about ESA. I mean, it's a big part of what Reclamation is doing today, is how do we manage our facilities to comply with ESA and still not conflict with the traditional purposes of our projects.

END SIDE 1, TAPE 2. JULY 20, 2000.
BEGIN SIDE 2, TAPE 2. JULY 20, 2000.

Storey: I was saying I understand we need more office space. I wondered what's going on.

". . . one of the problems that this region has always had is having its employees scattered all over town. . . . about a year ago we started taking a look . . . Our buildings here in Boulder City . . . They're historical. . . . we've got a group of . . . employees located down in the Mead Building, and the Mead Building . . . about two miles out of town, maybe three miles . . . major repairs to the air conditioning and the water supply system [are required] . . . there's a big area that would be large enough to put some new buildings . . . over there on Date Street. . . ."

Johnson: Well, one of the problems that this region has always had is having its employees scattered all over town. We have this complex of buildings up here in the central part of Boulder City. We have employees over in the Railroad Avenue building, and we have employees at the Date Street building, and we have employees down at the Mead Building, which is about three miles out of town, and we have some regional employees down in some space at Hoover Dam. So we've got a Regional Office of around, I think, 200 employees, and we've got them spread all over the place, so we really don't have everybody in a place, in a single location.

Here about a year ago we started taking a look at whether or not there was any way to get everybody in one location, and we started a process that looked here–this is something that's been looked at before in this office back in the early eighties. This office took a look at the possibility of building a building up here that would be large enough to locate everybody in one place. Actually, that was Bill Plummer was Regional Director back then, and they actually did a design on a two story building up here on the hill that would have connected this Administration Building that we're in now with the Annex Building that's just across the parking lot over there and would have created one big office for everybody. That never did come to fruition, but we started taking a fresh look at that in the last couple of years and took a look at what could be done up here on this hill.

We ran into the traditional problem here in Boulder City, and that is is that change is difficult to accomplish. Our buildings here in Boulder City, they were built when the dam was built. They're historical. They're designated as historical by the State [Historic] Preservation Officer, and making modifications to them are difficult. ***Add that to*** the fact that we've got a local community that lives here in this historical district that are very sensitive to anything that we do here and how we change the appearance of our office buildings up here on what's referred to as "the hill," and we really ran into some fairly strong set of concerns from the local community here in Boulder City.

As a result of that, we decided not to pursue building a single building up here on this hill. One, it would be pretty expensive, I think more than I probably would have felt comfortable in going forward with or recommending that we go forward with. And, two, just the local opposition. It was pretty clear to me that it was going to be difficult to make a change.

Although, I don't know. We might be able to make changes. I know the mayor here pretty well and called him up. He's been involved in all of our meetings, and he's really a nice, nice guy. I asked him point blank, I said, "Do you think it's just impossible for us to get something done up here on this hill?" Because I was ready to throw in the towel. And basically his reaction was, "No, I think that you guys probably could. You probably need to try to be sensitive to the local concerns, and where you can address . . ."

We actually had a plan that would have connected us with the Annex Building, put a basement and brought the building out here into this parking lot that probably wouldn't have changed the appearance too much from the street. And then you would have put a parking lot behind the Annex Building. There's a big hill back there. You would have had to actually put a parking building back there. But it would have been expensive. It probably would have cost somewhere between 5 and 10 million dollars. But we were still getting strong opposition from the locals and the cost was pretty high, and basically I said, and LeGrand said, you know, "Let's forget it. That's not a good idea. Let's not do that."

What really prompted all of this in the first place was that we've got a group of about, I'm not sure how many, probably eighty or ninety of our Regional Office employees located down in the Mead Building, and the Mead Building is a building that's about two miles out of town, maybe three miles out of town, and it's located down at the switchyard that is actually owned by Western Area Power Administration.

The Mead Building was originally a warehouse that was converted by Western Area Power Administration, back in the 1970s and early eighties when Western was created, into an office building. It's not well constructed. There's some major problems with the water supply. The road gets washed out every time you flood, and our employees have trouble getting down there. There's going to need to be made major repairs to the air conditioning and the water supply system that serves the area. They're actually putting a new pipeline all the way down there from the city.

So we're facing some fairly expensive repairs to continue to make that Mead Building inhabitable for our employees and to provide a reasonable work environment for them to be in, and that's what was really driving this idea, you know, we're going to spend all this money down there, so let's just take a look and see if we can get everybody in one location in Boulder City. That's kind of what drove it in the first place.

So, anyway, we went through this process of seeing if we could do something up here on the hill and for cost considerations, as well as the local political considerations, we decided to abandon that idea.

Now what we're doing is we still have the problem with the Mead Building. The employees that work down there don't like it down there, because it's so far out of town and they are more isolated from all of the other employees that are part of the

Regional Office. We don't seem to have that kind of reaction from our other employees that are located over on Date and Railroad Avenue. They're actually in town. They're a five-minute walk to the Administration Building. There can be easy access back and forth between. But the people down at the Mead Building are really more isolated and their morale lags somewhat because of their location in relation to everybody else in the Regional Office.

So what we've done now is we've abandoned the idea of doing anything here on the hill. We have a fairly good sized piece of land here in town. We inherited it about ten years ago. How long has it been? Eight or nine years ago. No more than ten years ago. The Bureau of Mines had an office here in Boulder City. It's a nice location over on Date Street, which is about, I'd say, maybe a half mile from here. We inherited that building from them and actually did some renovation, and that's where our Boulder Canyon operations office is located today. But there's a ***huge*** area behind where our Boulder Canyon folks are located that's got some old buildings on it that are pretty dilapidated and not of any real value. But there's a big area that would be large enough to put some new buildings on that could house our employees and could allow us to at least consolidate everybody here in Boulder City, maybe not up here on the hill in one location, but really get us into two locations, here on the hill and over there on Date Street.

So now what we're looking at is tearing down the old buildings that have no value and putting in a new set of buildings. We would use portable buildings that would have enough space in it that we could bring the people that are in Mead into that building and the people that are in Hoover into that building and have all of our employees at least located here in Boulder City. The cost estimates on that are that it would cost 2 to 3 million dollars. It would be portable buildings that would be stuccoed, that would look nice, that would provide new facilities a new parking lot and at least get everybody in a reasonable proximity with the Regional Office.

So that's what we're looking at. We think we can fund it through the working capital fund and it would save us the money of the repairs. I don't know what the repairs would be down at the Mead, but we've spend a lot of money on water and heating and all of that to get Mead in reasonable shape. So it would get us out of Mead. We don't own that building. That really belongs to Western. So we'd just turn it back over to Western and wouldn't have any costs associated with continuing to maintain the building.

"We're not getting more employees, and we're not making more space, but we're creating some better space for our employees. . . ."

So that's what we're doing. We're ***not*** making more space. We're not getting more employees, and we're not making more space, but we're creating some better space for our employees.

Storey: I think we only have three minutes left, and the topics I have left will take longer than that, I think. So why don't we stop for today.

I'd like to ask you again whether or not you're willing for the information on these tapes and the resulting transcripts to be used by researchers.

Johnson: Yes.

Storey: Good. Thank you.

END SIDE 2, TAPE 2. JULY 20, 2000.
BEGIN SIDE 1, TAPE 1. JUNE 16, 2004.

Storey: This is Brit Allan Storey, Senior Historian, of the Bureau of Reclamation interviewing Robert W. "Bob" Johnson, on June the 16th, 2004, at about two o'clock in the afternoon. This is tape one.

Reclamation's Centennial in 2002

Centennial came before my other question, so why don't we just start with the centennial?

Johnson: Okay.

Storey: And, do your perspectives on that.

Johnson: Well, I, I think the centennial for the Bureau of Reclamation was a very exciting event for Reclamation, and for everybody that's been a part of Reclamation. I think that, of course it's much more. I mean, it was a whole year of kind of assessing, you know, what Reclamation has done, and looking at the past, but also looking to the future, and getting our message out and, you know, educating the public and our employees about Reclamation, and you know, all those things. And from that standpoint, I think it was very successful. More specifically, I think of the event at Hoover Dam, (Storey: Um-hmm.) that kicked it off on June 17, 2002. And, you know, you and I both, Brit, probably saw that event from ground level.

Storey: (Laugh) Yeah. (Laugh) And I found out yesterday, so did Tim [Ulrich], (Laugh) which sort of surprised me. (Laugh)

Reclamation's Birthday Party at Hoover Dam

Johnson: And, at ground level it was a real challenge, you know, we, there were ***lots*** of issues, and the logistics, and the personalities, and the details of, you know, all the things, and the partners that we had in putting it on. And, you know, on and on and on. And, you know, from the ground level the event itself was, you know, a lot of work and a challenge. From the 20,000 ft level, it was a ***huge*** success, and almost, you know, everyone that came to the event, the feedback was–you see, at the ground level you see all the blemishes, (Storey: Um-hmm.) you know, but at the 20,000 ft level, which is what everybody that came and participated saw, it was a huge success. And, you know, I don't remember how many people we had, around 2,000, you know, dinner served, tours of Hoover Dam, a program that was just, you know, really highlighted

the Bureau of Reclamation, the setting of Hoover Dam, but focusing on Reclamation-wide and its programs and what its done. Having the Secretary there, you know, to talk about Reclamation and the focus of Reclamation, and the Commissioner. It was just, you know, I think a terrific event for everybody that attended. And, it was kind of like, we had just a, a ***lot*** of Reclamation retirees, and Reclamation water districts, (Storey: Um-hmm.) and people that have been involved in the Reclamation program. And, one thing about Reclamation is, it's a, it's a bit of a family, and so it was a little bit like a family reunion, because there was a lot of people there that had worked for the Bureau, that you got to see again, you know, after so many years, and you got to visit with, and you got to renew, (Storey: Um-hmm.) friendships and acquaintances. So, it created, I think, a very warm and positive atmosphere, that really made for a successful commemoration, or a kickoff of the Reclamation program.

But, on the ground it was a real challenge to [pull] ~~put~~ it off, to get 2,000 people to eat dinner on the powerplant floor at Hoover, and then attend a program on the transformer deck, you know, in 100 degree, or 105 degree heat, at night. (Storey: Um-hmm.) And, you know, how do you get them there, and how do you get them off the buses, and how do you get them down in the dam? And, the special receptions that the Water For The West Foundation wanted to do, and how do you coordinate that with the caterers that are, you know, carrying, doing the food, and getting ready. I mean, it was just a real challenge to put all that together, and to develop the program, and everything else. But, in the end, ***all*** of it came together, and it was really, I think, a very very successful event. And, the fireworks were ***second*** to none. They were the best fireworks. I've seen a ***lot*** of fireworks, and I have not heard ***anybody*** say that they've ever seen more spectacular fireworks than what we had at the end of that, at the end of that program. So, I mean my perspective is, it was a, it was a great success. We had ***tremendous*** support from, you know, the Water For The West Foundation, our outside constituents. They really stepped up and helped us put on, put on the program.

And, we had tremendous support from staff, and a lot of enthusiasm, and a lot of really hard work from your office, from Denver, from our office here in Boulder City, from ***every*** office in Reclamation, because we had programs that went on, throughout the year, in the Area Offices, in addition to the Hoover event. (Storey: Um-hmm.) And, so there were local emphasis, and we had a very enthusiastic staff that supported all of those efforts. Not only the effort at ***Hoover***, which was the kickoff effort, and certainly the ***biggest***, and probably the most challenging, but I don't know how many were then carried on during the year, with the trailers that told the history of Reclamation, that traveled around to each of the events. It was just so many pieces came together for the whole year, that it was just an exciting thing to be involved in . (Storey: Um-hmm.) And, so it was a great, you know, it was a great great year for Reclamation, and I think that it was pulled off in a very successful way thanks to the efforts of a lot of people, one of which, and probably the most important, is Brit Storey. (Laugh)

Storey: Oh. (Laugh)

Johnson: Who, you know, spearheaded the effort, and provided great leadership, and really dug in, and you know, pressed ahead with all of the obstacles that got in his way. (Laugh) (Storey: Yeah.) And managed to . . .

Storey: Yeah. There were a few, weren't there? (Laugh)

Yuma Centennial Event

Johnson: And, managed to keep it moving. That's what I mean by the "ground level." You know, we had obstacles in the way and, but I mean for our region, we had, we had a program for Boulder City here, a short Centennial focus ***separate*** from the Hoover Dam one later in the year. And then, we had two ***really good*** ones. One down in Yuma, where in the, you got to remember the Yuma Valley, and the development of the whole Yuma area is really Reclamation. I mean, ***all*** of the development that's occurred in, there is ***no*** other part of the West that's any ***more*** dependent upon the Bureau of Reclamation for its economy and its existence than the Yuma, than the Yuma area. (Storey: Um-hmm.) And, we had tremendous support from all the users down there. And, they actually, the mayor of Yuma, barbecued tri-tip for about 500 people, (Storey: Really?) that came to a dinner, our employees and water district, and community people. We had, they had, they actually had fireworks there, as well, at the Yuma event, and it was a ***really*** well supported program. Local elected officials, water districts, you know, a program that included all them. It wasn't just Reclamation. It was really the community, you know, celebrating the history. Because our history was their history, and it goes back to the very beginning. I mean, those facilities were constructed, you know, I think Laguna Dam was one of the first diversion dams on the Colorado River. I think it had a construction date of something like 1910, something like that. It's one of those projects in Reclamation that has claimed to be the very first Reclamation project. (Laugh)

Storey: Uh-huh. One of many. (Laugh)

Johnson: And, so anyway, it was just, and Reclamation still, believe it or not, all the facilities down in the Yuma Valleys are still owned by Reclamation. I mean, you know, they're, they've been turned over the to the water districts [for operation and maintenance]. And, but all of the facilities down there are still owned by Reclamation. We don't ***operate*** them, but we have oversight responsibilities (Storey: Um-hmm.) still for them. And, the relationship there is a very good one, a very strong one. I think that, and the centennial celebration was a reflection of that.

Phoenix Centennial Event

We also had a great one in Phoenix. The one in Phoenix focused mostly on employees, and retirees, and formal employees. Our office in Phoenix is, was a, you know had over 600 people in it at one time, and so doing something for the employees, because so many of them had left, really made a lot of sense. They had a terrific turnout. They had former Congressman John Rhodes there to speak to the employees. Central Arizona Project is the major focus of the Phoenix Office, and what the Phoenix Office has been for the last forty years. And, Congressman Rhodes

was the instrumental, you know, House minority leader, I think, who was very much a part of getting the C-A-P [Central Arizona Project] authorized, and (Storey: Um-hmm.) moving ahead, and it was good to have his historical perspective in that program.

So, anyway, I mean, and those are just two that I went to that are in ***my*** region. And, you know, if you multiply that by five other regions, and all the Area Offices, it really did a good job. I think the centennial program really did a good job in focusing nationally, you know, at the national events, the Hoover event, and the events that occurred back in Washington. But also, then reaching out and touching all of the local and unique characteristics of the various parts of the Reclamation program throughout the West. So, it, you know, it was just, it was a great year, and I, you know, I'm very enthusiastic about it. I think it worked out really well.

Storey: Was the Commissioner able to attend events in your region?

Johnson: Yes, he was. He came to the Yuma event. And, in fact, he commented that he thought the Yuma event was, in his words, "Second to none." (Laugh)

Storey: Good.

Johnson: Of course, that was before he went to all the others, so I don't want to suggest that he said Yuma was better than the others. (Laugh) But, he did, (Storey: Yeah.) he did attend, and he was a part of that, and he was very excited about it.

Storey: Good.

Johnson: And then of course he was here for the Hoover event, and was a main speaker. But, yeah, he was there. He did ***not*** make the event at Phoenix, but he did send some remarks that were, that were, you know, presented to the group.

Storey: Good.

John Keys as Commissioner During the Centennial Year

Johnson: But yeah, Commissioner–and you know, the other great thing about the centennial was that we've had, for the first time in the history of Reclamation, we have a Commissioner who has been a part of the history of Reclamation, because John Keys is, (Storey: Um-hmm.) I don't know, probably getting close to being a forty-year veteran. So, probably 30- to 40 percent of the Reclamation history has actually been lived by John Keys, our Commissioner. So, having him as Commissioner, as opposed to what the history has been since the 1970s, where the Commissioners have been political appointees. We've actually had a Commissioner in place at the time of the centennial who actually had a much deeper appreciation, you know, (Storey: Yeah.) for the Reclamation program. And, I think that that was a very positive thing for Reclamation and the centennial year, having, having him be a part of that.

Storey: You mentioned the Yuma area? One of the Reclamation projects in that area is Wellton-Mohawk. (Johnson: Um-hmm.) And, I think we're getting ready to transfer title to that project?

Johnson: Yeah.

Storey: Am I thinking correctly?

Johnson: Yes.

Storey: Let's talk about that, since we're, we happen to wander in there. (Laugh)

Title Transfer on the Wellton-Mohawk [Gila Project] and the Yuma Desalting Plant

Johnson: And, that's good, and let's talk about the Yuma Desalting Plant, too.

Storey: Oh. Okay.

Johnson: That's related to all of that.

Storey: Okay.

The Gila Project Diverts its Entitlement for 278,000 Acre Feet of Colorado River Water at Imperial Dam

Johnson: But, let's talk about the title transfer for, for Wellton-Mohawk. Wellton, the Wellton-Mohawk district is, you know, about twenty-, thirty miles from the rest of the Yuma Valley. It lies up on the Gila River, north and east of the Yuma area. It's a very long, skinny irrigation district, around 60,000 acres of land. It is the ***last*** of the Yuma area to have been developed by Reclamation. ~~All of the, all of the projects in the, well I take, I'm pretty sure that's it.~~ They were the last, they were the last project developed by Reclamation, in the Yuma area. And, they have a separate set of facilities. The Gila Gravity Main Canal diverts water from Imperial Dam, and takes it over, they have about a 280,000 acre foot right, 278,000 acre foot right, to consumptive use of Colorado River water, and they have the Gila Gravity Main Canal, and then a canal that branches off from there that takes it up to Wellton-Mohawk.

"They've got . . . *lots* of land that's been reserved as part of the project. . . ."

They've got pumping plants, and then ***lots*** of land that's been reserved as part of the project. And, Wellton was one of the few districts in our region to want to pursue a title transfer. And, I think part of their rationale for wanting to do that was to try to maintain some autonomy on how they managed their project and their lands. I think there's probably, and I think they have some long-term plans for management of the lands in that area that they think will be beneficial to them, that by doing a title transfer would make it easier, probably, for them to implement their plans. And so, I think that's probably, well, we've had some struggles getting the title transfer done. If it were just the facilities it would be easy to do.

"We've had some really good successes in title transfer in this region, just transferring facilities. . . ."

We've had some really good successes in title transfer in this region, just transferring facilities. We transferred the facilities of the Southern Nevada Water Project. We transferred the facilities of the San Diego [Project], that were constructed back in the 1940s. We transferred . . .

Storey: Oh. The San Diego Aqueduct?

". . . what's different about Wellton is they not only have facilities, but there's a *large* area of project lands that they want transferred as part of the title transfer. And, that's an important piece of the transfer, because they have long-term plans for developing, and using, those lands. . . ."

Johnson: Um-hmm. (Storey: Yeah.) It was built by Reclamation during the war, and we still held title. And, we transferred that aqueduct to them. And then we also transferred some pipeline, and some water delivery facilities, here in the city of Boulder City. So, we've had some pretty . . . and those kinds of transfers have been fairly easy to implement. There are some lands, that had to be transferred, associated with the facilities. But, in the, what's different about Wellton is they not only have facilities, but there's a ***large*** area of project lands that they want transferred as part of the title transfer. And, that's an important piece of the transfer, because they have long-term plans for developing, and using, those lands.

". . . when you have so much land involved you get so much, so many more complicated environmental, and archaeological issues . . ."

And, when you have so much land involved you get so much, so many more complicated environmental, and archaeological issues, especially down in that area where there's a history, a cultural history of Indian tribes, and Indian, you know, artifacts, and cultural sites, and that sort of thing. So, what we've gotten into with Wellton-Mohawk is a fairly complicated EIS process, and a fairly complicated archaeological, [National] Historic Preservation Act analysis to try to get through, so that those title, the title transfer and the transfer of those lands can occur.

". . . it's taking *longer* than was originally intended to take, and it's *cost* more than was originally intended to take, and we've had some frustration by Wellton-Mohawk over the difficulty of doing the title transfer. . . ."

And, it's taking ***longer*** than was originally intended to take, and it's ***cost*** more than was originally intended to take, and we've had some frustration by Wellton-Mohawk over the difficulty of doing the title transfer. And, so its been a struggle. It's probably been the hardest transfer, title transfer, we've done in this region, for those reasons. And, we have tribes that are strongly interested in those lands, and are expressing their views, as they are, you know, welcome and intended to do, you know, under the cultural resource laws that we have (Storey: Um-hmm.) that define

how we manage our lands and what we do. But, we 're working slowly and steadily to get through that, and to get that title transfer completed for Wellton-Mohawk. I mean, we have an act of Congress that clearly tells us it's to occur. The lands were included, you know, in that act of Congress, and so my sense is that we'll probably get it done, but it will require, probably, a couple of more years. And, you know, additional cost to continue to get it done. So . . .

Storey: More hand wringing, and (Johnson: Right.) and discussions I imagine?

". . . it's a paid-off project, so there's no financial issues. There *have* been some issues related to withdrawn and acquired lands, and what the district should have to pay for. Acquired lands are lands paid for as part of the project, but withdrawn lands are public lands that were withdrawn from public use, that they *never* paid for. . . ."

Johnson: Yeah. It's, it's a paid-off project, so there's no financial issues. There ***have*** been some issues related to withdrawn and acquired lands, and what the district should have to pay for. Acquired lands are lands ~~that was~~ paid for as part of the project, but withdrawn lands are public lands that were withdrawn from public use, that they ***never*** paid for. And so, what do they pay for those lands that are, you know, withdrawn from BLM [Bureau of Land Management] or from public use for the Reclamation project? And, so we've had issues around ***that***. There's a whole bunch of what they call "power district lands" that were acquired and then turned back over as public lands, and how do you account for those. So, there's been, you know, some economic and financial issues with the district over how we account. But, you know, those sorts of issues come up with any title transfer. Title transfers, in general, are, each one is unique. Each one has it's own–just like each project that Reclamation's ever built, there's unique conditions and circumstances that apply to each one. And, when you get to doing title transfers, some of them are less complicated, and some of them are more. And, the Wellton-Mohawk one is more complicated.

Storey: What about typically on these projects, as I understand it. They only pay a percentage, because there are other public values involved? And, when you say "it's paid off," that's what they paid off, was the irrigation portion of the project? Do they have to pay anything on the remainder of the values since it's being transferred?

Johnson: Well, I think in the case of the Wellton-Mohawk project, I don't think that there were a lot of other public purposes served. I think it was almost a single-purpose irrigation development project.

Storey: Oh. Okay.

Johnson: There was, there's no dams, there's no flood control, there's no recreation, and so there are no, not–although those are issues that come up in title transfer (Storey: Um-hmm.) that have to be, that have to be worked out. But, those are issues that don't apply to Wellton-Mohawk.

Storey: Oh. Okay.

Johnson: Wellton-Mohawk, (Laugh) Wellton-Mohawk doesn't have to deal with those.

Storey: Well, why don't we move on to the ***big*** question, (Laugh) (Johnson: Um-hmm.) then, 4.4 and the Secretary closing down California use of Colorado River water?

Bringing California down to its Entitlement of 4.4 Maf of Colorado River Water

Johnson: Yeah. That was a ***huge*** year, and a ***big*** historical event, I think, on the Colorado River, and in the end a success. It wasn't, I always tell everybody, "It wasn't pretty, but we got there." (Storey: Uh-huh.) And, I can't remember, you know, I think we've talked about 4.4 in some of our previous interviews.

Storey: Well, we talked about the issue but the Secretary had . . . we haven't talked since 2001.

Johnson: Okay.

Storey: So, you know, everything that happened since, (Johnson: Yeah.) even including, even the predecessor stuff like Secretary Babbitt, I think, would be of interest here.

Johnson: Yeah. That's good, because I couldn't remember. I didn't want to repeat a bunch of stuff that I'd said before because, I mean, I don't' want to clutter up, and you know, have a bunch of repetition. But, if I can, maybe, and I don't know if I've given this background before or not, to kind of put it in a historical context.

Storey: Let's do.

". . . allocation of water and the history of the Colorado River, an awful lot of it has . . . evolved around the state of California. It was the state of California who was developing Colorado River water left and right in the early part of the century, under state law, that *really* brought about the initial discussions among the seven Colorado River Basin states about dividing up the water. California had the land and the economic wherewithal to be putting the water to use. . . ."

Johnson: Of what's going on, and I may have done this before. But, if you look at the Colorado River and the, you know, the allocation of water and the history of the Colorado River, an awful lot of it has, not all of it, an awful lot of it has evolved around the state of California. It was the state of California who was developing Colorado River water left and right in the early part of the century, under state law, that ***really*** brought about the initial discussions among the seven Colorado River Basin states about dividing up the water. California had the land and the economic wherewithal to be putting the water to use.

"The other states . . . weren't developing that quickly, and they saw California basically putting a claim on . . . a *huge* amount of the flow of the Colorado River, and they were concerned that . . . under the doctrine of prior appropriation that if California puts it to use first, the other states where the water originates and

passes through wouldn't get to develop and use any part of the water. . . ."

The other states didn't have, weren't developing that quickly, and they saw California basically putting a claim on, you know, a ***huge*** amount of the flow of the Colorado River, and they were concerned that, you know, under the doctrine of prior appropriation that if California puts it to use first, the other states where the water originates and passes through wouldn't get to develop and use any part of the water. And, you know, yet under Western ***water law***, what California was doing was perfectly legitimate.

Development of the Colorado River Compact in 1922

Well, California, while they were developing and using the water under state law found out that they needed Federal help to do that, and they wanted construction of a dam, i.e., Hoover Dam, and they wanted, you know, Federal construction of irrigation works to deliver water to the Imperial Valley, and the Coachella Valley, and all of those areas and so they needed to go to Congress to get authorization. And so, they began to approach Congress back in the early 1900s to do that, and the other states said, "Ah-hah. Here's an opportunity for us to bring California to the table, because before California gets what they want from the Federal level they're going to have to agree to divide up the water." And so, the seven states began meeting in the early 1920s.

". . . so, the coming about of the compact was really created by California, and the *fear* of the other states that California was going to get all the water. . . ." and California continually wrangled, especially with Arizona over interpreting the compact

Herbert Hoover, who was the Secretary of Commerce at the time, represented the United States with [representatives of] ~~represented~~ the seven basin states to hammer out the Colorado River Compact. And so, the coming about of the compact was really created by California, and the ***fear*** of the other states that California was going to get all the water. Okay? So, you know, the 4.4 ties back to that because, again, it's the ***fear*** that California is going to try to take all the water. And, let me go on, because that ***fear*** is reinforced time and time again in the Colorado River system. They did get a compact. They did agree to get, reserve seven and a half million acre feet for four Upper Basin states, seven and a half million acre feet for three Lower Basin states. The states couldn't agree on allocations among all of them, but they at least got the basin split in two, and defined, you know, reserved amounts of water for each of the two major basins. And, that opened the door for, then, California and the Congress to go ahead and pursue the construction or the authorization of Hoover Dam and the facilities, in the Lower Basin, the major facilities in the Lower Basin. ~~The,~~ What happened then was California got in a big fight with Arizona after the compact, over how much of the seven and a half million acre feet should go to each of those two states. And, they wrangled and wrangled in the Congress for, I don't know, four or five years over how the seven and a half million in the Lower Basin should be allocated. California claimed a much larger share, and Arizona claimed a much larger share, and there wasn't enough water to go around.

". . . *in the end*, the Congress went ahead and allocated the water . . . And, the Congress gave 4.4 million acre feet to California, and 2.8 to Arizona, and 300,000 acre feet to the state of Nevada, for the Lower Basin apportionment. . . ."

And, ***in the end***, the Congress went ahead and allocated the water, I suppose, based on some sort of a middle ground approach, but ***neither*** one of the states agreed to it. So, Congress basically said, "All right. We're going to go ahead and authorize these projects. We're going to go ahead and ratify the compact, and we're going to go ahead and allocate the water, ***even*** though the states don't agree on how the water should be allocated." And, the Congress gave 4.4 million acre feet to California, and 2.8 to Arizona, and 300,000 acre feet to the state of Nevada, for the Lower Basin apportionment.

". . .very quickly California . . . developed and was using all of its 4.4 million acre feet. None of the other states were even close to developing and using their full entitlements. And, California continued to have its eye on *more* than 4.4 million acre feet . . . Arizona's, big dream was building facilities to take water from the Lake Havasu on the Arizona side, from the river, and deliver it to Phoenix and Tucson. . . ."

Well, California didn't agree with that. Arizona didn't agree with that, and but nevertheless that opened the door for the construction of Hoover Dam to occur, and for all of the facilities to be put in place to deliver water to Imperial and Coachella Valleys. And, shortly after that Met went ahead and constructed their aqueduct to deliver water from Parker Dam to Los Angeles, and all of the coastal plain of southern California. And, very quickly California, you know, probably as early as the late '40s, early '50s, California had developed and was using all of its 4.4 million acre feet. None of the other states were even close to developing and using their full entitlements. And, California continued to have its eye on ***more*** than 4.4 million acre feet, and Arizona ~~hadn't put all of their water to use. They~~ had developed a significant amount of water down in the Yuma Valley, about a million, 1.2, or 1.3 million acre feet of the 2.8, but their, Arizona's, big dream was building facilities to take water from the Lake Havasu on the Arizona side, from the river, and deliver it to Phoenix and Tucson. And, just like California, they had to go to Congress to get a Federal project authorized to do that. They began pursuing that in the 1940s.

California and Arizona Disagreed about How Developed Tributary Waters in Arizona Counted Against Arizona's Colorado River Entitlement

And, every time they went to do that the state of California would stop them politically, in the Congress, and basically the argument that California made was "Arizona's got tributaries, the Gila tributaries in Central Arizona, which are part of the Colorado River system have been developed by the Salt River Project, and they're using over a million acre feet of tributary water within the state of Arizona, and that counts against the 2.8 million acre feet. When you add that to what's being done in Yuma, there's no additional water left over for Arizona to develop and take in from

the Colorado River." That was basically what California was arguing, as Arizona began pursuing.

Now, it was Arizona's view that the 2.8 was associated with just mainstem deliveries and didn't apply to the tributaries. But, obviously, California had designs on, you know, getting, you know if Arizona couldn't divert a full 2.8 there's more, you know, for them, for them to divert. Anyway, Arizona, finally frustrated, 1951 or '52 filed in the Supreme Court asking the Supreme Court to clarify, you know, and rule on, you know, what really is the allocation of water.

Supreme Court Decision in *Arizona v. California* Ruled That Arizona's Entitlement Was 2.8 maf from the Colorado River Mainstem

And, in 1963 and '64 the Supreme Court issued a decree and a decision, it took them twelve or thirteen years to get there, that basically sided with Arizona, and said, "They've got a right to a full 2.8 million acre feet ***from*** the mainstem. The tributary development in the Lower Basin ***doesn't*** count against mainstem diversions." And so, basically, California lost. Arizona's right to the 2.8 was affirmed, and so California could no longer ***count*** on having more than its 4.4 million acre feet.

". . . the Supreme Court [also] said, "Even though California is limited to 4.4 [maf], as long as the other states aren't using all theirs, it's okay for California to take more, but it's not a permanent right. And, when the other state wants their water, California has to give it up.". . ."

Beyond that, the Supreme Court said, "Even though~~, California, or even though~~ California is limited to 4.4, as long as the other states aren't using all theirs, it's okay for California to take more, but it's not a permanent right. And, when the other state wants their water, California has to give it up." So, even after . . .

END SIDE 1, TAPE 1. JUNE 16, 2004.
BEGIN SIDE 2, TAPE 1. JUNE 16, 2004.

Johnson: Yeah. So, even though the state of California lost the Supreme Court decision, they were given a temporary out by the Supreme Court saying they could go ahead and divert more.

"So, California, even after the Supreme Court decision, until last year, or two years ago, was diverting five to 5.2 million acre feet, which was 6- to 800,000 acre feet more than their 4.4 million acre foot entitlement. So, you see, California again, in the history of the Colorado River, was being very aggressive in terms of trying to lay claim to more water. . . ."

So, California, even after the Supreme Court decision, until last year, or two years ago, was diverting five to 5.2 million acre feet, which was 6- to 800,000 acre feet more than their 4.4 million acre foot entitlement. So, you see, California again, in the history of the Colorado River, was being very aggressive in terms of trying to lay claim to more water. The other thing that, and I guess what I'm leading up to in all of

this is, the concern and animosity towards the state of California by all of the other states, because California has always been the aggressive one in the use of Colorado River water.

"Another example . . . Even after Arizona won the Supreme Court ruling on their 2.8, they still had to get authorization for their project in Congress. And . . . when they approached Congress for the authorization, California blocked the authorization still, until Arizona agreed to make the Central Arizona Project entitlement subservient in priority to California's entitlement. . . ."

Another example of that. Even after Arizona won the Supreme Court ruling on their 2.8, they still had to get authorization for their project in Congress. And so, when they approached Congress for the authorization, California blocked the authorization still, until Arizona agreed to make the Central Arizona Project entitlement subservient in priority to California's entitlement. And so, even though they won the Supreme Court, Arizona had to make a political compromise in the authorizing legislation for the Central Arizona Project, that gave another big advantage. And, creates another big advantage to California, and has created even further animosity between the two states, even after the Supreme Court ruling. So, it's another example of where California has kind of exercised its power to obtain advantage in the use of Colorado River water.

". . . that's why this 4.4 plan, and the historical context is so important, because California has really been the center point of the traditional controversy on the river. And now, Arizona has, you know, in the last seven-, eight years, Arizona and Nevada have begun using their full entitlements. And so *now*, the realization of this Supreme Court ruling from 1963 and 1964 is coming to fruition, and California is going to have to reduce their use by 6- to 800,000 acre feet . . ."

And so, that's why this 4.4 plan, and the historical context is so important, because California has really been the center point of the traditional controversy on the river. And now, Arizona has, you know, in the last seven, eight years, Arizona and Nevada have begun using their full entitlements. And so ***now***, the realization of this Supreme Court ruling from 1963 and 1964 is coming to fruition, and California is going to have to reduce their use by 6- to 800,000 acre feet, so that Nevada and [Arizona] ~~California~~ can go ahead and utilize their share of the river.

". . . everybody's very nervous because California's such a big economically important state, and that's a large amount of water for them . . . 'Well, what are the political ramifications . . . economic ramifications of getting them to reduce their use?' And, that's even heightened when you stack on top of that the priority structure within California that gives the *lowest* priority to the urban area . . ."

And, so that's what it was all about is, you know, "How do we get California to reduce its use consistent with the Supreme Court decision, and all of the conditions that have been put on?" And everybody's very nervous because California's such a big economically important state, and that's a large amount of water for them, that,

everybody's really nervous about, "Well, what are the political ramifications of getting California to reduce, and what are the economic ramifications of getting them to reduce their use?" And, that's even heightened when you stack on top of that the priority structure within California that gives the ***lowest*** priority to the urban area, Los Angeles and southern California.

"So, when California reduces by 6- to 800,000 acre feet, under the priority system, it's the urban area that has to take the hit, which is the major economic/political force within the state of California. . . ."

So, when California reduces by 6- to 800,000 acre feet, under the priority system, it's the urban area that has to take the hit, which is the major economic/political force within the state of California. So, all of the, it had the attention of the Secretary, and all of the basin states.

Reclamation Began to Focus on this about 1990 When There Was Drought on the Colorado River

And, all this goes back, I mean, throughout the history, but we really started focusing on this in earnest, I think, in about 1990, when we were in a drought on the Colorado River, when the Central Arizona Project was now coming on line, and Arizona was beginning to get closer to its full apportionment, and we recognized that California was going to have to start living within the limits of the decree.

". . . what *happened*, as we began the discussion as part of our annual decisions on allocating water, and we started talking about limiting Lower Basin use to seven and a half million acre feet . . ."

And, what ***happened***, as we began the discussion as part of our annual decisions on allocating water, and we started talking about limiting Lower Basin use to seven and a half million acre feet, you know, in a drought California started arguing, "Well, the Secretary has some discretion here. And the Secretary doesn't have to cut California back. The Secretary can declare surplus, under the decree." And, that's true, under the decree the Supreme Court says "If the Secretary determines that there's extra water available, that the Secretary ***can declare*** a surplus, and make more than seven and a half million acre feet available."

"So, basically, California comes along, you know, after all this debate, losing the Supreme Court decision, and the other [lower] basin states using all of their water, and California starts coming along in 1990 saying, 'Well, we really don't have to live with 4.4. All the Secretary's got to do is declare a surplus and we can take more water. And, we can continue to take what we've taken in the past.' Well, that *really* made the other states, you know, very nervous. . . ."

So, basically, California comes along, you know, after all this debate, losing the Supreme Court decision, and the other basin states using all of their water, and California starts coming along in 1990 saying, "Well, we really don't have to live with 4.4. All the Secretary's got to do is declare a surplus and we can take more

water. And, we can continue to take what we've taken in the past." Well, that ***really*** made the other states, you know, very nervous. And so, we began, at that point in time I think, the debate over, you know, "How do we get California to reduce its use? How do we deal with this question of surplus? And what's the process for getting through that?"

". . . in the early 1990s we had some difficult economic problems in Lower Basin agriculture, in the Central Arizona Project, but also along the river and in Imperial Valley, there was some white fly insect infestations, and so *water* use *dropped* way back in '92, and '93, and '94. And, as a result, we stayed under seven and a half million acre feet. So, the surplus issue didn't have to get addressed . . ."

Now, what happened in the early ~~19-- by the, in the early~~ 1990s we had some difficult economic problems in Lower Basin agriculture, in the Central Arizona Project, but also along the river and in Imperial Valley, there was some white fly insect infestations, and so ***water*** use ***dropped*** way back in '92, and '93, and '94. And, as a result, we stayed under seven and a half million acre feet. So, the surplus issue didn't have to get addressed, because water use dropped back.

". . . by the mid-'90s, the ag use and the C-A-P use was coming back up. We were through those difficult times. And, *again*, we start looking at California saying, 'Oh gee. We can, you know, Lower Basin can take more than seven and a half, and we can continue to take our five to 5.2.' Now, what was happening in the mid- to late '90s is we had a wet cycle. The reservoirs were full, and at least at *that* point in time it was pretty hard to argue with California that there wasn't surplus water . . ."

But ***then***, by the mid-'90s, the ag use and the C-A-P use was coming back up. We were through those difficult times. And, ***again***, we start looking at California saying, "Oh gee. We can, you know, Lower Basin can take more than seven and a half, and we can continue to take our five to 5.2." Now, what was happening in the mid- to late '90s is we had a wet cycle. The reservoirs were full, and at least at ***that*** point in time it was pretty hard to argue with California that there wasn't surplus water available, because we were actually spilling water, you know, in the '97, '98, '99 time frames, we were actually releasing flood control from, making flood control releases from the Colorado River. So, it was ***hard*** to tell California, "No." But, we recognized that that couldn't go on forever, that there would have to eventually be some reduction. And, everybody was really nervous about just following the priority system in California because, you know, "How was California going to reduce their use?" The urban area, the concern was the urban area just can't take that big of a hit.

Unsure of Future Water Supplies, it Was Felt California Had to Develop a Plan on How to Live Within its 4.4 maf Entitlement on the Colorado River and That the Plan Could Not Place the Entire Burden of Living Within the 4.4 on California's Urban Water Users

So, kind of what emerged out of that was this idea that California had to have a plan,

with certainty, that ***showed*** that they could reduce their use over time to 4.4, ***and*** that that plan would not place an undue–this is kind of unwritten, but that the plan would address this ag-urban priority issue, that it, that California ***not*** place the full burden ~~of the ag,~~ of the reduction on the urban area. And, the way, the way to do that was through willing buyer-seller transactions where the ~~ag area can pay, or where the~~ urban area can pay the irrigation users to reduce their use, ~~instead of,~~, and so the urban areas can still take all they wanted. And, so that was kind of the general plan that developed ~~with, in the late '90s to,~~ in the mid- to late '90s in terms of how we would reduce Colorado River water use by California.

"The devil was in the details, and it got really complicated. And, the *reason* it got complicated is the ag priorities in California, the irrigation uses in California were unquantified. . . ."

The devil was in the details, and it got really complicated. And, the ***reason*** it got complicated is the ag priorities in California, the irrigation uses in California were unquantified. The ag irrigation districts in California received 3.85 million acre feet of the 4.4 million acre feet, and they get their 3.85 million acre feet ***first***. The remaining 550,000 acre feet, within the 4.4, belonged to the metropolitan area. But there was no, there's four irrigation entities, and ***none*** of them have a quantified entitlement. The first priority was given to Palo Verde Irrigation District, along the river. And, they get all the water they can put to reasonable use.

Storey: And that's in the area of Blythe?

Johnson: That's in the area of Blythe. Now, they're limited to the number of acres, 104,000 acres. The second priority was the Yuma project, down near Yuma on the California side of the river, near Yuma, the Bard Irrigation District, the Quechan Indian Reservation. And, they were given the right to use ***all*** the water ***they*** want, on 25,000 acres of land. And then, it's more complicated than this, but just to simplify it, the third priority went to Imperial Irrigation District, who is 500,000 acres of land, probably the largest, or one of the largest irrigation districts in the West, for all the water ***they*** want to put to reasonable use. And then, finally, the last priority is the Coachella Valley Water District, which is, I think, somewhere around 60,000 acres, who get the right to put all the water ***they*** want to use, as long as the total is within the 3.85.

". . . you just had a priority system, and you had no quantification. And so, when you began to set up these ag-to-urban transfers to allow, you know, the reductions to occur by agriculture, this unquantified system made it *impossible* for those ag-to-urban transfers to occur. . . ."

So, you just had a priority system, and you had no quantification. And so, when you began to set up these ag-to-urban transfers to allow, you know, the reductions to occur by agriculture, this unquantified system made it ***impossible*** for those ag-to-urban transfers to occur.

A 1988 Proposed Transfer of Water from the Imperial Irrigation District to the

Metropolitan Water District of Southern California Highlighted Why Water Transfers Were Difficult under the Existing Agricultural Entitlements for Colorado River Water

The, what happened, the very first transfer that was implemented, which was in 1988, Metropolitan and Imperial made a deal for Metropolitan to pay for conservation of 100,000 acre feet of water, in Imperial Valley, with the idea that then Metropolitan would get the right to use that water. They'd pay for it, and the water would be passed. This is back in 1988.

". . . Coachella Valley Water District filed suit and said, 'Imperial, if you reduce your water use, it belongs to us first, because we're an intervening priority. So, before *Met* can have any of that water, it's got to pass through us, and if we want to take it we can.'. . ."

Well, let me tell you what happened. Two things happened that made us all realize that this unquantified system wouldn't work. The first thing that happened was Coachella Valley Water District filed suit and said, "Imperial, if you reduce your water use, it belongs to us first, because we're an intervening priority. So, before ***Met*** can have any of that water, it's got to pass through us, and if we want to take it we can." And so, you've got, you know, litigation and unclear water rights there to allow a transfer to occur. So, that was the first problem that came up.

". . . Metropolitan agreed to let Coachella have *half* of the conserved water. So, Met had to pay for all the conserved water, but *half* of it ended up being given as part of a settlement to Coachella, under that particular agreement, but then Coachella still reserved its claims on all future transfers. . . ."

And that got settled out of court. It didn't, it didn't, ultimately, for that transaction, that got settled where Metropolitan agreed to let Coachella have ***half*** of the conserved water. So, Met had to pay for all the conserved water, but ***half*** of it ended up being given as part of a settlement to Coachella, under that particular agreement, but then Coachella still reserved its claims on all future transfers. So, every time you were going do a transfer, you were going to have to go deal with Coachella, in terms of their right and their use to water.

"The second thing that made it apparent that it wasn't going to work is, in 1988, when Imperial signed the agreement to conserve 100,000 acre feet, their water use was around 2.5 or 2.6 million acre feet. . . . But, by the mid-'90s . . . Imperial's water use was over three million acre feet. . . ."

The second thing that made it apparent that it wasn't going to work is, in 1988, when Imperial signed the agreement to conserve 100,000 acre feet, their water use was around 2.5 or 2.6 million acre feet. Over the next six or seven years, Metropolitan invested, I think, over $100 million in conservation programs within Imperial, to reduce water use by 100,000 acre feet. So, by the mid-'90s, theoretically, IID's [Imperial Irrigation District's] water use should have been around 2.4. But, by

the mid-'90s what happened is, Imperial's water use was over three million acre feet. Well, everybody looked at that and says, "Well, what ***happened*** to the water that they conserved?"

Imperial Irrigation District's Perspective on its Increased Use of Water

And, the answer, from Imperial's perspective was, "Well, we have the right to use all we want, and we conserved 100,000, but our agriculture is more intensive, and we have the right to it, and so we're, you know, we didn't give up our elastic water rights. Yeah, if we hadn't have done what, all the things that Met paid for, instead of three million acre feet we would have used 3.1. So, Metropolitan really does, it really is getting some water, you know, out of the deal."

"So, . . . it became really clear, *unless* you have a *quantified entitlement*, one for Coachella, and [one] for Imperial . . . so that you have some basis to measure that reductions in use actually occurs. And, until those things could happen, you had no way of facilitating water transfers within California. . . ."

So, those two things, it became really clear, ***unless*** you have a ***quantified entitlement***, one for Coachella, and for Imperial, so that Coachella knows what its right is, you can't get past them, and two, a quantified entitlement for Imperial so that you have some basis to measure that reductions in use actually occurs. And, until those things could happen, you had no way of facilitating water transfers within California.

The California Ag Entitlement System for the Colorado River Had to Be Fixed by Quantification and That Also Required Taking on the Issue of Defining Criteria to Determine Surplus and Assuring the Other Colorado River Basin States That California over the Long Term Could Not Depend on Surplus

So, what you needed to do, we realized in order for these ag-to-urban transfers to work, so the 4.4 plan could work, so the Secretary could reduce California's use, we had to somehow fix this entitlement system, and that is what Secretary Babbitt, and David Hayes, took on in the 1996 through 2000 period, was really two, two things. One, they took on the surplus issue, to say, "Okay. California's going to, you know, wants surplus. Let's develop some criteria that will establish when surplus is available and when California can have more water, but in conjunction with that let's develop a plan that assures the other states they aren't, California is not dependent on that surplus long-term. And, the focus of the plan is ag-to-urban transfers. And, if ag-to-urban transfers is the plan, you've got to have a quantification of entitlements among the ag users.

Storey: Yeah. That's right, you were.

Johnson: Recognizing the need to one, have a plan for California, reduce its use, and then also to figure out how to do the surplus piece, and what criteria we would use for giving surplus to California, and to everybody in the Lower Basin.

Secretary of the Interior Bruce Babbitt and Deputy Secretary of the Interior David Hayes Were Critical in Moving the Process Forward in California

And so, what Babbitt and Hayes did was they basically did two things that were really critical, and were huge contributions to moving the ball forward, in terms of getting California to reduce their use. One, they set down with all of the California Colorado River entities and insisted on getting a quantification of the ag entitlement, some sort of an agreement that would define how much water Imperial got and how much water Coachella got so that ag-to-urban transfers could occur. So, they wanted to change the contractual framework within California to allow these transfers to occur. And then the second thing that they did was they wanted to develop the surplus criteria, and put formal guidelines in place that would define when surpluses were available in the Lower Basin. And, basically, they accomplished both of those objectives.

"By the end of their Administration there was . . . not an executed quantification agreement, but it *was* a detailed framework for quantifying California ag entitlements. . . ."

By the end of their Administration there was a key terms, I can't remember the exact title of it. It was not an executed quantification agreement, but it ***was*** a detailed framework for quantifying California ag entitlements. (Storey: Um-hmm.) And, that was accomplished by the end of their Administration.

"What was also accomplished by the end of their Administration was a formal Record of Decision adopting what we call Interim Surplus Guidelines that defined when surplus water was going to be available. . . . under those Interim Surplus Guidelines California could have extra water, but they would be suspended if the California parties couldn't execute a final agreement by December 31, 2002. . . ."

What was also accomplished by the end of their Administration was a formal Record of Decision adopting what we call Interim Surplus Guidelines that defined when surplus water was going to be available. The ***two*** of them, at the end of the Clinton Administration were linked, because the quantification was not formally signed by the parties because there was environmental clearances and everything that needed to be put in place. There was an agreement that the Interim Surplus Guidelines would go into place, but they would be suspended–and under those Interim Surplus Guidelines California could have extra water, but they would be suspended if the California parties couldn't execute a final agreement by December 31, 2002. So, basically, the Clinton Administration put the framework together, but had a checkpoint, I think it was in, yeah, and had a checkpoint two years down the road that if all of the details of the California weren't completed that California would lose the benefit of the surplus, and they would be limited immediately to the 4.4 million acre feet. And so, and that was a huge contribution, to work through all that, and to negotiate. I mean, it was a detailed, time consuming, I mean we negotiated among the California parties and we were more or less facilitators with David Hayes, who was the Deputy Secretary, as the lead. But, we were more or less facilitators in terms

of trying to get this quantification done, and in place. And, I can't tell you the probably hundreds of meetings held in various locations throughout the . . . all-nighters, weekenders, all kinds of effort that went into, you know, a Deputy Secretary, and a Secretary's schedule to try to move the ball forward on that. And, I think that basically, in the end, the QSA [Quantification Settlement Agreement] that they negotiated is, you know, 90 percent of it is what we ended up with actually being signed by the parties. It got modified, and I'll maybe talk about that. But . . .

Storey: QSA? Quantification Settlement Agreement?

Quantification Settlement Agreement (QSA) for the Ag Users of Colorado River Water

Johnson: Right. With the wording being, you know, we had unquantified entitlements among ag users in California, and the Quantification Settlement Agreement is to quantify. Basically, the quantification was three million, 3.1 million acre feet to Imperial, and, I don't remember the exact number, somewhere around 485,000 acre feet for Coachella. And, it's more complicated, and there's various pieces of water that move around under different conditions and circumstances, but that was the basic agreement that came together. And that, that's basically what still holds.

Environmental Compliance for the QSA Was a Big Task for Reclamation

But, what happened after that–so, that was through the Babbitt Administration, and that was a huge accomplishment to get that far, but ***then*** as the new Administration came on and we had this job of completing and getting the QSA signed by December 31, 2002, or we were going to face a ***disaster*** in 2003 because we would be ***forced*** to reduce California's water use down to 4.4. Without he ***Surplus Guidelines***, that's basically what would happen, and the way those criteria were established. So, we started working very diligently in the beginning of '01 to try to do everything that needed to be done to try to get the QSA in place, and signed formerly by all the parties. The main thing that needed to be done was the environmental compliance. We had to do an environmental impact statement. We had to do an environmental impact report under California state law, and we had to do Endangered Species Act consultation under Federal law, and California Endangered Species Act consultation and compliance. And so, those were some really big undertakings.

". . . we really never thought too much about . . . the difficulty in getting the environmental compliance completed. And, I don't think we recognized the issues with the Salton Sea, and the impacts that these water transfers were going to have on the Salton Sea, and how that would play in to achieve water transfers. . . ."

Something that we really never thought too much about in the Clinton Administration was the difficulty in getting the environmental compliance completed.

Salton Sea Issues

And, I don't think we recognized the issues with the Salton Sea, and the impacts that these water transfers were going to have on the Salton Sea, and how that would play in to achieve water transfers. Basically, the problem was is these, the Salton Sea is basically the drainage basin for Coachella and Imperial. It's a huge inland body of water that's basically fed by drainage water from Imperial and Coachella. It's the ***largest*** body, area-wise, of water in the state of California. I mean it's big and, it's not, it's a highly saline lake, and because it's a terminal body of water there is no outlet. Water comes in with salt, evaporation occurs, the salt stays behind, so it just keeps getting saltier, and saltier, and saltier over time. And, you know, at the time we were doing the analysis the salinity of Salton Sea water was 44,000 parts per million, which is 11,000 parts per million greater than sea water. And, the other thing about the Salton Sea is it has a very productive fishery, and it has a very very productive bird population that's dependent on that fishery. And, some of those birds, like the brown pelican, are endangered species. And, the water transfers, and these water transfers that were going to occur under the QSA, from the ag-to-urban users were ***going*** to result in a reduced flow of water ***into*** the Salton Sea, because the way the transfers were going to occur, there was an agreement between San Diego which is part of the urban area of southern California, for San Diego to pay Imperial to implement conservation. And, that water, 300,000 acre feet would then move to the urban area and the coastal plain of California. And, the way that was going to be achieved was through implementing conservation.

". . . if you implement conservation then you reduce the amount of water that flows into the Salton Sea. *That* causes the Salton Sea to get *saltier faster*. It causes the potential increase in the loss to the fishery in the Salton Sea, which then has an impact on habitat for endangered bird species that use the sea. So, we ran square up against this ESA . . ."

Well, if you implement conservation then you reduce the amount of water that flows into the Salton Sea. ***That*** causes the Salton Sea to get ***saltier faster***. It causes the potential increase in the loss to the fishery in the Salton Sea, which then has an impact on habitat for endangered bird species that use the sea. So, we ran square up against this ESA [Endangered Species Act] of, "How do we mitigate, and achieve ESA compliance, for these water transfers under the Quantification Settlement Agreement. And, it became a very contentious and difficult issue. And, after a ***lot*** of discussions with the Fish and Wildlife Service, and the California Game and Fish, who administers state ESA, we basically came up with a plan that said that "Mitigation could be achieved, one by guaranteeing that there would be no reductions in inflow to the sea for just a fifteen-year period, and then in addition to that to doing some conservation measures for brown pelicans along the coast of California, and maybe in some areas of the Salton sea itself, to try to enhance the productivity and, you know, recruitment of the brown pelican and the recovery of the brown pelican."

". . . we still got to do the transfers, and allow the reductions in water to occur, but we've got to do that in a way that doesn't reduce inflows to the Salton Sea for fifteen years. . . . You still have to have all that drainage water going into the

Salton Sea to preserve the flows, and the *only* way you can do that is to begin to take, literally take land out of production in the Imperial Valley so that you're reducing crop consumptive use . . ."

So, basically we got this plan that says we got to delay having–we still got to do the transfers, and allow the reductions in water to occur, but we've got to do that in a way that doesn't reduce inflows to the Salton Sea for fifteen years. Now, how do you do that? Well, the only way you can do that is to do the transfers through reduction in crop production rather than conservation programs. You still have to have all that drainage water going into the Salton Sea to preserve the flows, and the ***only*** way you can do that is to begin to take, literally take land out of production in the Imperial Valley so that you're reducing crop consumptive use, and crop growth in Imperial Valley. Well, ***that*** became a very controversial issue. I mean, the Imperial community objects to taking land out of production because they see that as having local economic impacts. There's compensation for that, $250 an acre foot, which is a huge amount of money, and probably much more valuable than its use in irrigation, but ***nevertheless*** the local community views that as a negative, and they were very nervous. And so, it became this ability to comply with the ESA, both the state and the Federal ESA, and having to do that by taking land out of production in Imperial Valley, albeit a small amount, you know, less than probably 5 percent of the land, was still a hugely controversial issue in California, and in Imperial Valley. And, Imperial Valley was not willing to take that approach to achieving the water transfers.

As the Deadline for Completion of the Project Loomed, Bob Hertzberg of the California Assembly, Began to Work on Developing an Agreement Which Was Reached in October, a Few Months Before the Deadline

So, we really ended up in a very difficult stalemate and were unable to get agreement among all the parties on how you achieved this ESA compliance for Salton Sea. And, there was lots of negotiations back and forth. The ***deadline*** began to loom, that if we didn't get it completed, and we didn't get the contracts that December 31st was going to come and we would have to take this drastic action to reduce all this water use at once. We went through a very intensive process with the, I can't remember the right word, but he was the speaker of the California House [California State Assembly], a guy by the name of Bob Hertzberg, and this is like in starting in August of '02. We had this stalemate among the California parties on how we, you know, achieved this water transfer, and the mitigation for the Salton Sea. And, Bob Hertzberg, who was the, he was exiting. In other words, term limits has caused him, he wasn't going to be the speaker anymore. He was still the speaker, but he was leaving. So, he was kind of a lame duck California speaker. Well, he agreed to step forward and try to facilitate a solution among the California parties late that year, so that we could ~~not~~ have this looming deadline at the end of the year get met. And, he negotiated very hard, and by the, around the first of October, there was a framework that was put in place that basically allowed the fallowing to occur, and provided additional compensation to Imperial to offset any economic impacts that would occur in the Imperial Valley. So, there was kind of a plan that he negotiated that was kind of put in place that said, and then it also would, it provided for state legislation that would have validated the state ESA compliance under the plan, and that was really

important to all the parties. So, the state legislature, not only would Imperial get compensated for local economic impacts but the legislature would actually provide a piece of legislation nailing down and eliminating legal challenges and that sort of thing, at least to the state ESA program. So, there was kind of a package, and it's more complicated than that, and I don't remember all the details, but basically there was a plan put in place. So, late October, there we were. We thought we were there, you know, we're three months away from the deadline, and all we got to do is finish the documents, file the final EIS, put all the final biological opinions and stuff in place, with the service in the state, and we're ready to move ahead, so we're, we had it all solved.

". . .in about November, Imperial began to change its mind . . . the local community was up in arms. . . . the farmers were all in favor of the deal within Imperial . . . but the board does not represent the farmers. The board is elected in the community at large. . . ."

Well, in about November, Imperial began to change its mind, and they began to–the local community was up in arms. They were very concerned. The IID board, who is not elected by farmers–the farmers were all in favor of the deal within Imperial, because they were going to get compensated for their reduction in water use, but the board does not represent the farmers. The board is elected in the community at large. And so the board, politically, is very sensitive to the local perspective down there, and because that's, they're elected by the population, and it's the people that live in the, you know, in El Centro, and Mexicali, or Cal–not Mexicali, Calexico, and Raleigh . . .

END SIDE 2, TAPE 1. JUNE 16, 2004.
BEGIN SIDE 1, TAPE 2. JUNE 16, 2004.

Storey: This is tape two of an interview by Brit Storey with Bob Johnson on June the 16th, 2004.

Public apparently elects the board members for IID?

Johnson: Right.

Storey: That's sort of interesting.

". . . by Christmastime it was clear that we weren't going to have a QSA and that the Secretary was going to have to take action to reduce California by the full, I don't know, 800,000 acre feet beginning January 1, 2003. So, we were up against the wall, and recognized that we needed to make that decision. . . ."

Johnson: And, because of the public concern the board members began to get cold feet. And, basically, at the end of November, maybe it was even early December, the board basically voted against the QSA. I don't remember exactly the date, late November-, early December the IID voted against the QSA, and said that they were unwilling to

move ahead and final, file the final EIR [Environmental Impact Report] under California law because of their concerns about the economic impacts. And that set off a flurry of activity to try to pull all the parties together and, at the last minute, try to broker a solution, or find a solution to the plan, but we were unsuccessful and ~~on December 30, well I don't' remember, but~~ by Christmastime it was clear that we weren't going to have a QSA and that the Secretary was going to have to take action to reduce California by the full, I don't know, 800,000 acre feet beginning January 1, 2003. So, we were up against the wall, and recognized that we needed to make that decision.

"There were *very* strong concerns that had been being expressed towards Imperial Valley, going back to the '60s to the Supreme Court decision, that Imperial did not put all of its water to reasonable and beneficial use, that they were, in fact, *wasting* water, and using *more* water than they needed to grow the crops that they were growing. So, there had been this *long* controversy over Imperial's water use over the last forty or fifty years. . . ."

Now, I need to back up a little bit, you know, and kind of talk through what happened as we enforced the limits on California, and the litigation, and you know, how that all finally came about. But, something that I haven't explained is, throughout ***all*** these years, during this quantification, you know I talked about how Imperial's water use went from 2.5 to three million acre feet? There were ***very*** strong concerns that had been being expressed towards Imperial Valley, going back to the '60s to the Supreme Court decision, that Imperial did not put all of its water to reasonable and beneficial use, that they were, in fact, ***wasting*** water, and using ***more*** water than they needed to grow the crops that they were growing. So, there had been this ***long*** controversy over Imperial's water use over the last forty or fifty years. And, in large part, to some extent, that was what was motivating and driving Imperial to be willing to enter into these voluntary conservation programs, is the, and water transfer programs, is the concern about them not using water efficiently.

"In the 1980s there was a claim brought before the State Water Resources Control Board that IID was wasting water, and the State Water Resources Control Board made a finding that they were, in fact, wasting water, and issued an order that required Imperial to reduce their use by 100,000 acre feet. . . ."

In the 1980s there was a claim brought before the State Water Resources Control Board that IID [Imperial Irrigation District] was wasting water, and the State Water Resources Control Board made a finding that they were, in fact, wasting water, and issued an order that required Imperial to reduce their use by 100,000 acre feet. And, that's what triggered, you know, that original Conservation Agreement of a 100,000 acre feet, (Storey: Um-hmm.) that I talked about between in 1988? Well, it was the State Water Resources Control Board that brought that about. Without that decision, that agreement probably would have never occurred, but IID had to have a way to comply with the order, and so doing the deal with Metropolitan was a way for them to achieve that, you know, in a painless sort of a way.

". . . if we said they were efficient, we would have gotten litigation from the parties

that were affected. If we would have said that they're wasting water, we would have gotten litigation by Imperial. So, you know, what was really looming at us on December 31st, 2002, is, 'Who do we cut in California?' You know, I mean, 'Do we conclude that IID is wasting water and cut them, or do we take it all out of the urban area and say that IID is efficient?'. . ."

So, anyway, we have these longstanding issues about Imperial's waste, or not waste, of water, and as the watermaster on the river, if we ever enforced the decree, and enforced limits, ***we*** were going to have to make a similar kind of decision, you know? "Is IID wasting water or is IID an efficient user of water?" Because, if we said they were efficient, we would have gotten litigation from the parties that were affected. If we would have said that they're wasting water, we would have gotten litigation by Imperial. So, you know, what was really looming at us on December 31st, 2002, is, "Who do we cut in California?" You know, I mean, "Do we conclude that IID is wasting water and cut them, or do we take it all out of the urban area and say that IID is efficient?" So, that was an issue that we had to come to grips with.

"We can *cut* California, but we knew that within California nobody was going to agree on how those cuts should be distributed. . . ."

We can ***cut*** California, but we knew that within California nobody was going to agree on how those cuts should be distributed. And so we . . . that was the hot seat that we were in, and ***nobody*** wants litigation on the Colorado River. It goes to the Supreme Court. Everybody's very nervous, the other basin states and everybody's very nervous about having something like that occur.

". . . we recognized. . . *many* years ago, that this issue of beneficial use that we may find ourselves in a position of having to address the issue of beneficial use. In *fact*, the Secretary, in the 1960s, put in place a set of regulations under the Code of Federal Regulations, CFR Part 417, procedures for determining beneficial use of Colorado River water. . . ."

Well, kind of backing up, we recognized, like ***many*** years ago, that this issue of beneficial use that we may find ourselves in a position of having to address the issue of beneficial use. In ***fact***, the Secretary, in the 1960s, put in place a set of regulations under the Code of Federal Regulations, CFR Part 417,[34] procedures for determining beneficial use of Colorado River water. It's unique to the Secretary's role as watermaster. There's nowhere else in Reclamation where we've got regulations that define what constitutes beneficial use.

"You have to understand, beneficial use is a very complicated concept, and nobody agrees on what beneficial use is. And, for us to have a formal regulation that defines that for the Lower Colorado Region is really kind of unique. . . ."

34. 43 CFR Part 417—"Procedural Methods for Implementing Colorado River Water Conservation Measures with Lower Basin Contractors and Others."

You have to understand, beneficial use is a very complicated concept, and nobody agrees on what beneficial use is. And, for us to have a formal regulation that defines that for the Lower Colorado Region is really kind of unique. So, that was recognized back in the 1960s, that those kinds of issues were going to have to be dealt with by us on the Colorado River, and as we came into the '90s, and this controversy over California's use, we recognized that we may have to deal with issues. So, what we did is, we went out and hired–well, we went through lots of studies. We tried to do cooperative studies with Imperial and the other districts. Those never worked. We didn't get cooperation from Imperial, the way we wanted to. And, ultimately, in the mid-'90s, early to mid-'90s, we hired what we thought were the best technical experts in the country on water use in the West, and asked them to do independent assessments of Imperial's water use. So, we started back and we updated those assessments annually, or semiannually, of IID's water use. So, we did a really good job of studying, "What is IID doing? Are they wasting water? How efficient is their water use?" that sort of thing. So, we started studying that back then, because we recognized we may be in this position of having to make a decision on whether or not we cut California, and who takes the cuts.

". . . at the end of 2002 . . . the decision that we made was we had to cut California by . . . somewhere around 600,000 acre feet, and we . . . concluded that IID was wasting water. . . . reduced their water order by about 200,000 . . . and then the rest of the cut we put on the Metropolitan area. . . . somewhere around 400,000. . . . immediately, IID sued us . . . the court held a hearing and . . . basically issued a preliminary injunction barring us from reducing IID's water use. . . ."

So, anyway, at the end of ~~2003, or end of~~ 2002, we had to make that cut, and the decision that we made was we had to cut California by, I don't remember the amount, somewhere around 600,000 acre feet, and we, in our . . . concluded that IID was wasting water. And, ~~we asked,~~ we reduced their water order by about 200,000, I can't remember, a little over 200,000 acre feet of water I think it was, and then the rest of the cut we put on the Metropolitan area. I think we reduced them by somewhere around 400,000. So, that was the decision that we made in 2003. Now, immediately, IID sued us, and IID basically challenged ***everything*** about the decision that they could. You know, "Secretary doesn't have the authority," and you know, on and on, and on. And, (Storey: Uh-huh.) the court held a hearing and ruled in ***February*** on a preliminary injunction, and basically issued a preliminary injunction barring us from reducing IID's water use.

". . . we had to go back and change the allocation to reduce California's water use. And we ended up, instead of putting 200,000 acre feet on Imperial, we cut, we had to cut Coachella . . . by about a hundred, and we added another 100,000 acre feet to Met's reduction. . . ."

And so, what that meant was we had to go back and change the allocation to reduce California's water use. And we ended up, instead of putting 200,000 acre feet on Imperial, we cut, we had to cut Coachella within the 300,000 acre, within their order by about, oh I don't know, I think we cut Coachella by about a hundred, and we added another 100,000 acre feet to Met's reduction.

"The primary reason that the judge . . . upheld their request for preliminary injunction is because the judge said that we 'did not follow our own criteria.' . . . we'd developed, back in the 1960s, regulations on beneficial use . . . And, we had not followed those provisions to the letter . . . but the judge then remanded . . . the process back to us. . . ."

The primary reason that the judge ordered, ordered, or upheld their request for preliminary injunction is because the judge said that we "did not follow our own criteria." You know we, I told you that we'd developed, back in the 1960s, regulations on beneficial use, those regulations had a fairly specific procedure and an analytical framework that needed to be followed to make decisions about beneficial use. And, we had not followed those provisions to the letter in making the decision that we made. And so basically what happened is, we had to go back and cut Met more, we had to go back and cut Coachella, we had to restore IID's water order for the year, but the judge then remanded it back to us, which was a major loss for Imperial Irrigation District. They may have won the battle, but they lost the war (Laugh) when the judge remanded the process back to us.

Basically, IID would have liked for the court to just say, "It's beyond the Secretary's authority. The Secretary cannot make that sort of decision." But the judge, in remanding it, made it very clear, quoted from the Supreme Court decision, and the Boulder Canyon Act, on the authority and the responsibility of the Secretary and clearly placed the burden back in the Secretary's court to ***follow*** the procedures, and then move ahead and make a decision consistent with the requirements of the criteria.

Reclamation went back and followed the process and "that [new] decision reduced IID . . . actually a bigger number than what we gave them at the beginning of the year. I think we concluded that there was probably, for 2003, a non-beneficial use of around 260- or [2]70,000 acre feet of water. . . ."

And so we did, we backed up and we did that, and we took all the consultant's reports that we had prepared ~~all the~~, over the years, we did a public process, we got formal consultation and input from Imperial, we issued a Preliminary Regional Director's Decision in, I think, July. And basically, that decision reduced IID–and I don't remember the exact number, but it was actually a bigger number than what we gave them at the beginning of the year. I think we concluded that there was probably, for 2003, a non-beneficial use of around 260- or [2]70,000 acre feet of water. And, we issued that decision. There was another formal appeal of the Regional Director's Decision, ***back*** to the Regional Director. We reviewed all of the appeal that came back, and I actually, or the Regional Director actually–I don't want to say "I" because this is a regional, I happened to be the Regional Director, but it was a regional effort, and it was really all of the staff and everything, you know, and in large part we follow the advice that our staff gives us. So, a regional, a final regional decision was actually then, I think, issued in like September, and we did in fact make a conclusion that there was non-reasonable use by Imperial Irrigation District. Now, that decision was ***still*** subject to appeal to the Secretary. So, the Secretary would have to review

everything that we had done here in the region, and the Secretary ultimately would have to make the decision on the beneficial use. So, we still weren't through with the process.

"What happened then . . . is Imperial began to kind of warm up to the idea of going back to the QSA. And, one thing I need to emphasize, one of the things that Imperial always accuses us of is that, 'We were just doing that to put pressure on, that they really don't waste water, but the Secretary is only doing that to kind of protect the urban interests, and so we're just beating up on them, because, you know, they're efficient stewards of their water,' and that sort of thing. . . ."

What happened then, in the interim, is Imperial began to kind of warm up to the idea of going back to the QSA. (Laugh) And, one thing I need to emphasize, one of the things that Imperial always accuses us of is that, "We were just doing that to put pressure on, that they really don't waste water, but the Secretary is only doing that to kind of protect the urban interests, and so we're just beating up on them, because, you know, they're efficient stewards of their water," and that sort of thing. And so, they always made these accusations towards us.

". . . this has been a tough issue for us. The idea of the Federal Government making a determination of beneficial use just scares *every*, every water user in the Western United States, because normally those are matters left to state law. We did *not* make a decision about beneficial use lightly, and it was a straight-up decision. It had *nothing* to do with the politics within California, or anywhere else. . . ."

Just for the record, I want to make it clear that we made, I mean this has been a tough issue for us. The idea of the Federal Government making a determination of beneficial use just scares ***every***, every water user in the Western United States, because normally those are matters left to state law. We did ***not*** make a decision about beneficial use lightly, and it was a straight-up decision. It had ***nothing*** to do with the politics within California, or anywhere else. We had a responsibility, under the law and under our own criteria, to make an ***honest*** straight-up analysis of their water use, and draw our own conclusions about that, and we did that. And, it wasn't because of political pressure, or because we were trying to pressure IID, or disadvantage them, it was just a straight-up decision that we knew we'd have to make, and that we prepared for many years in what–I mean when, I can remember going to our staff in the early '90s and saying to them, "Is IID wasting water? If they are, we need to know that. If they're not wasting water, we need to know that. If they're wasting water we've got to tell IID to deal with it. If they're not wasting water, we've got to tell all these other parties, like Metropolitan, and Coachella, and everybody else that says they're wasting water to get off our back, and to get off their back."

Reclamation studied IID's water use for years and ". . . hired the *best* technical, Dr. *Marvin Jensen*, who is the probably premier ET, you know, evapotranspiration expert, you know, for crop use. . . ."

And so, you know, from the very beginning we always just focused objectively, and we went out and hired the ***best*** technical, Dr. ***Marvin Jensen***, who is the probably premier ET, you know, evapotranspiration expert, you know, for crop use. The formula for determining crop use for water is called the Jensen-Haise formula, in all the college textbooks on irrigation science. And, Marvin Jensen, who is the Jensen of Jensen-Haise, is the guy that we hired to do the primary analysis of Imperial. So, we had the best, we had the best experts. We also hired, and I can't remember his name, the ***best*** expert on drainage in the West, and salinity, and leaching requirements. We hired some very ***top-notch*** people to give us advice, and to take a look at water use within Imperial, and so we made a very honest straight-up decision despite what Imperial, you know, says publicly and privately to everybody that they can tell the story to.

". . . we went through this process and it got remanded, and we made a decision, and I think when Imperial *saw* the quality of our decision, I think that they came to the conclusion that maybe it was better to go back to the QSA and try to negotiate a solution, and get that back in place, and do this in a voluntary, rather than in this litigative framework . . ."

But anyway, what happened is we went through this process and it got remanded, and we made a decision, and I think when Imperial ***saw*** the quality of our decision, I think that they came to the conclusion that maybe it was better to go back to the QSA and try to negotiate a solution, and get that back in place, and do this in a voluntary, rather than in this litigative framework that we have. And, basically, that's what happened. We went back to the table, with the California parties. We involved all of the seven basin states. I think Bennett Raley[35] played a key role. We did, all of the QSA that was negotiated with David Hayes was a stack of documents probably three feet thick, among all of the parties. Those documents are still there, and those documents still stand.

". . . what we did under Bennett Raley that was different . . . we only became the party to a very simple ten-page agreement between the Secretary and the California parties that very specifically and carefully defined the new quantified amounts . . . streamlined at least the Federal part of the QSA significantly . . . provides a framework that's going to be easier for future administrators of the river to manage, because it's a clear concise, ten-page document. Everybody calls it the 'ten pager.'. . ."

But, what we did under Bennett Raley that was different than what we were going to do under David Hayes, instead of us becoming parties to all that stack of documents, we only became the party to a very simple ten-page agreement between the Secretary and the California parties that very specifically and carefully defined the new quantified amounts, and ***didn't*** go into the multitude of hundreds of details that were included in the other documents that backed it up. So, ***we***, under this Administration,

35. Assistant Secretary of the Interior for Water and Science, 2001-2005.

streamlined at least the Federal part of the QSA significantly, which was good. I mean it, that was a very positive thing, because we ended up now, with a QSA that doesn't tie the Federal Government in to ***all*** of the side deals among the parties, and provides a framework that's going to be easier for future administrators of the river to manage, because it's a clear concise, ten-page document. Everybody calls it the "ten pager."

The Federal QSA in California

But, it is in essence the, what we all still refer informally as the Federal QSA in California. And, so that was the, you know, that was negotiated and put in place. The lawsuit was dropped, and Imperial agreed to a quantified entitlement, and gradual reductions in use consistent with the conservation plans. The Interim Surplus Guidelines were reinstated, so that California could have extra use, and we were able to go ahead. I think it was in October of '03. Is that right? Right, October of '03 that the Secretary signed those documents and we were in final form.

"One of the other things that was significant that happened is that the state of California really stepped up to try to facilitate among the California parties. . . ."

One of the other things that was significant that happened is that the state of California really stepped up to try to facilitate among the California parties. There were some other things that were going on besides this beneficial use issue.

What Appeared to Be a Plentiful Water Supply at the End of the Clinton Administration Turned into a Drought, and That Caused Met[ropolitan] to Rethink its Interest in the QSA

And basically, what happened is, at the end of the Clinton Administration reservoirs were full and it looked like there was going to be ***plenty* of *extra*** water to give California extra water for a fifteen-year period, so their reductions could be very slow over time. Well, we didn't anticipate that we were going to have record drought. And, from 2000 to today, we've have five of the lowest years of record, on average, on the Colorado River system that we've ever had, and ~~we started drop,~~ the lake started dropping and we've lost significant amounts of storage. And so, in 2003 it began to look like ***even with*** the QSA in place, there may not be as much surplus water available to California as was originally ***thought*** when the surplus guidelines were put in place. And, what that did is that made the urban area, Metropolitan Water District, less enamored with the idea of the QSA. I think one of the big benefits of the QSA for ***them*** was, was they got, supposedly free water for a fifteen-year period, surplus water for a fifteen-year period, or at least the likelihood would be high that they would get that. By 2003 the likelihood, because of the reservoir conditions, of them getting that surplus water was dropping off significantly. And so, they were coming to the realization that one of the big benefits of the plan that they were going to receive from it was not going to be as big as they thought it was, that they weren't going to get as much water out of the deal. So, all of a sudden, in 2003, not only did we have IID go south on us, (Laugh) you know, with the beneficial use stuff, but we also had Metropolitan rethinking whether or not they wanted to do the

deal. I mean, after all, if the Secretary could prevail on beneficial use, that water was going to flow to them anyway, through the beneficial use determinations. Why did they need the QSA if the Secretary was just going to rule that "IID is using it non-beneficially, and it comes to us." And, so maybe, you know, Metropolitan began to think, "Maybe this QSA is not as good a deal as we thought it was going to be." And, so we now have this problem between, you know, not only Imperial not wanting the deal, but we have this problem with Metropolitan deciding that they don't necessarily need the deal.

"Well, we kind of stepped back, you know, after the deal tanked, you know, at the end of 2002, and we had to deal with the reductions and beneficial use, that's where the focus of our activities went. . . ."

Well, we kind of stepped back, you know, after the deal tanked, you know, at the end of 2002, and we had to deal with the reductions and beneficial use, that's where the focus of our activities went.

Governor Gray Davis Stepped in to Facilitate Development of the QSA

But what happened then, in the spring of the year is the governor of California, Governor Davis, saw this as potentially another power crisis. You know, they had the power crisis in California where prices went through the ceiling, and they had the deregulation issues, and all of that, and I think the governor was very concerned that this water issue could become as big a political issue as the power crisis that occurred a few years earlier. And so to his credit and to his water resources people's credit, the Department of Water Resources, and the State Water Resources Control Board, they really stepped up and with all of the California parties, to try to facilitate between Met, and Coachella, and Imperial, and San Diego to get the deal back on track, and to get the California parties together. Tom Hannigan who is the Director of the Department of Water Resources, and Richard Katz who was a member of the State Water Resources Control Board, kind of stepped in to represent the governor and bring the prestige of the governor's office, and power of the governor's office, to the table among the California parties to get ***them*** to restructure their Quantification Agreement in a way that both Met and Imperial were going to be able to accept. And, the pressure, the governor pressured both parties significantly, put a lot of pressure on both of them, threatened them, cajoled them, I mean all kinds of things. (Laugh) So, they deserve a lot of credit. I mean, ~~I think the, for making~~ the governor's office and the governor's people deserve a lot of credit for trying to make this QSA work in the end. I think if they hadn't ~~have~~ stepped up and put pressure on the parties, that ~~it may,~~ it may not have happened. Now, what was really interesting is, we had the signing of the QSA at Hoover Dam, big ceremony, huge press coverage, really historical event. It really was a historical event. The Secretary came to sign, but also Gray Davis, governor of California, came to participate in that ceremony, and it was less than a week before he was leaving office, because of the recall election and Schwarzenegger had already been elected, and he was a lame duck, and the date was coming for him, and it was less than a week and he actually came to the QSA signing, and deservedly so. He should come, and you know,

because it was him and his California administration that really helped put the final touches on getting the agreement. So, it was pretty exciting to have a governor, and a Secretary, and representatives of the seven states, and it was a big media event. The coverage, the press coverage, I think it got the appropriate level of coverage throughout the West, because it really was a historic kind of a deal and arrangement that was put together here among the California, and solved this bigger Colorado River issue that goes back to the compact that I talked about originally, and that is California limiting their use to 4.4 million acre feet, and California no longer being the, you know, bad guy on the river that's taking more, or threatening everybody with taking more than what its entitlement is. I mean, all that really came together with the signing of this QSA, and the reinstatement of the Surplus Guidelines.

". . . last year, in 2003, California, for the first time, only used 4.4 million acre feet. We enforced, we successfully enforced the decree. And *this year*, again, because of the drought, California will only use 4.4 million acre feet. . . ."

It's really interesting, last year, in 2003, California, for the first time, only used 4.4 million acre feet. We enforced, we successfully enforced the decree. And ***this year***, again, because of the drought, California will only use 4.4 million acre feet. And, we will have, again, you know, successfully enforced the decree in *Arizona versus California*. And, despite everybody's concerns, the world has not come to an end. (Laugh) You know, we've got California down. In the end, I think Metropolitan came to the conclusion that the QSA was still a good thing, because ***in the end*** they couldn't transfer water without, without it, and ***they*** needed to have water transfers. Not only, you know, from on the Colorado River in order to meet their long-term water needs. (Storey: Hmm.) And, so I think that's ultimately what convinced Met to, even though the surplus water was being lost, the quantification still put the framework in place for water transfers. There were also a lot of difficult issues between San Diego, and MWD [Metropolitan Water District]. And I, I mean, I could go on and on, and I probably, I'm not getting it to . .

Storey: Good. No. Let's go.

Issues Between San Diego and the Metropolitan Water District of Southern California

Johnson: Into too much detail. Well, the problem that you had between San Diego and MWD is San Diego is a member of Met. They are the largest user of Metropolitan Water District water.

San Diego Is the Largest Single User of Met Water and Has the Lowest Priority Water in the Met System, So They Are Especially Vulnerable in Times of Shortage

I think they use, something like 40 percent of the water delivered by Met goes to San Diego, and yet San Diego is the lowest–again you get back to these priority issues. San Diego, within the Met system, is the lowest priority user. So, if there's not enough water to go around, who gets cut in the Met service area? San Diego. And, San Diego is almost entirely dependent on Met as their water supplier. So, they're in

a very precarious position among the California Met, and there's this, been this historical struggle between San Diego and the Los Angeles areas over Met's water supply, and who gets how much. And, because San Diego came into the process later, they got the low priority among the Met users.

San Diego Saw a Water Transfer with IID as an Opportunity to Improve Its Low Priority Within the Met System by Using IID's High Priority on Colorado River Water

Well, San Diego saw an opportunity to overcome that low priority by participating in this water transfer with Imperial, because Imperial had a high priority water use.

San Diego ". . . wanted to then have Met . . . reserve a piece of their aqueduct, and deliver that water to them *at* a reduced rate in order to allow these water transfers and this QSA to come together. And there were some very difficult issues there between Met and San Diego that had to be ironed out . . ."

And then they wanted to then have Met, you know, preserve a piece of their aqueduct, and deliver that water to them ***at*** a reduced rate in order to allow these water transfers and this QSA to come together. And there were some very difficult issues there between Met and San Diego that had to be ironed out over a period of time, that actually resulted in some litigation, and some court cases, and some legislation, and court cases related to wheeling of water, and California aqueducts. And so, there was a lot of sub-issues there, within the state of California and between Coachella and Imperial, and Coachella and Imperial and Met, and then Met and San Diego in their, in their own service areas. And it was the governor that kind of stepped in and helped facilitate bringing all those together.

California Internally Facilitated Discussions Between San Diego and Met

And, that's, I mean, it doesn't go to just this governor. I think credit has to go back to ~~the~~ before Davis came into office, when Dave Kennedy was the State Water Resources, or was the state Director of the Department of Water Resources in California. And, ***Wilson*** was the governor. And, these ***problems***, this is when the Hayes-Babbitt negotiations on the QSA were just beginning. The ***very*** first issue was the issue between San Diego and Met over whether or not San Diego could buy water from Imperial and transport it through the Met [Colorado River] Aqueduct. And, we viewed that as a non Federal issue. The Met Aqueduct is not a Federal canal. While Met has a contract with us for Colorado River water, we don't, we don't reach into their service area. And so, that was beyond our authority and scope to deal with this San Diego-Met issue. And, to Governor Wilson's credit, and to Dave Kennedy's credit, they recognized the problem, just like Governor Davis did, and recognized that they needed to take some proactive action to try to facilitate some sort of a solution between Metropolitan and San Diego, and Dave Kennedy, in fact, did that. And, we kind of stayed out of that process. This is back, you know, when we were just beginning the QSA negotiations.

"Basically, what came out of that [in 1995] was, San Diego got the guaranteed space . . . to have Met deliver them the water, and they got that guaranteed space at a reduced rate. And, in return for that, the state legislature agreed to pay to line the All-American Canal, conserve about 100,000 acre feet of water, and allow that water to go to Metropolitan. . . ."

Basically, what came out of that was, San Diego got the guaranteed space to deliver the water, to have Met deliver them the water, and they got that guaranteed space at a reduced rate. And, in return for that, the state legislature agreed to pay to line the All-American Canal, conserve about 100,000 acre feet of water, and allow that water to go to Metropolitan. So, basically, what the state of California did is they provided, basically, the economic incentive for Met to accommodate the requests of San Diego. And, that was what was worked out in the Wilson-Dave Kennedy era back in the late, you know, in the mid-'90s, '95, '96 time frame. And that was a. . .

END SIDE 1, TAPE 2. JUNE 16, 2004.
BEGIN SIDE 2, TAPE 2. JUNE 16, 2004.

Storey: Legislation in California, I take it?

The compromise ". . . changed at the very end in 2003. Instead of *Met* getting the free water from the canal lining, San Diego got it. . . . The state's paying for the water. But now, Met will get payment for the full wheeling price in their aqueduct by San Diego. . . ."

Johnson: Right. That was legislation that was passed in California that allowed that to happen. Now, an interesting twist on that, at the very end of the QSA, at the end of 2003, you know, when the Secretary signed, and the governor came, the interesting twist is that the very end of the negotiations it switched and Imperial, or Metropolitan gave the 100,000 acre feet back to San Diego, and San Diego gave up the chief right to the aqueduct. So they, that's the compromise that was reached in 1995, basically got changed at the very end in 2003. Instead of ***Met*** getting the free water from the canal lining, ~~Coachella, or~~ San Diego got it. Okay? The state's paying for the water. But now, Met will get payment for the full wheeling price in their aqueduct by San Diego. So, Met gets the money for wheeling, but not the water, and San Diego gets the water but not the free wheeling. So, they basically switched roles in the end.

Storey: Why?

San Diego Was Pleased to Get More Water

Johnson: Well, San Diego was looking, you know, there was additional funding needed to implement QSA environmental compliance activities, and nobody wanted to pay for it. And San Diego says, "Well, ***we*** can pay for it, ***we*** would be willing to pay for it, but ***we*** got to be able to say we're ***getting*** something for paying for it. You know, if we're getting ***more water***, or something, you know that's our first priority is getting more water, and if somehow out of this deal we get more water then we'd be willing to step up to the plate and pay more for some of these environmental activities. And,

so what happened is, San Diego then agreed to pay additional amounts of the environmental commitments for the QSA, and they could then, to their public and to their board say that what they're getting out of this is this additional water supply that they weren't otherwise getting.

For Policy Reasons, Met Was Happy it Did Not Have to Provide Reduced Cost Wheeling for San Diego's Water

And, for Metropolitan, they're now getting, Metropolitan was very nervous about the precedent of letting somebody have wheeling capacity in their canals. They were losing control of their system, okay? Because, (Storey: Hmm.) because San Diego had successfully wrestled a piece of their aqueduct away from them, and it also successfully got them to agree to a price that was less than what they considered to be the ***full*** cost that they had to charge all their other customers. So, Metropolitan saw that as a ***real dangerous*** precedent for them, in the management of their water delivery system. So, when they got San Diego to give up their right to the cheap wheeling that really put them back on an even footing with all of their customers and their policies related to management of their water system. So, that was ***big*** benefit to Metropolitan was to get out from underneath that burden. (Storey: Um-hmm.)

The San Diego/Met Final Compromise Came Just Before Signing of the Quantification Settlement Agreement

And, they were willing to give the water up, and San Diego was willing to take the water, or wanted the water and was willing to pay the additional costs of environmental compliance to make that come together. So, that was kind of a compromise that was, I don't know if compromise is the right word, but part of the deal that was worked at the very end of the–I mean, those decisions were made within a week or two before the final QSA was signed. So, I mean all this came right up to the very, to the very end of the deadlines. The state legislature, you know, I talked about how through the Hertzberg process the legislature passed a bill that guaranteed compliance with California ESA? This was before we enforced the decree in–well, what happened in 2003, that legislation expired. It was only good through a certain date, and that legislation expired. So, the California legislature had to take the issue up a second time in 2003, this issue of state ESA compliance. And, the state legislature did, in fact, go ahead and pass similar legislation to what had passed before to give the assurances under state ESA. Compliance with what's called the Fully Protected Species Act. Under California ESA law there is, you cannot, you cannot have take of a species. Under Federal law you can have take of an endangered species, but under California law you can't. And there was ***no way*** under the arrangements of the QSA that you couldn't guarantee no take. So, you needed, literally, an exemption in the law to allow the program to move ahead. And, the state provided that, but kind of what drove the whole thing is when the legislation, I think very wisely, passed this law that gave the guarantee of state ESA coverage, but they put a ***date*** on it, just like we did a couple of years earlier, and they said, "If the parties haven't signed their agreements by October 15, this law sunsets, and it no longer applies." So, it established a deadline that really forced the parties to, you know, to

get the agreements done and inked before the expiration date of that legislation. And, that helped drive the governor's process to bring the parties together to get solutions. And so it was, you know, I've gone on and on and I've probably

Storey: No. mixed up the story but it's. . . This is, this is good. That state law, I had the impression that Imperial Irrigation District was ***afraid*** that it was going to dispose of water to San Diego, let San Diego use water, and then it was going to be slapped with environmental compliance on the Salton Sea? (Johnson: Um-hmm.) Is that law what solved that problem?

One of the Reasons IID Refused to Agree to Filing of the Final Environmental Report for the QSA Was Their Concern They Might End up with Liability for the Salton Sea

Johnson: Yes. It is. That law, though Imperial was not as ***happy*** with it, and it didn't have everything that they would have liked, but yeah, basically, that law provided the assurances. Although it doesn't, there's no way to provide the kind of assurances under Federal law either, but certainly the state law aspect of IID's concern got addressed by that, by that legislation. And, ***that*** was one of the reasons that IID originally cited, when the board voted against filing the final EIR, ~~the,~~ one of the main things that they hung their hat on was not only the economic impact issues in the valley, but also ***their*** concern that they would have long-term liability for impacts to the Salton Sea, and that that was such a ***huge*** looming ***issue*** that they couldn't afford to accept that liability. Now, you can debate whether or not their fears were well-founded, but certainly, at least in their minds or at least in their public arguments, they maintained that that was, you know, the reason for their concern.

". . . there's always risk. . . . of litigation from environmental groups, and courts that may make rulings that are unexpected, . . . There are *always risks* that you're going to have litigation and a court's going to disagree with some of your decisions, or you didn't comply properly with NEPA or ESA. . . ."

There's always, I mean there's always risk. I mean, we have environmental laws that, you know, have risk of litigation from environmental groups, and courts that may make rulings that are unexpected, and there's ***risk*** in any actions that we as water management organizations take. There are ***always risks*** that you're going to have litigation and a court's going to disagree with some of your decisions, or you didn't comply properly with NEPA or ESA. And, it's just a part of business, you know, to accept those kinds of risks.

". . . IID . . . were . . . probably to the extreme risk-averse. . . ."

Well, IID had a tendency to want to not assume. They were very risk-averse, (Laugh) (Storey: Um-hmm.) probably to the extreme risk-averse. And the other thing that's interesting about IID, you know each of these organizations kind of has its own personality, and it's kind of, and just like all the states. I mean, all the states on the Colorado, they kind of have their own personalities, and their own perspective on dealing with issues.

". . . IID is. . . very internally focused . . . and I think this is a function of the fact that the board is elected, you know, by the population . . . there is no willingness to step forward and make decisions, *important* decisions, and they *leave* the negotiations strictly to their lawyers, and they don't give their lawyers advice on the extent to which they are willing to make compromise, or accept risk. . . ."

And, IID is, oh what's the right word, they are, I don't think parochial is quite the right word. They are very internally focused, and there is no–it kind of goes back to the idea of political leadership, or political courage, being able to make the right decisions even though a populist, you know, in the face of populist things. And, what IID does is I would say of their management and their board, and I think this is a function of the fact that the board is elected, you know, by the population as a whole, there is, there is no willingness to step forward and make decisions, ***important*** decisions, and they ***leave*** the negotiations strictly to their lawyers, and they don't give their lawyers advice on the extent to which they are willing to make compromise, or accept risk. And so the lawyers, on behalf of the district, take the extreme position on everything that occurs. I mean, what is a lawyer going to do, absent direction from his client? A lawyer is going to protect the interests of the client to the "N"th degree, because only the client can decide to take risk. A lawyer can't decide for the client. A lawyer can advise a client about risk, and unless the client is willing to show the leadership to say, "Yes, we're going to accept some risk," then the lawyer is never going to get to the conclusion in some form of a negotiation. And, that's kind of the personality of IID.

". . . in the end the board did vote for the program, in spite of the objections of the local newspaper, and editorials, and everything else in the local area, and there *were* three board members that were willing to step up and vote for the plan. . . ."

There's nobody, there's an inability within IID, and this goes back for years and years, as long as I've dealt with them, there's an inability within IID for clear decisionmaking to occur, and it's, and I'm sure some of the people in IID will, I probably ought to be a little bit careful because in the end the board did vote for the program, in spite of the objections of the local newspaper, and editorials, and everything else in the local area, and there ***were*** three board members that were willing to step up and vote for the plan. So, it's not, but in general, IID is unwilling to assume risks, and the lawyers, for the most part, speak for IID with little guidance from the policy board and the management of the district itself. At least, that's been, been my experience. And, it's only, it's only under the threat of death that anyone will have the political courage (Laugh) you know, to actually make a decision. "Oh. They made me do it." You know, it's kind of like they need the political coverage. "If I hadn't of done it, the whole world would have come tumbling down" is kind of ultimately the justification, (Storey: Hmm.) that board members use, you know, to vote for something. And so, that's kind of a personality of IID.

And, I mean other entities do that, but I don't think I see anybody, anybody fall back and just leave their lawyers unguided on issues. I mean, everybody protects a parochial position, but in the end policy makers make policy decisions. Clients

make policy decisions, and give directions to lawyers. And, I don't think I've seen any other water entity do it like IID, you know. (Storey: Um-hmm.) You know, defer to lawyers like IID does, and that's a frustration. That's been a frustration for me. I guess I'm going on the record. I've told that to IID. I've told that to everybody. (Storey: Um-hmm.) (Laugh)

Storey: Now, if I were San Diego I would be very tempted to say, "Well, now in order for us to conserve 100,000 acre feet with IID, the water has to flow from Hoover down through Davis, down through Parker. Obviously there are water losses, so I should get more water at the pump than 100,000 acre feet."

Johnson: No. We didn't do that.

Storey: Is it possible to argue that way?

Johnson: No. No. Because the water, the water would have been released by, to IID anyway. So, there are no additional or less water losses. So, no, it was just a straight across exchange reduction in use (Storey: Oh.) for a change in (Storey: Oh. Okay.) diversion point.

Storey: Well, let's move on.

Johnson: And they didn't really. They didn't argue that.

Storey: Yeah.

Johnson: Yeah.

Storey: Let's move to another topic. I was told that every time Lower Colorado had a solution the Assistant Secretary kept stepping in and everything went south? [Pause in Conversation 32 seconds] Just say you don't want to answer if you don't want to answer.

Johnson: Well I, I think that maybe that would be something that we can talk about at some later point.

Storey: Okay. Let's see, we talked about the Salton Sea. Southern Nevada, I believe it's Water Authority (Johnson: Um-hmm.) got involved at some point in all of this? (Johnson: Um-hmm.) Can you talk about that a little bit?

Nevada, the Surplus Guidelines, and the Quantification Settlement Agreement

Johnson: Um-hmm. Yeah. Southern Nevada was uniquely impacted. Actually, ***all*** the basin states got involved in this because, you know, as I explained in the history of the Colorado River the concerns about California, and then when the litigation on beneficial use and the turmoil that was created, so all of the basin states were ***very*** concerned about what was going on. A deal had been reached, you know, on surplus criteria, and California's guaranteed reductions in use, and the deal was being broken

by California. So, this whole thing was scrutinized by everybody in the Colorado River Basin. Nevada, however, was unique, because Nevada was kind of a side beneficiary of the Surplus Guidelines and the QSA, because under the Surplus Guidelines–we don't write Surplus Guidelines just for the state of California, we write Surplus Guidelines for the whole Lower Basin, and so ***any*** state in the Lower Basin that had a need for surplus water could take it. So, ***California*** was the one that had most of the demand for the surplus water, the 6- to 800,000 acre feet. Arizona doesn't have any demand. I mean, they're just coming up to their full 2.8. So, Arizona doesn't have any immediate demand for surplus water, so it wasn't an issue for them. But, ***Nevada*** is water limited, and they're using their full 300,000 acre feet. They have a growing population. They have significant needs into the future. And so, this deal among all of the basin states with these surplus guidelines gave Nevada an additional supply of water to carry them for a fifteen-year period. And, they viewed that as a window of opportunity to develop other alternatives, and that they would then use this extra surplus water for this fifteen-year period.

"Well, when . . . the QSA didn't get signed, and the Surplus Guidelines were suspended, and we had to reduce California's water use, we had to also, under the Interim Surplus Guidelines, suspend Nevada's use of surplus water. So . . . we cut Nevada's water order by 30,000 acre feet, which is 10 percent of their use. So, Nevada inadvertently got affected by the falling apart of the QSA. . . ."

Well, when the California plan failed and the QSA didn't get signed, and the Surplus Guidelines were suspended, and we had to reduce California's water use, we had to also, under the Interim Surplus Guidelines, suspend Nevada's use of surplus water. So Nevada, in addition to cutting California's 6- to 800,000 acre feet, we cut Nevada's water order by 30,000 acre feet, which is 10 percent of their use. So, Nevada inadvertently got affected by the falling apart of the QSA. And so Nevada was, you know, had more at stake, I suppose, than the other states in that they were actually losing water supplies, you know, immediately from what was going on. So, that's what happened. That's what happened with Nevada is they got their water use cut. And, they figured out how to do it. I mean, they stayed within their limit last year, and it looks like they're going to stay within their limit this year too. But that was, that was, you know, Nevada was uniquely affected.

"Nevada's got some really difficult water issues. They're up to their full entitlement. They would *like* to be able to make arrangements with other states. . . . Nevada has, you know what, 3 percent, 4 percent of the Lower Basin supply. A really small portion, 300,000 acre feet out of 7.5 million. . . ."

Nevada's got some really difficult water issues. They're up to their full entitlement. They would ***like*** to be able to make arrangements with other states. But, you see, the problem, Nevada has, you know what, 3 percent, 4 percent of the Lower Basin supply. A really small portion, 300,000 acre feet out of 7.5 million. And, they're using the full allocation, and they're an urban area. And, they ***need*** more water.

". . . in California, what's the solution for the urban area? They can go buy water from agriculture. . . . If the urban areas in Arizona need more water, they can go buy water from agriculture within Arizona. . . ."

Well, in California, what's the solution for the urban area? They can go buy water from agriculture. In Arizona they've got the same thing. If the urban areas in Arizona need more water, they can go buy water from agriculture within Arizona. So, those states, through these water transfer arrangements, can be pretty [sure to] take care of their large economic, important, populated areas for water supplies over a long-term period of time.

". . . southern Nevada, has no agriculture. One of the reasons Nevada didn't get a bigger share of Colorado River water is there's no arable land . . ."

Nevada, southern Nevada, has no agriculture. One of the reasons Nevada didn't get a bigger share of Colorado River water is there's no arable land, (Laugh), you know, along the portion of the river where Nevada, you know, where the river, you know, goes along the Nevada border.

". . . there's no ability for Nevada, within the state, to buy water from agriculture to take care of their urban needs. So, . . . Nevada would like to be able to do . . . interstate arrangements where it could pay farmers in California, or farmers in Arizona, and be able to allow that water to be moved to Nevada's use. Of course, that's a huge interstate issue. . . ."

And so, there's no ability for Nevada, within the state, to buy water from agriculture to take care of their urban needs. So, what Nevada would like to be able to do would be able to do interstate arrangements where it could pay farmers in California, or farmers in Arizona, and be able to allow that water to be moved to Nevada's use. Of course, that's a huge interstate issue. The other states, I think various states hold different views on that. Certainly Arizona strongly objects to that concept. And, even if it were structured in a way that the right to the water was not transferred, where it was just temporary, you know, annual, periodic use. I'm not sure where California is on that issue. I think California is more receptive to the idea of allowing those sorts of interstate programs to work. But, Nevada, you know, especially with the drought coming on, they're, Nevada's working very hard.

"Nevada's also looking north, into the central parts of Nevada, and tapping the groundwater supplies that exist up in the central part of Nevada. . . ."

Nevada's also looking north, into the central parts of Nevada, and tapping the groundwater supplies that exist up in the central part of Nevada.

Storey: Talking about southern Nevada. Did I read somewhere that they actually came up with money?

"In the QSA negotiations . . . Nevada stepped in, Pat Mulroy stepped in and says, 'Well, we'll pay the environmental costs if we can have even some of the water.'. .

. They would *love*, they would *pay*, and they would *pay handsomely*, for interstate cooperation to get and use Colorado River water. . . ."

Johnson: In the QSA [negotiations], they actually offered, you remember I told you that San Diego agreed to pay the extra environmental costs, but they got the water from the lining of the canal in exchange for that? (Storey: Uh-huh.) Well, at one point, Nevada stepped in, Pat Mulroy stepped in and says, "Well, we'll pay the environmental costs if we can have even some of the water." (Laughter) (Storey: Uh-huh.) So, they did offer to do that. And, they're offering, I mean they're, they are very anxious. They would ***love***, they would ***pay***, and they would ***pay handsomely***, for interstate cooperation to get and use Colorado River water.

Groundwater Supplies from Central Nevada Will Be "Hugely Expensive" for Southern Nevada

What I, what I started to explain is they're looking to northern, to north of Las Vegas. Not northern Nevada, but the central areas for groundwater supplies. Those are going to be ***hugely*** expensive. You know, I, you know, it's going to cost a ***lot*** of money, because they're going to have to build pipelines, and water treatment. They've got controversy on environmental issues. They got small community political objections to overcome, you know, all of the complicated issues associated with, you know, building these facilities. And so it's, they are focusing on trying to do that. The other basin states are saying, "Look, Las Vegas. You got to get your water from within the boundaries of the state of Nevada."

" . . . skeptical that that's even possible for Las Vegas to pull it off . . . Economically I think they can do it, but environmentally and politically, you know, within the state, I think they have some very very difficult hurdles to overcome. . . . I . . . think that their solutions best lie in some form of interstate cooperation on the Colorado River. And, we have been trying for *years* to encourage interstate water marketing, or water transfers, or water banking . . ."

And so, Nevada's trying to do that. I personally am skeptical that that's even possible for Las Vegas to pull it off, environmentally. Economically I think they can do it, but environmentally and politically, you know, within the state, I think they have some very very difficult hurdles to overcome. And, I personally think that their solutions best lie in some form of interstate cooperation on the Colorado River. And, we have been trying for ***years*** to encourage interstate water marketing, or water transfers, or water banking, or whatever it is we can do on an interstate basis.

You know what? One of the frustrations is, you know, like I said earlier, Nevada, or California and Arizona can take care of themselves. Nevada can't because there's no–and Nevada doesn't need, everybody says, "Oh well, heck. Las Vegas is unlimited in its growth." Well, look at the amount of water that Las Vegas uses, 300,000 acre feet out of seven and a half million. I mean, even if you gave Las Vegas 600,000 acre feet it's, you know, still less than 8 percent of the water supply of the whole region. The amount that they need in relation to what's available on the

river is so small that it ***ought*** to be able, I mean, and we deliver like five million acre feet of water to agriculture. Many farmers would be thrilled to sell water, make more profit on selling their water. It just seems like there's win-win opportunities there to allow Las Vegas to participate in some sort of a marketing arrangement for some of that ag water, a small small portion of the ag water that's delivered in the Lower Basin. And, it's the state bodies themselves and the political arrangements, you know, I mean of the states. And you kind of have this state's rights concept, and being a ***Federal*** water manager we tend to look at things regionally. But, you know, we've created these political jurisdictions called states, and they view themselves as autonomous, which they are, and that we have to respect, but it, in the water arena it makes it difficult for these kinds of institutional and political barriers make it very difficult for what I see as common sense solutions to problems from being implemented. I think eventually we will be successful.

Why the Interstate Water Banking Program Established in the 1990s Doesn't Assist Nevada Now

We had some success in the '90s with the Interstate Water Banking Program, where we actually put some rules in place that would allow Nevada to store groundwater or water in other states, and then through forbearance arrangements get and use water. That, the problem with that is, you got to, you got to store extra water when it's available. Now, we've had a drought. There's no extra water for Nevada to store under those arrangements. So, Nevada needs some more direct water transfer transactions in order to solve their problems with the drought. So, what we did back in the '90s really doesn't solve their problem. They need something more now.

Nevada Might Desalt Ocean Water in California and Do an Exchange with Metropolitan, but There Are Environmental Issues with a Project like That

Now, one of the things that's ultimately, I would assume, possible on the Colorado River is for Nevada to pay for desalinization along the ocean, and doing an exchange with Metropolitan, so Metropolitan would forbear in their diversion of Colorado River water and take the desalted ocean water. That's very expensive for Nevada, but in the end that would be a form of interstate cooperation that could solve Nevada's problems. Now, one of the things you're having in California is, the Coastal Commission and the objections to desalinization. So, even, and everybody says, "Well, we got all this ocean water over there and it's an unlimited supply, but there are significant environmental issues associated with reject, you know, discharges back into the ocean, the building of plants along the ocean for desalinization. So, that's become kind of another hurdle.

"Every time you turn in water development, it doesn't matter what solution you come up with, there's complicated issues associated with trying to get it implemented. . . ."

Every time you turn in water development, it doesn't matter what solution you come up with, there's complicated issues associated with trying to get it implemented. (Storey: Um-hmm.)

". . . Nevada is in a pretty precarious position from a water supply perspective. They're implementing very significant water conservation programs. . . ."

But Nevada is in a, in my view, Nevada is in a pretty precarious position from a water supply perspective. They're implementing very significant water conservation programs. They're paying people a dollar a square foot to take grass out of their yards. They've got very strict watering and regulations, you know, in all of the communities in southern Nevada. They've restricted use of water by fountains. They've restricted use of misters for outdoor, you know, cooling. They've, and did I say they've restricted the use of fountains, certain fountains? (Storey: Um-hmm.) They've restricted car washing. So, Nevada's put some very strict limitations on water use among its residents. And, it's been fairly successful. They've done a really good job, in spite of all the growth. They actually used less water last year than they did the year before. So, they've had some real success. But, you can only push that so far. I mean, there's only so much you can get through conservation. And, the way southern Nevada is growing, additional water supplies will ultimately have to be found. And, in my opinion, some cooperation on the Colorado River is probably the most viable solution for Nevada.

Storey: Didn't I read some news stories about Nevada having stored water in Arizona, but they were having trouble getting it back?

Johnson: Well, I think there's been concern about that, because there has been some friction of late, between Nevada and Arizona. I don't know that Arizona has actually, Nevada wanted to pull some of the water that it had put in storage back in–I think Arizona balked a little bit at doing that because they, I think they needed more time and they lacked the capacity to get the groundwater withdrawn. At least that's what they were saying. I think, in reality, what, I think Arizona, to some extent, was using that to put some pressure on Nevada to do an agreement under the surplus guidelines, to make some firm commitments for development of in-state supplies.

". . . Arizona thinks that they object strongly to the idea of Nevada looking outside the state boundaries for any of its water supplies. . . ."

". . . under the Interim Surplus Guidelines . . . the surplus water is allocated 4 percent to Nevada, 50 percent to California, 46 percent to Arizona. . . . Arizona, because they don't need surplus water for the next fifteen years . . . Arizona agreed to let Nevada and California have all of the surplus, under the Interim Surplus Guidelines. . . ."

I think Arizona thinks that they object strongly to the idea of Nevada looking outside the state boundaries for any of its water supplies. And, under the Interim Surplus Guidelines–this gets complicated, but under the decree, the surplus water is allocated 4 percent to Nevada, 50 percent to California, 46 percent to Arizona. And, under the Interim Surplus Guidelines, Arizona, because they don't need surplus water for the next fifteen years, Arizona's okay, Arizona agreed to let Nevada and California have all of the surplus, under the Interim Surplus Guidelines. But, the way Arizona could

justify allowing that to happen was the Interim Surplus Guidelines called for an agreement between California and Arizona that said, that, "***If*** California's use of surplus water affected Arizona water supplies in the future, that California would pay that water back to Arizona." So, California would keep Arizona whole if the surplus . . .

END SIDE 2, TAPE 2. JUNE 16, 2004.
BEGIN SIDE 1, TAPE 3. JUNE 16, 2004.

Storey: This is tape three of an interview by Brit Storey with Bob Johnson, on June the 16th, 2004.

The Drought Caused Met to Decide to Live Within its Entitlement of 4.4 maf

Johnson: Somehow in the future raised havoc with Arizona's water supplies. And, now what's happened is, because of the drought and the probability of shortage in the Lower Basin increasing, California has decided ***not*** to enter into any agreements with Arizona, at least for the time being, to do that. But they've also decided ***not*** to take any surplus water. Because of the drought, Met has just said, "We'll live within the 4.4," because we, they've had good supplies from other parts of California, so they've been able to do that. And so, they have backed away. Now, what's happened is, without that agreement, there was never, under the Surplus Guidelines, there was never any requirement for Nevada to do something similar. They just got the surplus water, under the Interim Surplus Guidelines. Well, what's happened is, when California refused to do an agreement with Arizona, Arizona then said, "Well, ~~we're not going to,~~ we're going to lay claim to our [46] ~~48~~ percent of any surplus water that's made available, and Nevada's only going to get their 4 percent."

Storey: Arizona's 46 percent, right?

Johnson: Yeah. What did I say?

Storey: Forty-eight.

Johnson: Oh. Forty-six. Right. (Storey: Yeah.) Yeah. No, that's good. Yeah. "We're going to lay claim to our 46 percent, and Nevada has to restrict their use to just 4 percent, under the decree. So, we're going to exercise our rights under the decree because California won't give us this, what we call a Reparation Agreement that would keep, that would protect Arizona to be affected by the use of surplus water by California." So, basically what, what Arizona has done is they've more or less told Nevada that even though the Interim Surplus Guidelines got reinstated, "We're not going to let you get more water because California won't sign this agreement with us." And, what they're really doing is they're putting pressure on Nevada because what, I think what Arizona's saying is, now, and it wasn't part of the deal originally under the Surplus Guidelines, but I think what Arizona's saying now is, "We want ***Nevada*** to do a Reparation Agreement with us, or ***some form*** of an agreement that will guarantee us that Nevada will no longer look to the Colorado River for additional water supplies. We'll ***let them*** have surplus for a limited period of time, without a

Reparation Agreement, but it's contingent upon their making a binding commitment to obtain any future water supplies from within the state." So, that's probably what you're talking about, when you're talking about Arizona and Nevada, and some of the issues that have arisen.

Storey: I guess I understood that there was some sort of a, I don't' think "an exchange" is quite the right term, but that water was being put into the C-A-P canal . . .

Johnson: That's the banking arrangements that I talked about.

Storey: And put into the ground? (Johnson: Um-hmm.) And then when Nevada needs it, [Arizona,] ~~California,~~ instead of taking water out of the river takes water out of the ground?

Johnson: Yeah. Arizona does, right. Yeah.

Storey: I mean Arizona. Excuse me.

". . . what Arizona is really doing is they're trying to put pressure on Nevada to develop their in-state resources, and to turn away from using Colorado River water. . . ."

Johnson: Right. Yeah. Yeah. Yeah. No, that's right. That's in place. And, what Arizona, I don't think Arizona said, "No." But, I think what they said was, "We don't have the capacity, (Storey: Oh. Okay.) and they weren't cooperating." But then, what I just described kind of parallels that because (Storey: Yeah.) what Arizona is really doing is they're trying to put pressure on Nevada to develop their in-state resources, and to turn away from using Colorado River water. That's what, that's was Arizona's doing with all of that. (Storey: Hmm.) And, and that has, you know, Nevada thought that they had a cooperative arrangement with Arizona, and now Arizona's come back and been more hard-line on some of these interstate issues, and that's definitely created some friction between Nevada and Arizona. And then, this thing on the Surplus Guidelines that's come up has created even more friction between Arizona and Nevada.

". . . in my mind the Nevada solutions are easy. They don't put a big burden on the system, and there's plenty of money from southern Nevada to keep everybody whole. . . ."

So, its, you know in my mind the Nevada solutions are easy. They don't put a big burden on the system, and there's plenty of money from southern Nevada to keep everybody whole. And, those sorts of arrangements ought to be put in place. But, you know, as I said, politically and legally there are some huge hurdles there, and you just got to work through those over time, and see if attitudes eventually change and you're able to make things like that work.

Storey: Um-hmm. When we talked about Wellton-Mohawk you said we needed to talk about

the Yuma Desalting Plant (Johnson: Um-hmm.) also?

Yuma Desalting Plant

Johnson: Um-hmm. Yeah. That's a good one. The Yuma Desalting Plant is really front and center. It's a ***huge*** issue for us right now. The Wellton-Mohawk, when I said they were the last district to come online down in Yuma, when they came online and they began irrigating that they had a real salty soil. And so, all of the drainage water from Wellton-Mohawk went into the Gila River, flowed down the Gila River, went into the Colorado River just above the diversion point for the country of Mexico. This is back in the 1960s, when Wellton-Mohawk came online. And so when all this new drainage water, salty drainage water, got in the Colorado River, Mexico was getting water of such poor quality that they couldn't irrigate some of their crops.

Increased Salinity in the Gila River Flowing into the Colorado River Adversely Affected the Quality of Water Delivered to Mexico and the Solution Was a Bypass Canal That Carried Drainage from the Gila Project into the Area That Became Mexico's Ciénega de Santa Clara

They filed a Diplomatic Note, and there was a ***big*** negotiation among Mexico and the United States, and the seven Colorado River basin states to try to address the issue of salinity and drainage flows from Wellton-Mohawk and delivery of water to Mexico. And, the solution to that problem was to build a canal that took the drainage water from Wellton-Mohawk and instead of putting it back in the Colorado River, bypassed the Colorado River and took that water down into Mexico and dumped it into the Santa Clara slough area, which is near the Gulf of California.

Congress Determined That Gila Project Drainage Water Had to Be Replaced for Use in the United States, and Designated Lining the Coachella Canal and a Desalting Plant as the Way to Do That

And so then, because that drainage water wasn't getting back in the river, Mexico's water quality could be maintained. And, that was basically–and then what Congress did is Congress passed the Colorado River, the salinity control act in [1974] ~~1964~~[36] that implemented that water quality agreement with Mexico, and made it a national obligation for the United States to replace the drainage water for use in the United States. In other words, the seven basin states were concerned, and particularly the state of Arizona, were concerned that when you took the drainage water and you delivered it to Mexico through that canal and dumped it into the Ciénega [de Santa Clara], that that was water that was coming out of storage for use by the Colorado River basin states, you know, because it was being, it was being used to meet the 1.5 million acre feet delivery to Mexico, and now it's not, so water has to come out of storage to meet the full delivery to Mexico. So, when Congress, you know, put all this in place, they said, "Okay. The United States will stand good to replace that water." Now, what the United, what the Congress then authorized to do that is that Congress authorized the lining of the Coachella Canal, to conserve water over there. But, Congress said, "The United States only gets that water as long as everybody in

36. See footnote on page 229.

the Lower Basin is getting all of their water entitlement." Well, last year we cut California, so the use of that Coachella Canal lining water kind of went away. And then the second thing that Congress did is Congress said, ultimately, the replacement of that water supply can be achieved through the construction of a desalting plant, and the water can then be desalted, and put back and delivered to Mexico, and not cause a problem with the water quality. So, ***we*** did construct the desalting plant.

"We have the world's largest reverse osmosis desalting plant in Yuma, Arizona, but it's never really been operated because we haven't had to. . . ."

We have the world's largest reverse osmosis desalting plant in Yuma, Arizona, but it's never really been operated because we haven't had to. We've had ***plenty*** of water on the Colorado River, and we've had this lining water from the Coachella Canal that was available for us to offset that bypass loss. Now, that water is no longer available, ***and*** we've got a very significant drought. And so now, the basin states, particularly the state of Arizona, and the feeling on this issue among the basin states varies, but the state of Arizona particularly feels very strongly that we should begin operation of the desalting plant as quickly as possible so that we're no longer losing all that drainage water from Wellton-Mohawk.

The Drainage Water, While Saline, Has Created a Large Wetland [Ciénega de Santa Clara], and There Will Be Environmental Impacts from Diverting Water Away from the Wetland

There's two problems with that. One is, when we operate that desalting plant and we take that drainage water and put it back in the river, we now deliver, instead of 2500 part-per-million water, we deliver 11,000 part-per-million water into the mode and down into that Santa Clara slough in Mexico, and we dry up the slough, because the water that goes down and feeds that slough–and it's a habitat area, and there's endangered species. In other words, when we built the bypass canal and we dumped it into the Santa Clara slough it was just a desert area. Well, now we've been dumping that water in for thirty years and we've created a wetland. There's a 10- to 15,000 acre foot wetland in the Gulf of California in Mexico that's fed by this drainage water from Wellton-Mohawk. When we operate the desalting plant we increase the salinity and we also dry up the water supply. And so, we're going to have huge, we're going to have negative impacts on that, on that wetland down there. So, we have a big environmental controversy.

Expects Litigation If the Bypass Water Is Reduced, and the Question Will Be Whether the United States Is Responsible for Environmental Effects in Mexico

Now, we know that if we operate the desalting plant we will face litigation. And, I know that the, we'll get into an issue related to transboundary impacts under the endangered species act. And, the question is, "If the United States takes an action within its boundaries that has an impact, transboundary, is there a requirement to comply or to address Endangered Species Act on a transboundary basis?" And, that is a ***huge*** legal and ***political*** issue, as to whether or not that should, that should, you know, whether or not the Endangered Species Act could apply. I think it's been our

position in the ***past***, and I think it continues to be our position, is that the ESA does not apply in Mexico, and that we don't ***have*** to do ESA consultation for impacts in Mexico.

". . . we know . . . there's probably some risk associated with that litigation. And, if you get . . . a judge that says 'There is a transboundary impact, and you have to address it under ESA,' it sets a precedent for the whole Mexican border . . . and for the whole Canadian border. . . ."

But, in the case of the desalting plant, we know that's going to be contested in court, and we know that there's probably some risk associated with that litigation. And, if you get, if you got a judge that says "There is a transboundary impact, and you have to address it under ESA," it sets a precedent for the whole Mexican border, not just for the Colorado River, and for the whole Canadian border. And so, it's a very complicated issue that gets opened up. If we operate the desalting plant, we're going to have some litigation that could potentially have some very far-reaching impacts, way beyond just our, our operation of the plant and the Colorado River. So, that's one problem that you have if you operate the desalting plant we get in a real difficult set of legal issues on ESA compliance.

The Desalting Plant Is Expensive to Prepare for Operation and to Operate, and it Has Big Environmental Impacts

The other issue associated with the desalting plant is it's ***expensive***. It costs, ***at a minimum***, it'll cost us $25 million over a four-year period to get it ready to be operational, $25-$30 million. And then, it costs us, at full capacity, $30 million, $25-$30 million ***every*** year just to operate it. And, under the best assumptions it's at least $300 an acre foot. Under the worst assumptions, if you, depending on the efficiency and capacity, you could be paying $6-, $700 acre foot for water. And that's just O-&-M costs. That's not any of the, recovering any of the capital investment or anything. So, it's really expensive and it has big environmental impacts.

Buying Water from Farmers Will Probably Save the Government Money and Provide Replacement Water

Now, what I've been doing, just like I advocate for Nevada, I've been advocating, and I think I've had people's support, to ***buy***, let's go out and buy water. Let's go to farmers in the Lower Basin, and let's pay them $200 acre foot, or $100 acre foot, or even $300 acre foot and let them forbear in their use of water to offset this drainage water, and let's avoid the environmental issue, and at the same time hopefully save the United States some money. And, I've gotten, we've gotten huge resistance to that idea, particularly from, (Laugh) again, the state of Arizona (Laugh) because they see that as potentially infringing upon their water supply, that the only thing that ***really*** preserves the water is the operation of the desalting plant, and the recovery of the water that exists, and not the competition for more water with agricultural users. Now, we don't, there's 100,000 acre feet of bypass, that's similar to Nevada. We only need 100,000 acre feet, and that's what, 2 percent, 1 percent of the Colorado River water supply, out of five million acre feet that's delivered to irrigation, most of which is for alfalfa and relatively low-value crops? If you paid a farmer $100 acre

foot he would be making four, five, six, maybe as much as ten times an acre more by selling his water than he would be by growing a crop.

Reclamation Recently Queried Irrigation Districts to See If They Were Willing to Forbear Use of Some Water and Allow it to Be Purchased

So, economically, you know, there's just no reason why some sort of forbearance arrangements on the part of the United States couldn't work in lieu of operating the desalting plant. So, we're fighting that battle right now. We're trying to, and in fact we have, just, and in fact tomorrow is the closing date, we have actually got the state of Arizona, and the other Lower Basin states, and the major users in those states to agree for us to pursue a forbearance program on an interim and supplemental basis. Not that we're abandoning the desalting plant, and that we're not moving forward to operate the desalting plant, but because it's a drought let's go ahead and do some forbearance and see if we have success in buying water from farmers. So about a month ago, in what, mid-May, we sent a Forbearance Policy and Proposal out to all irrigation districts in the Lower Colorado River asking if they would be willing to forbear in their use. So, anyway we submitted a proposal, and tomorrow is the deadline for responses. And, we'll find out if there are irrigation districts and farmers that are willing to sell us water, and how much they'll sell us, and at what price. So, I'm real excited about that, because ***if*** we can make that work it may be the crack in the door for a more robust water bank, water marketing program, in the Lower Colorado (Storey: Um-hmm.) Region that may ultimately serve not just our needs for the desalting, or for the bypass flows, but our needs of Nevada, you know, if we can show that it can work, and if we can show that it doesn't harm anybody, and if we can structure arrangements with irrigation districts, and show that farmers are better off, and I mean you know demonstrate all of those sorts of things, then maybe some of this resistence to interstate marketing and interstate cooperation, and all of those sorts of things, can be overcome. So, I'm really excited about that.

Budget and Other Issues Related to the Desalting Plant

But, in the meantime, we've got tremendous pressure from Arizona and their congressional delegation to be spending a ton of money to still operate the plant even though this forbearance option is out there, they're pressing us really hard to get the plant operational. We want to be sensitive to their needs, and we don't just want to tell them, "No." And, it's kind of been my unsaid strategy, although I think they probably know that this is what I'm thinking, and that is "If we can show that forbearance works, maybe they get more comfortable with it, and we never have to operate the plant." In the meantime, what we're saying is, "We're on a dual track, where we are preparing the plant to operate, but we're also pursuing these interim and supplemental forbearance programs." So, we've been saying that "We're on this, we're on this dual track." If I had my druthers, we'd be on a single track, and what we've got to come to grips with is, if we are going to be on a dual track, we've got to start coming up with the money. You know, I said it costs $25 million to get the plant ready to operate? Well, our budget, you know, it's a real frustration, but we've got a flat declining budget. Twenty-five to $30 million a year additional demand on that budget, especially our region's budget, which is about $120 million a year, is a

huge drain, and getting, you know, they want us to start spending the money immediately to get the plant operational even though we're pursuing these forbearance programs. And, I hate to, personally I hate to spend a lot of money getting ready to operate, find out the forbearance programs work, and then we spent a bunch of money over here that we didn't need to. And so, we've been, I've been, ***we've*** been trying to finesse, you know, how we move it forward. I call it the passive-aggressive approach. (Laugh) Yeah. We're going to operate the plant, but we're spending minimal amounts of money while we're trying to do this forbearance program. Now, I don't know where the Administration's going to come out on this, you know where Bennett Raley and John Keys, and the Secretary. Ultimately, I think this is a decision the Secretary will make, because it has ***big*** legal implications, and it has big budget implications. And so, this is a decision that will at least go to the Secretary, and we're preparing to do that right now, and have got a list of action items on my board up there that are related to getting briefing papers, and analysis, and everything in the process back in the Department to try to bring some conclusion, a decision on what we're going to do with the desalting plant. Are we, are we going to be passive-aggressive? Are we just going to say, "No. We want forbearance. We want to try forbearance for awhile. We're going to put the desalting plant on hold,"? Or, are we going to aggressively, you know, start spending money to operate the plant, because the pressure is mounting, and it's becoming more and more difficult, you know, not to give definitive answers to people. So, that's probably one that's really front and center right now. I don't know how it will work out.

Storey: Have we done any studies on the Ciénega [de Santa Clara]?

Ciénega de Santa Clara

Alternatives That Might Avoid Desalting the Bypass Water

Johnson: Okay. Yes. Some. Not as many as environmental, but yes, we have. We've done studies on the ciénega, and it is a valuable habitat. It is a valuable resource, and it does have, you know, significant environmental values associated with it. It would be significant impacts if we, if we reduced or eliminated that water supply. (Storey: Um-hmm. Hmm.) There's other options for the desalting plant. There's thoughts that maybe you don't, you don't desalt Wellton-Mohawk water, but maybe you desalt, and this gets complicated, but there's a ***lot*** of water in the Yuma Valley that's drainage water, that's not part, that doesn't go to the ciénega. And, because of the limitations under the treaty with Mexico on water quality, we can't reclaim all the water that's there and put it back in the river, but we ***could*** maybe reclaim ***more*** of that and run ***that*** water through the desalting plant instead of the Wellton-Mohawk water, and, you know, go ahead and operate the desalting plant using Yuma Valley water, have no impact on the ciénega, and still enhance deliveries, you know, (Storey: To Mexico?) to Mexico? (Storey: Yeah.) And, that's probably not a bad idea. It's got some, you know, another good good point on that is it doesn't cost as much to desalt that water. It's not as salty. Instead of 3,000 parts per million, it's maybe 1,500 parts per million, and also it's not as poor quality. One of the things that makes Wellton-Mohawk water so expensive to treat is the pretreatment. You've got to filter it. I mean it's sand-filtered, it's charcoal-filtered, it's chlorinated, it's, I don't know what all. I mean, there's all kinds of chemicals and stuff. It's, you know, acid and

alkali, and, you know, all those sorts of things get put in that water, and almost half of the cost of desalting Wellton-Mohawk water is pretreatment. The groundwater in the Yuma Valley doesn't have to be–the pretreatment on it is much more limited and much less expensive.

"So, you could clean up that Yuma Valley groundwater at probably less cost. The problem is . . . You can't probably get the full 100,000 acre feet, and you will also possibly run into issues with Arizona over that being groundwater that really belongs to the state of Arizona, and that you're somehow impacting their use of that water. . . ."

So, you could clean up that Yuma Valley groundwater at probably less cost. The problem is is you probably can't get as much. You can't probably get the full 100,000 acre feet, and you will also possibly run into issues with Arizona over that being groundwater that really belongs to the state of Arizona, and that you're somehow impacting their use of that water. So, you know, every solution has a set of problems.

Storey: Yeah. I guess so.

Johnson: Yeah. Yeah.

Storey: No matter where you touch water? (Laugh)

". . . you think you've found a solution that ought to work, and something comes up. . . . that's just the nature of water, and it's full of controversy, and it's still, I think, a fun area to work in, and there's tons of challenges, and it's really hard to find solutions, but when you do find solutions it's very rewarding. . . ."

Johnson: Yeah. There's always something that pops out. You know, you think you've got a, you think you've found a solution that ought to work, and something comes up. But ~~it's, you know, I mean I, it's just,~~ that's just the nature of water, and it's full of controversy, and it's still, I think, a fun area to work in, and there's tons of challenges, and it's really hard to find solutions, but when you do find solutions ~~it's, you know,~~ it's very ~~, you know,~~ rewarding.

". . . the things that we're dealing with now aren't the kinds of problems that we dealt with in the past. I mean, all of these things that I'm talking about here in terms of managing the Colorado River, they're legal, they're institutional, they're policy, they're political, they're social, they're all of those sorts of things. That's what we're really dealing with here. We're not dealing with building dams. . . . endangered species . . ."

And, the things that we're dealing with now aren't the kinds of problems that we dealt with in the past. I mean, all of these things that I'm talking about here in terms of managing the Colorado River, they're legal, they're institutional, they're policy, they're political, they're social, they're all of those sorts of things. That's what we're really dealing with here. We're not dealing with building dams. Although, when we

talk about a desalting plant we do have, you know, we do have some facilities there that are associated with that, but you know, all, there are endangered species, you know. So, all of these things come into play. It's a really different role for Reclamation than what our traditional role is. And, I think, just as challenging a role to find, you know, solutions to these difficult problems that exist out there related to meeting future water supply needs.

Storey: This is the water management aspect?

Johnson: This is, this is water management. This is what water management is all about, is trying to figure out how to solve these legal, and political, and institutional, and social, and economic, and all of these issues that we deal with all the time. That, that's what water management is all about. And, they're extremely complex, and they're extremely hard to deal with. And, but fun, and exciting, (Storey: Um-hmm.) and challenging, and a sense of accomplishment when you do, when you do have success, like we did with the QSA. And, so it's a different role for Reclamation, and a challenging one, but a good one, I think.

Storey: Well, that different role, does that mean that the staff is changing in the region?

Johnson: Oh, absolutely. And it has already. I mean, we're not the same organization, by a long shot, that we were twenty years ago, or even ten years ago. I mean, we were still doing significant construction ten years ago in this region with Central Arizona Project. (Storey: Um-hmm.) Although most of it had died down, but, oh, you know, twenty years ago we really still had very much of an engineering focus in terms of construction and orientation.

". . . from 1936 when Hoover Dam was finished, until 2003 we just delivered all the water everybody wanted. . . . basically management of the river was fairly easy, because demand was less than supply. You just delivered . . ."

The water management issues on the Colorado River twenty years ago, aside from the issues related with flood control that we had in the high flows of '82 and '83, water, water, these water management issues were, I mean operating, we were just, you know, from 1936 when Hoover Dam was finished, until 2003 we just delivered all the water everybody wanted. (Laugh) And, you know, through the, in spite of the fight in the Supreme Court, basically management of the river was fairly easy, because demand was less than supply. You just delivered, so you didn't have to deal with these issues.

". . . management of the Colorado River was easy, and the challenges then were the construction and the engineering. . . ."

They were ***looming***. Everybody ***knew*** they were there, and would have to be dealt with someday, but, you know, management of the Colorado River was easy, and the challenges then were the construction and the engineering. And, that's what was, that's, was the main focus of the organization. And, in the last twenty years that focus, and particularly in the last ten, our focus has gotten on, you know, "How do we manage the river, and how do we meet entitlements, and how do we take care of new

needs without building?" [Recording paused.]

Storey: Oh. I had just asked you about studies, I think.

". . . we have done studies of the ciénega, and it is a significant resource. . . ."

Johnson: Yeah. And we have done studies of the ciénega, and it is a significant resource. And, I think that there are substantive issues that, you know, in terms of showing that there are impacts, I think that if we had litigation that it would be hard to argue that there aren't impacts on the ciénega, from operating the desalting plant. And, you know, it's not that I'm so concerned about the environmental issue of the ciénega, although I don't want to imply that I don't have an environmental value. I think it ought to be preserved, if we can. And, there's a win-win way to preserve the ciénega and still meet the other purposes. It's probably cheaper at the same time, and in my mind that's what we ought to, that's what we ought to do, but I'm, when it comes to the desalting plant and the ciénega, I'm more concerned about the legal quagmire we may get into, and I think that there's more danger. The precedent that would occur if we lost litigation has huge implications, not just for the Bureau of Reclamation, but for everybody (Storey: Um-hmm.) that deals with border issues.

". . .I am . . . concerned about the environment of the ciénega . . . my bigger concern is if we don't find a solution that leaves the ciénega alone, we could end up with a legal burden and a legal determination that we don't want to have, that would make . . . managing the river with Mexico much more difficult. . . ."

And, rather than saying that I am so concerned about the environment of the ciénega, which I am, my bigger concern is if we don't find a solution that leaves the ciénega alone, we could end up with a legal burden and a legal determination that we don't want to have, that would make [operating,] ~~operate,~~ you know, managing the river with Mexico much more difficult. So. I guess that's (Storey: Hmm.)–but yeah, we have done studies on the ciénega.

Storey: I'm wondering if there's anything new on the Central Arizona Project settlement?

Johnson: Hmm. Well, it's, there has been–I know we talked quite a bit about that previously.

Storey: Yeah, we have talked about it, I know.

Settlement Legislation for CAP Issues Has Been Introduced in Congress

Johnson: The only think that's new, the settlement legislation has been introduced in Congress and it is starting to move forward. The ***big*** issue that's come up has been between the two states of New Mexico and Arizona. Under the original C-A-P authorization, New Mexico got the right to 18,000 acre-f[eet] . . .

END SIDE 1, TAPE 3. JUNE 16, 2004.
BEGIN SIDE 2, TAPE 3. JUNE 16, 2004.

Storey: Recalling correctly that was Hooker, maybe?

New Mexico Has Raised the Issue of the Commitment of 18,000 Acre Feet to it During CAP Development

Johnson: It was. It was Hooker Dam or alternative. (Storey: Yeah.) The idea being that New Mex–that the C-A-P would build a dam on the upper reaches of the Gila River to capture water for use in New Mexico. And then, the C-A-P would deliver equal amounts of water to users within the Gila system that had rights to that Gila River water in Arizona. So, there was an exchange concept that was put in place. We studied those alternatives back in the '80s and quite frankly there's environmental issues, there's cost issues, there's demand issues.

". . . that area of Western New Mexico doesn't have the demand for 18,000 acre feet of water. . . . twenty years ago we could not find either economic or environmental justification for moving ahead with the project. Nevertheless, New Mexico views it as a commitment and what they obtained as part of the C-A-P authorization, and they want their share . . ."

There's, you know, quite frankly that area of Western New Mexico doesn't have the demand for 18,000 acre feet of water. It's an economically-depressed area. It's primarily mining, and most of the mines have closed. And, the projections of demand and needs for water that we had twenty years ago are even less. (Laugh) And, we couldn't, I guess what I'm saying is twenty years ago we could not find either economic or environmental justification for moving ahead with the project. Nevertheless, New Mexico views it as a commitment and what they obtained as part of the C-A-P authorization, and they want their share of the Central Arizona Project. Well now, along comes the Gila Settlement, which ultimately solves a whole pot full of Indian water rights issues in Arizona, as well as C-A-P issues, financial issues with C-A-W-C-D [Central Arizona Water Conservation District], and they're going to need support from Congress in order to move that bill ahead. Well, Senator Domenici, who is a very powerful member of Congress from New Mexico has, you know, and the state, has sat down with the state of Arizona and said, "We want our, we want our share. And, it's got to be provided for in this Gila legislation." So, they have, just in the last week or so come to terms. And, basically the terms call for, and I can't remember all of the details, but the terms call for New Mexico getting a guaranteed amount of money from the development fund, that would otherwise go to Arizona to develop their water supplies in Western New Mexico. And then there's some studies and some conditions. But, basically, there's been a meeting of the minds between Arizona and New Mexico over the New Mexico piece. That's going to get incorporated in the legislation, and I think now probably ***all*** of the major hurdles are cleared for Senator Kyle to push that legislation forward in Congress this year. So, whether or not it will get passed, I think, is pretty speculative. Nobody really knows.

"Everybody says, 'It's a presidential election year and major water legislation always gets passed in presidential election years.' . . . a huge amount of water and a huge amount of dollars associated with it. And, there's been talk of . . . putting together some sort of an omnibus bill that would include the CALFED

Program . . . and a bunch of other water projects and bills and that sort of thing, to get the political support . . ."

Everybody says, "It's a presidential election year and major water legislation always gets passed in presidential election years." (Storey: Um-hmm.) It's a huge, it's got a, it's a huge bill with a huge amount of water and a huge amount of dollars associated with it. And, there's been talk of, you know, putting together some sort of an omnibus bill that would include the CALFED Program, you know, and a bunch of other water projects and bills and that sort of thing, to get the political support, although Arizona does not want that, Senator Kyle does not want that. They're resisting that. But, that's kind of been something that's been speculated on. So, you know, I don't know.

". . . the whole C-A-P financial litigation settlement is contingent upon the passage of this legislation. And, we had a deadline. . . . Well, the three years came and went, I think, a little over a year ago. . . . we did renegotiate that time frame . . ."

The other major thing that's happened on C-A-P is, and the Gila legislation, is, you know, the whole C-A-P financial litigation settlement is contingent upon the passage of this legislation. And, we had a deadline. We had a limitation of three years, and if the legislation didn't get passed in three years then the whole C-A-P settlement was off and we were back in Court. Well, the three years came and went, I think, a little over a year ago. And, I can't remember the timing exactly, but we did renegotiate that time frame, and we now have a ten-year period for the legislation to pass. So, the other major change on C-A-P is we have a full ten years for legislation to get passed before the financial and litigation settlement come back into play. So, that's the, so New Mexico and Arizona have solved their issues, Senator Kyle's ready to push it forward, and if the legislation doesn't get passed we have ten years to see, at some time in the future, if it gets passed before the settlement all falls apart.

Storey: Um-hmm. And, the settlement forgives quite a share of the repayment, is that right?

". . . C-A-W-C-D's repayment obligation is reduced, but the amount of *water* that they get is significantly reduced. . . . [more] has now been set aside for use by Indian tribes, and under the repayment arrangements that we had with C-A-W-C-D, the costs of the project associated with Indian tribes is nonreimbursable. . . . that's kind of the Federal justification for being able to negotiate a lower repayment obligation. . . ."

Johnson: Well, what you got to remember is C-A-W-C-D's repayment obligation is reduced, but the amount of ***water*** that they get is significantly reduced. And I, I don't remember the exact numbers, but I think we were maintaining that their obligation was, in the litigation, was two point, I don't remember, I'm getting bad on remembering, $2.2 billion. And, I think under the settlement they get, their repayment obligation is reduced down to about 1.7. So, it's about $500 million, but what you got to remember is that a large chunk of water supply that was previously allocated to C-A-W-C-D for non-Indian uses has now been set aside for use by Indian

tribes, and under the repayment arrangements that we had with C-A-W-C-D, the costs of the project associated with Indian tribes is nonreimbursable. So, a large shift in that, you know, reduction in costs is reflected by this change in water supply that C-A-W . . . so they're paying less but they're getting less water. So, that's kind of the Federal justification for being able to negotiate a lower repayment obligation.

Storey: How are we doing with water levels in Lake Mead, and power production.

Water Levels and Power Production at Lake Mead/Hoover Dam Have Dropped Due to the Drought

Johnson: Terrible. We talked earlier, five years of drought. The average flow over the last five years has been 50 percent of normal. Lake Mead has dropped about eighty feet in five years. Power capacity at Hoover Dam has been reduced by about 300, I don't remember the exact number, about 300 megawatts. We have a total capacity at Hoover of 2,080 megawatts, and it's about 300 megawatts less then it was. So that's, you know, over 10 percent of the capacity at Hoover Dam.

". . . California plan, we reduced California by 6- to 800,000 acre feet. That's that much less water going through the generators. So, it's less energy. It's less efficiency. It's less head. . . ."

On ***top*** of that, we're passing less water through than we were, and so not only has the capacity dropped, and the efficiency of the plant dropped, we're actually generating fewer kilowatt hours because, California plan, we reduced California by 6- to 800,000 acre feet. That's that much less water going through the generators. So, it's less energy. It's less efficiency. It's less head. And so, the drought's taken an impact on power.

We don't know, you know, we don't know what the future holds. We know that the lake will likely drop more over the next couple of years, ***even*** with normal water use, because the way the river's operated Lake Powell fills first. And, so we know that Mead will drop more, and we don't know how much more, or for how much longer. And so, we'll probably continue to lose some capacity from loss and head, or at least over the next few years. Of course, our ***hope*** is is that, you know, this is only one of those dry cycles that occurs, and that we're at the end of a five-year drought, and we'll begin, the system will begin recovering.

". . . if you look at the hydrograph on the Colorado River, that's the history. Droughts, dry years come in cycles, and wet years come in cycles. And, you can see them in the hydrograph. So, you're hoping that this is the end of a five-year dry cycle, and now we'll have a five-year wet cycle, and the system will be able to recover. . . ."

I mean, if you look at the hydrograph on the Colorado River, that's the history. Droughts, dry years come in cycles, and wet years come in cycles. (Storey: Um-hmm.) And, you can see them in the hydrograph. So, you're hoping that this is the end of a five-year dry cycle, and now we'll have a five-year wet cycle, and the system will be able to recover. So, we'll just have to see where we're at on that. We're,

we're, Lake Powell is, the whole . . . one of the things that is really interesting, we've had this terrible drought, there is no other river system in the world, I don't think, that could suffer five years of 50 percent of normal and not had major impacts on delivering water supplies.

". . . on the Colorado River, we've had five years of drought and we still have a system that's half full. I think we're 53 percent full today after five years of drought. And while we have cut back California, in the scheme of things, that's a fairly small amount of cutback that we've had . . ."

And, on the Colorado River, we've had five years of drought and we still have a system that's half full. I think we're 53 percent full today after five years of drought. And while we have cut back California, in the scheme of things, that's a fairly small amount of cutback that we've had, so the reservoirs, and their carryover storage, and the large amount of storage that we have on the Colorado River system has really paid off in this drought. And, so we've demonstrated the resiliency of the system.

Reclamation Is Working on a Drought Management Plan with the Colorado River Basin States

We're working on, with the basin states, a Drought Management Plan, which we hope to be able to announce, I think, in the next month or so, where we would be identifying measures that we and states are going to jointly try to implement over the next few years to prepare for worst case conditions, if the drought continues. So, there's been a lot of effort going on of late. As a matter of fact, I'm going to a meeting tomorrow in Salt Lake City with Bennett Raley and the basin states, to talk about that Drought Management Plan, and what kind of measures we want to identify and put in it.

". . . under the *worst* case assumption, that being that with the five years we've had we now tack on another sequence of 50 percent of normal years, that we still wouldn't reach levels in the reservoir before 2009 that would require formal shortage. . . ."

The hydrology says, under the ***worst*** case assumption, that being that with the five years we've had we now tack on another sequence of 50 percent of normal years, that we still wouldn't reach levels in the reservoir before 2009 that would require formal shortage. And, you got to remember that's worst case, and the probability of worst case is very low. So, the likelihood is that that won't happen.

". . . one of the big issues that's come up with this drought is, 'Is the Upper Basin going to have to make a compact call?' Are they going to have to reduce their deliveries to the Upper Basin users in order to meet the seven and a half million acre feet delivery to the Lower Basin? . . . even under worst case, that that doesn't happen . . . that would be a major, major event . . ."

And, the other thing that the studies show is that you do not have, one of the big issues that's come up with this drought is, "Is the Upper Basin going to have to make

a compact call? Are they going to have to reduce their deliveries to the Upper Basin users in order to meet the ~~seventy-five, or the~~ seven and a half million acre feet delivery to the Lower Basin?" And, the hydrology shows that even under worst case, that that doesn't happen, but there's enough inflow into Lake Powell, and enough storage in Lake Powell to not have to have the Upper Basin states make that extreme–that, that would be, that would be a major, major event, if the Upper Basin states had to do that, it would be, you know, there would be lots of debate and, you know, likely litigation between the upper states and the lower states.

Storey: Yeah. They're a little upset about the possibility.

Johnson: Right. (Laugh) So, you know, I mean, that is there, but the hydrology suggests that that particular issue is not an immediately looming one, that has to be addressed. So, we spent a lot of time kind of looking at various model runs and hydrologic assumptions and that sort of thing to try to get a handle on what might, what we might need to do. It's gotten the interest of the press, (Storey: Yeah.) and we got, you know, everybody kind of asking questions about it, and we feel like we need to be proactive to be saying, "Here's what we're doing."

Storey: Yeah, it's sort of interesting. As I recall, the compact actually says that the Upper Basin has to deliver an ***average*** of 7.5 million acre feet in every ten-year period?

Johnson: Right. Seventy-five million acre feet every ten years. (Storey: Yeah.) Right.

Storey: But, you know, you can do two or three times that in one year. (Laugh) What else should we be talking about? What are your other big issues?

Multi-Species Conservation Plan in the Lower Colorado Region "which is how we obtain long-term compliance for ESA . . ."

Johnson: Well, the Multi-Species Conservation Plan, which is how we obtain long-term compliance for ESA on the Colorado River. And, of course the desalting plant we already talked about. We talked about drought. We talked about the 4.4 Plan, Surplus Guidelines, Nevada.

Environmental Groups Brought Litigation in 1997 Wanting Reclamation to Hold the Level of Lake Mead down to Protect Habitat of the Endangered Willow Flycatcher

And, I suppose the other big thing is this Multi-Species Conservation Plan, which, you know, we, it's another one of those long stories, but we did ESA compliance for the first time on the Colorado River in 1997, and it was a Section Seven Consultation with the [Fish and Wildlife] Service, where we had a really ~~major piece of legislation, I mean a~~ major piece of litigation by environmental groups that challenged our, what they really wanted is, that was when the reservoirs in the wet cycle were starting to fill and we were, Lake Mead levels were rising and there was some habitat that had grown up in the reservoir area. And, the environmental groups want us to hold the reservoir in Lake Mead constant, and it would have ***meant*** that we would have had to dump 6,000,000 acre feet of water out of Lake Mead to do that,

and they asked for, the court for an injunction on allowing the water levels to rise above a certain level in Lake Mead. And, we, we scrambled to complete a consultation with the Service that allowed us to go ahead and fill the reservoir, but nevertheless we had litigation.

Reclamation Successfully Defended Itself in Court Arguing it Didn't Have Discretion to Keep the Level of Lake Mead down

And, we successfully defended ourself. In fact, it was a landmark [litigation,] ~~legislation,~~ because that's where all this argument about the issues of discretion, and the discretion of the United States came to bear as it related to the Endangered Species Act, because what happened is, is in our discussions with the Service on when the water levels began to rise the Service asked us the same thing that the environmental groups asked the judge, and that was, "Well, can't you just hold the water level constant and not let the lake rise?" And, our answer to that was, "We can't do that. We don't have discretion. We have a Supreme Court decree, we have Boulder Canyon Act, we have a treaty with Mexico that dictate how we operate the river system and when and under what conditions we can release water. And, this is not one of the conditions. We have no discretion to do this." And, as a result of our argument the Service then agreed to allow us to pursue ***other*** activities, ***other*** than releasing water, to mitigate for the impacts of that loss of habitat. And, the court, basically, ruled that it was perfectly legitimate to consider the discretion of the agency, and to take those kinds of considerations into mind when you make, when the Service issues decisions, you know, around the Endangered Species Act. And, that was considered, and that decision, that was what the court ruled, and then it was upheld by the Ninth Circuit. And so, it became a ***very*** precedent setting case as it relates to the Endangered Species Act.

"We actually wrote a letter to the [Fish and Wildlife] Service saying we didn't have discretion to do the things that they were asking, which we kind of innocently wrote here in this region, and we didn't send it back to Washington, or to the solicitor or anybody else, we just wrote it. . . ."

We actually wrote a letter to the Service saying we didn't have discretion to do the things that they were asking, which we kind of innocently wrote here in this region, and we didn't send it back to Washington, or to the solicitor or anybody else, we just wrote it. (Laugh) (Storey: Uh-huh.)

". . . we got what most water people view as a very precedent setting and favorable court decision related to management of the Colorado River and management of ESA in general. . . ."

My guess is, if we would have sent it for review it would have, probably would have never gotten out because it's such a complicated legal issue, but we got what most water people view as a very precedent setting and favorable court decision related to management of the Colorado River and management of ESA in general.

Storey: That was willow flycatcher (Johnson: Yes.) habitat?

Willow Flycatcher

Johnson: Right. There was willow flycatcher habitat, there was nesting areas that were going to be inundated by the end of the year by the rising water levels. And, the Service wanted us to hold the water levels constant for that year, which would have meant the loss of 6,000,000 acre feet. What we did instead was, we agreed with the Service over time to develop, I think it was fifteen, no maybe it was 1,400 acres of habitat of willow flycatcher habitat throughout the range in the Southwest, and we've done that. And, we also committed to ~~another and~~ other activities. But, so we complied with ESA, just not in the way that the Service originally proposed. And, we said that "We can't do, you know, you don't have to do exactly what the Service initially proposes that you do, when you do compliance. You can, and the Service can, consider alternatives, (Storey: Um-hmm.) that are acceptable, and that are within the discretion of the agency to implement." It was within our discretion, to go out and find [1,400 acres of] ~~1,500~~ habitat and preserve it, or to create it. But, it's not within our discretion to release 6,000,000 acre feet out of Hoover Dam, under the decree and the limitations that we have under the Boulder Canyon Act. So, that, that was kind of the precedent setting. But, in all of that we, the consultation was only good for five years.

". . . environmental groups were arguing in the litigation that . . . our program was inadequate, it was not large enough to address the issues of endangered species on the Colorado River. . . . agreement between us and the Service *and* the three Lower Colorado River basin states to pursue a very *robust* endangered species protection program that was labeled the Multi-Species Conservation Program, that would be a comprehensive fifty-year plan . . ."

That consultation was only good for five years. And, environmental groups were arguing in the litigation that we were inadequate, that our program was inadequate, it was not large enough to address the issues of endangered species on the Colorado River. And, so what came out of that was, you know, this agreement between us and the Service ***and*** the three Lower Colorado River basin states to pursue a very ***robust*** endangered species protection program that was labeled the Multi-Species Conservation Program, that would be a comprehensive fifty-year plan to develop and manage the Lower Colorado River to ensure ESA compliance on a long-term basis, because that ***initial*** compliance, where we had this litigation, was only good for a five-year period. Well, we've extended that five-year period a couple of times while we've worked on this comprehensive Multi-Species Conservation Plan.

". . . a huge amount of money and effort that's gone into trying to put this M-S-C-P [Multi-Species Conservation Plan] plan in place, and we've done it. . . ."

And, there's been a, just a huge amount of money and effort that's gone into trying to put this M-S-C-P [Multi-Species Conservation Plan] plan in place, and we've done it. We've got a plan over a fifty-year period it's something like $610 million, it's 8,000 acres of habitat, it's I don't know how many hundreds of thousands of fish, endangered fish, being repatriated, I don't know if that's the right word or not, you know, into the river. Backwaters habitat development. I mean, just all kinds of, a

whole suite of things over a fifty-year period that would then allow the service to issue, take permits under Section 10 to the non-Federal users of the river, and then also provide Section 7 compliance for our activities on the river. And, so it's we've got this plan and it's a huge success, we think, and everybody's agreed to it, now at the very last moment the states walk in, and the water users walk in, and says, "One, we don't think we're getting enough assurances out of the deal."

How the "No Surprises" Policy of the Department of the Interior Endangered Acceptance of MSCP

Because, you know under the Section 10 there was this provision called "no surprises," and it was a policy that the Department of Interior had developed that said that "Under a Section 10 Habitat Conservation Plan, once a local non-Federal entity commits to implementing a plan there will be no future changes in that plan. Their obligation for ESA is met.. The Fish and Wildlife Service will ***never*** be able to come back at some point in the future and say, 'We've got changed circumstances, and now you have to do more,'" because that was happening. People would commit to plans and then new information about a species would become available and the Fish and Wildlife Service would be going back to these non-Federal entities placing more requirements on them. So, this assurances policy, or no surprises plan says that once you commit to a plan, that's it. And, the Service can never come back and put new requirements on you. Well, what happened is environmental groups sued and a judge issued an injunction holding back the issuance of those kinds of no-surprises permits. And so now, all of our constituents that were planning on having that no-surprises piece in this M-S-C-P are now saying, "Well, gee whiz, we're not getting, this is not the deal we thought it was when we started on it, and we've got to have more assurances about our protections under the Endangered Species Act if we're going to agree to implement this $610 million plan. And we think in order to do that we have to go to Congress and get a special act of Congress that would provide the assurances that we're looking for, and the authorization to carry out all these activities."

Storey: But the tendency is Congress doesn't like opening those kinds of issues?

Johnson: Exactly. Exactly. So we're at a stalemate. And we, and there's a deadline looming. Next April our compliance runs out again, and so we've got to, you know we've got to do something. And they're saying, well, and we don't, we know that they won't get legislation by next April, and we know that the M-S-C-P, you know, may be in danger.

Disagreement over Cost Sharing Responsibility for the $610 Million of MSCP Costs

The other problem that we have is we've got the states coming to us and saying, "Well, yeah, we like this $610 million plan and we want the United States to pay for 70 percent of it." (Laugh) And, of course, we're saying, you know, "Come on this river is really for the benefit of the water users, and the power users, and we're protecting their benefits, and they ought to be paying a higher, higher amount, 50 percent at least, we say." And so, we've had a kind of a stalemate over cost

sharing. I mean, even if we had the assurances piece, there's not agreement over how costs would be shared. And, so that's kind of, you know, after all these years of working and trying to come to a long-term ESA plan, that's all now up in the air. In fact, we had a meeting today. That's where I was this morning, with all of the Lower Basin states trying to hammer out, you know, what we're going to do and what our next ***steps*** are.

Storey: And, I guess the U.S. Attorney doesn't want to appeal?

Johnson: Well, what the court has done, and the states aren't willing to accept this at this point, but what the court has done is they've remanded it back to the Fish and Wildlife Service, and if the Service will put a regulation in place defining the no-surprises policy then the court will review that and determine it's legality. So, no surprises is not out, completely. The judge has put an injunction about issuing any more no surprises permits, but that injunction could be lifted if the Service properly implements a regulation that defines the no surprises policy, and how it's to be implemented.

Storey: But implementing regulation can't be done in the time frame either, probably?

Johnson: Well, they're looking at December. And so, I mean, we look at the basin states and say, "Well, gee, what if we get it by December, couldn't we still be on the track for the M-S-C-P?" And, basically, they don't want to put their eggs in that basket, and they want to pursue what they call a "bridge," where we go ahead and do something for a shorter-term period of time until they can get their legislation passed so that they can have the assurances that they want. And so, I don't know where we're going to go. We haven't figured that one out either. That's, you know Lorri [Gray][37] put her head in a little bit, and we got into, you know, "What's discretionary? What's non-discretionary?" you know, "How do we redefine the program, you know, to something less than $610 million (Storey: Yeah.) over a shorter period of time? What are we gong to do? How are we going to do it? Who's responsible for paying what?" So, all that is now up in the air. Then we have to get all that resolved and in place by next April. So, that's the other big issue for us right now on the lower, on the lower river. And, it just never ends, you know. It's fun.

Storey: Well, if it ended then everybody would be out of a job, wouldn't they?

Johnson: Well, they probably wouldn't pay us as much. (Laughter)

Storey: Well, we certainly don't want that. (Laughter) Well, in that case, let me ask whether you're willing for the information on these tapes and the resulting transcripts to be used by researchers?

Johnson: As long as they don't work for Imperial Irrigation District. (Laughter)

Storey: Okay.

37. Lorri Gray Lee has been interviewed for Reclamation's oral history program.

Johnson: Yes. That's a joke. Yes. It's fine. (Laughter)

Storey: Thanks.

END SIDE 2, TAPE 3. JUNE 16, 2004.
BEGIN SIDE 1, TAPE 1. DECEMBER 14, 2004.

Storey: Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Bob Johnson, Regional Director of the Bureau of Reclamation, in his offices in Boulder City, [Nevada,] ~~Colorado,~~ on December the 14th, 2004. This is tape one.

Let's start out with some recent stuff and move backwards. I've been interested to see the Arizona-Nevada Water Banking deal that's going on, and that they're trying to create an alliance (Laugh) aimed at California. And, I was wondering if you could talk about that today?

Water Banking Deal Between Arizona and Nevada

". . . basically what Arizona is doing is they're saying that they will *literally guarantee*, this is a very *firm* commitment for a very firm water supply of 1.2 million acre feet to Nevada, to actually give Nevada enough water to meet Nevada's needs for the next thirty years. . . ."

Johnson: Yeah. I think that that is exactly what's going on. I think a lot of people are kind of scratching their head, but because basically what Arizona is doing is they're saying that they will ***literally guarantee***, this is a very ***firm*** commitment for a very firm water supply of 1.2 million acre feet to Nevada, to actually give Nevada enough water to meet Nevada's needs for the next thirty years. That is basically the way, the way it's been, twenty to thirty years. There's actually enough water in this deal to take care of Nevada for that period of time.

Storey: Southern Nevada?

Johnson: Southern Nevada. I'm talking about Las Vegas. (Storey: Yeah.) Yeah. I'm not, northern Nevada's a whole different story. But, knowing Arizona, that goes against the grain, because of all the states on the Colorado River, Arizona is the one that is most jealous and most protective of their Colorado River entitlement. They have the longest history of fighting for their entitlement, the battle in the compact. You know, Arizona never signed the compact until 1944, and the Congress had to actually make a provision that the compact would become effective when six of the seven states signed it–because they knew Arizona wasn't going to sign it.

This Is Somewhat Counter to Arizona's Conservative Stance about Protecting its Entitlement to Colorado River Water

So, Arizona's approach to water has ***always*** been, from ***day*** one, as it relates to the Colorado River, a very strong-minded, conservative, "Protect our water entitlement. This is our water." And, I mean it, that follows through the history,

from the compact and the refusal to sign and participate in that, to the fight with California (Storey: Well . . .) in the 1920s over the Boulder Canyon Act. I mean, it took six years for the Boulder Canyon Act to get passed, after the compact was ratified, and one of the reasons for that was that Arizona and California couldn't agree. I mean, all the compact did was allocate seven and a half million to the Upper and seven and a half million to the Lower Basin. And, the allocation to the Lower Basin states wasn't, or among the Upper Basin states, was not, that's not part of the compact. The compact is just between four Upper Basin states, and three Lower Basin states collectively. And so, the idea was we get a compact that preserves the Upper Basin's entitlement, defines the Lower Basin entitlement, ***then*** you get the Lower Basin states to agree to their entitlements, and then you can authorize Hoover Dam, and begin to develop water supplies on the Colorado River. That was the plan back in the 1920s. Well, it didn't work because Arizona and California couldn't agree on the seven and a half million acre feet and how that ought to be allocated.

The Lower Colorado River Basin States Couldn't Agree How to Split the Basin's Entitlement of 7.5 maf so the Congress Did it in the Boulder Canyon Act in 1928

And, in the end, Congress just made a decision, and allocated the water, even though the two states didn't agree on how it should be allocated, Congress just did it. And Arizona, then, you know, objected to that, didn't agree. So did California. And, then there was this long fight over all those years, between Arizona and California, over that allocation, and what the rights were. And, that culminated in the Supreme Court decision in 1963 and '64, that basically ruled for Arizona, and Arizona's entitlement. And so, Arizona looks back on that history, and they're very jealous about their water entitlement.

". . . the idea of having that water entitlement *used* by another state is a very very foreign idea to the state of Arizona. And, for *them* to enter into an agreement to guarantee a water supply out of that entitlement to another state is a *major* change in their approach to doing it. And, my understanding is, Nevada's giving them like $330 million . . ."

And, the idea of having that water entitlement ***used*** by another state is a very very foreign idea to the state of Arizona. And, for ***them*** to enter into an agreement to guarantee a water supply out of that entitlement to another state is a ***major*** change in their approach to doing it. And, my understanding is, Nevada's giving them like $330 million, I think, is the number. I'm not sure. It's a lot of money. It's very, it's very, it's a ton of money for the amount of water that Nevada's getting. And, a ***big*** part of that is being paid up front. But, it's just out of the character of Arizona to do that. And it's not the money. I mean, Arizona has never viewed their water entitlement as being worth ***any*** amount of money. It's not a ***matter*** of money. It's a matter of ***principle***. It's a matter of ***right***, you know.

". . . for Arizona to enter into that kind of agreement, is really very significant, and I think the true reason, and this has been documented in the newspapers, the true reason that they're willing to do that is to get Nevada's political support to get the C-A-P [Central Arizona Project] priority equal with everybody else in the basin. . . ."

And, so for Arizona to enter into that kind of agreement, is really very significant, and I think the true reason, and this has been documented in the newspapers, the true reason that they're willing to do that is to get Nevada's political support to get the C-A-P [Central Arizona Project] priority equal with everybody else in the basin. And, that's the, the 1968 Act gave, made C-A-P the lowest priority. And now, Arizona wants to get that changed. And, California will always object to that. And, there's now a political partnership between Nevada and Arizona to try to get that achieved, and that's the real reason why Arizona has been willing to, to make that deal. California will object vehemently.

This Is Not a Permanent Solution to Southern Nevada's Water Supply Problem

One of the problems that I think Nevada is going to face in this is that this water supply they're getting from Arizona doesn't really solve their problem, because it's only a temporary water supply. It's ***not*** a permanent water supply. It will provide water for some period of time and, but I will guarantee you, at the end of that period of time, there will be ***no incentive*** for Arizona to continue to make any additional water available to Nevada. And, that, at that point in time I'm very skeptical that Arizona would ever be willing.

California Is the Only Colorado River Basin State That Potentially Has an Unlimited Supply of Water

And so, if there's going to be interstate cooperation in the Lower Basin, I think Nevada has to look to California as well, for the long term. And, taking sides with Arizona on this issue may alienate California, and may make it more difficult for Nevada in the future to do any deals with the state of California. Now, I'm not sure about that. We'll have to see how that plays out. The thing about California is, California is the only state on the Colorado River Basin that has an ***unlimited*** supply of water. And, they have the Pacific Ocean.

In Future Nevada May Be Able to Solve its Water Supply Problem Through Cooperation with California and Desalinization of Sea Water

And, in the end they can go to desalinization of ocean water, and that's literally an unlimited supply of water. And, that can be extended, then , in interstate cooperation, to Nevada. I mean, Nevada could pay for desalinization, and California, in exchange for that, could forbear in some of its use of its Colorado River entitlement, and Nevada's water needs could be met on a very long-term basis with some sort of an exchange agreement for money. And that is really, ultimately, the, the best solution for Nevada and their water needs. And, we've been fairly actively trying to promote that idea, and encourage Nevada and California to take a look at doing arrangements along those lines.

Southern Nevada Is Also Looking at Groundwater in Central Nevada as a Source of Supply

The other water supply that Nevada's looking for is ~~these,~~ this groundwater in areas north of Las Vegas, where they want to build pipelines and tap a large reservoir of water in northern Clark County, and Lincoln, and White Pine counties. And, I think those are going to be very difficult for Nevada to have a lot of success with. Now, ***Nevada*** is ***having*** to pursue those alternatives right now, because there's a tremendous pressure on Nevada from the other basin states.

". . . basically, the other basin states are saying, 'Nevada you can't be reliant on somebody else's water supply, and you have to develop your own water supply, within your own state, to meet your long-term needs.' And, the only water supply that Nevada has is this groundwater in the areas north of Clark County. . . ."

And, basically, the other basin states are saying, "Nevada you can't be reliant on somebody else's water supply, and you have to develop your own water supply, within your own state, to meet your long-term needs." And, the only water supply that Nevada has is this groundwater in the areas north of Clark County.

Using Groundwater for Southern Nevada's Needs Will Have Environmental and Political Costs and Will Be Expensive

The ***trouble*** with that groundwater is, one, it's going to have significant environmental impacts. There's national parks, there's wetlands, there's endangered species, there's actually a Fish and Wildlife Service . . .

Storey: A refuge?

Johnson: Refuge, in some of the areas. And there, once you start pumping that groundwater, you start lowering groundwater tables, and there's a lot of significant environmental impacts. And, ESA [Endangered Species Act] compliance will come into play. And, I think that becomes ~~possible. I mean that becomes~~ very problematic. The other thing, the other two things that are strikes against that project is politics within the state of Nevada. Those are rural areas, and the communities in those counties, outside of Clark County, are very opposed to seeing this water moved down to big old Clark County. They see that as stealing their lifeblood. And so, within the state of Nevada, you have a political issue with these rural areas that are going to be affected by this groundwater. And then, the third thing on that approach is the cost. It's going to be ***hugely*** expensive to build pipelines all the way from almost Ely, Nevada, to Las Vegas, to pump and carry groundwater down here? And, the Virgin River, which they need to develop, they'll have to build storage, and then they'll ***ultimately*** have to build a pipeline to Las Vegas, and ***ultimately*** a desalinization, because the water quality is poor, to bring Virgin River, which is another piece of the puzzle that Nevada's working on.

". . . I think, in the end, Nevada's got to look back to the Colorado River for its long-term needs. . . ."

So, you know, I think all of that doesn't bode very well for that project, and I think, in the end, Nevada's got to look back to the Colorado River for its long-term needs. And, this Arizona deal is an interim solution, but in the long-term, I think they need

cooperation from California to solve their problem. And, so how this all plays out politically, you know, I'm not sure Nevada is as sensitive to, or is as, or would necessarily agree with my assessment about their reliance on California. I think they may think Pat Mulroy probably might not agree with me that California is such a good solution for them. And, you know, I think they're putting their eggs in the Arizona basket. I personally think that, you know, while that may be a temporary fix, I think in the long term that's not going to be something that they can, well I ***know*** it won't be something they can count on. It's only an interim, short-term water supply.

Storey: Politically, it doesn't seem like it would work. You know, California is just so huge in the House, for instance.

Johnson: Oh yeah. I don't think that even with Nevada and Arizona joining forces on the priority issue, that you're going to get Congress to make the change, because of the political clout that California has.

I don't think California is going to–I think there is–you know, one of the things that is interesting about the state of California is, and I don't want to say California is without, doesn't have ***any*** states rights perspective, but on the Colorado River most of the states have a fairly strong states rights perspective on things, (Storey: Yeah.) and that the state is foremost, and the views of the state is foremost, and that the state and their water right and their water use is, you know, protected for that state. And, you know, nobody else, you know that, a very protective kind of a view. California doesn't have quite–well, I think some of that is there in California. One of the things about California as a state, is California is so large, and so diverse that there is not the same sense of statehood among water users and people within the state of California that there is within Arizona or Nevada. People in those states really identify with the states that they live in. And, within California the diversity and the size–the state government is, you know, as big as the Federal Government. (Laugh) And, is maybe more, and is as maybe sometimes as remote as the Federal Government. So, people's view, from a states rights perspective, I think, is a little different in California. And, I think, you know, what that translates into for me is water deals, exchanges, and sale of water within California, over the long term, are more viable, because you're less likely to run into that statehood issue. I think California will be more open to the idea of letting some of their water being used in another state, on a long-term basis, under the right set of financial arrangements. Whereas, Arizona, I don't think, would ***ever*** be open to any kind of long-term arrangements, to letting their water supply be used somewhere else. And, so that's, there's a, I think a better chance for Nevada to cut a deal that will permanently solve their water supplies with California. And, I guess one of the concerns that I have is this deal with Arizona may close the door on Nevada being able to bring that kind of a relationship together.

Storey: Um-hmm. Does Reclamation have any role in all of this?

"If someone has a water problem, I think it's in the Bureau's interest, and the Secretary's interest, to figure out how to solve it. . . . if we don't, as watermaster on the river, ultimately at some point in time that problem ends up on our

doorstep. . . ."

Johnson: Well, you know, I'm, I need to be careful, because I don't take sides in all this thing. I mean, I'm kind of an independent observer, and it's not my job to represent Nevada's best interest, or Arizona's best interests, or California. I'm more of an observer, you know, in the statements I make. I ***will*** say this, it ***is*** in our interest, I think, to try to solve problems. If someone has a water problem, I think it's in the Bureau's interest, and the Secretary's interest, to figure out how to solve it. And, the reason why I say that is, if we don't, as watermaster on the river, ultimately at some point in time that problem ends up on our doorstep.

If Southern Nevada Cannot Meet its Water Needs the State Might Challenge the Colorado River Compact in Court

And, if Nevada doesn't get its water needs met, and it ***can't*** develop its groundwater supplies in areas north of Las Vegas, ultimately Nevada is going to jealously look at the other states' entitlements and the changing social values, and the changing population growth, and social values in the western United States, and there's going to be litigation, you know, I think, ultimately. In fact, Pat Mulroy said that, in the press, you know, that in [the] end, if Nevada can't find solutions to its water problems, Nevada's going to take the whole law of the river to the court and try to get it all overturned, and get new, you know, new approaches. Now, whether or not Nevada could successfully ***do*** that, you know, in the courts, I don't know. There are, I mean, some plausible arguments that they can make about interstate commerce, and the commerce clause of the constitution that protects commerce, you know, among states and those sorts of things, and whether or not water markets and that interstate water markets ***violates*** that provision of the constitution. I mean, if Nevada, there's a decision made, and I don't remember the name of it, that addresses that to some extent.

". . . if Nevada took that on, and . . . you never know . . . how courts are going to see things. Especially if society is changing, social and cultural values are changing, and you've got an antiquated water allocation that's eighty years old, and you know, a whole different set of social values, and economy, and needs now. And, if the system doesn't *adjust* to accommodate some of those new contemporary needs, you've got a system that may end up in the courts, and you may end up with changes that people don't agree . . . with . . I mean, that's speculation. But, there's some risk there. . . ."

And, so there is some legal foothold for Nevada to take there. And, if I were another basin state, I'd be a little concerned about that, because that, I mean, if Nevada took that on, and if, you never know what court, how courts are going to see things. Especially if society is changing, social and cultural values are changing, and you've got an antiquated water allocation that's eighty years old, and you know, a whole different set of social values, and economy, and needs now. And, if the system doesn't ***adjust*** to accommodate some of those new contemporary needs, you've got a system that may end up in the courts, and you may end up with changes that people don't agree, don't agree with, you know, or can't be supportive of. Now, I mean, I don't know. I mean, that's speculation. But, there's some risk there. And so, that's

why I say, I think it's in ***our*** interest to try to help people ***solve*** their problems in a consensus way, with all of the players in the basin, because if we don't these kind of lawsuits are going to fall–and you know who the lawsuit's going to be against if Nevada decides to [file] ~~follow~~ suit. It's going to be against the Secretary, because the Secretary's, it's the Secretary's contracts, it's the Secretary's management of the river that would be challenged. And, it would immediately go to the Supreme Court, because you would have other states joining in. And so, it's in our interest, ***I think***, to try to figure out how to help Nevada–the Bureau of Reclamation's interest. And, it's also, I think, in our interest, not just Nevada, but to help ***anybody*** on the Colorado River System to try to solve their problems, because we're the manager of that system, and each time you have a problem that can't get solved, it will come home to roost, and you could very well have litigation, or other kinds of problems that ~~are, that~~ fall out from those problems that are going unsolved.

"*. . . we*, I think, have to play this proactive role of . . . trying to figure out, well how do we bring all these parties together that takes care of everybody's water needs. Now, there are those that would say, 'Well, you know, that's too proactive of a role for the Bureau . . .'"

And so ***we***, I think, have to play this proactive role of, you know, trying to figure out, well how do we bring all these parties together that takes care of everybody's water needs. Now, there are those that would say, "Well, you know, that's too proactive of a role for the Bureau, or for the Secretary, or for the Federal Government, and that really, ***your job*** is to just be the watermaster, to very narrowly interpret the law of the river, and to not try to be proactive. Just sit back and do your water accounting, enforce delivery of entitlements, but don't be proactive trying to find solutions to these problems." That would be another approach, and there are those out there that I think would probably say that that ought to be the approach that we take, you know, with these problems.

Storey: That's what Water 2025 is about?

". . . it's frustrating for me, I mean there are times when we're working on these problems, and quite frankly I can see solutions that ought to work, and these statehood issues, and these political issues, and these institutional issues get in the way . . ."

Johnson: Trying to be proactive. Right. Yeah, I agree. And I think, and you know it's frustrating for me, I mean there are times when we're working on these problems, and quite frankly I can see solutions that ought to work, and these statehood issues, and these political issues, and these institutional issues get in the way, and you get frustrated, you know.

A Good Solution Is Often Opposed for Political or Legal Reasons

Well, here's a solution that works, and yet we got these people over here that are objecting, not on good technical grounds but on political grounds, or legal grounds, whereas the action could be taken. There's win-win actions that can satisfy needs

and take care of everybody, but for political reasons or, you know, institutional reasons over ***here***, you know, there's resistance to those win-win solutions. And that, that's very frustrating. Sometimes I get frustrated and say, "Well, you know, maybe we ought to just try to quit helping people (Laugh) and go to that role of all we are is the administrator of the river, and it's not our job to try to figure out how to solve problems." I mean, ***that*** would be an approach.

Issues Began to Become Difficult as the States Approached Using Their Full Entitlement

But I, I mean in the end I don't agree with that. I mean, I think we need to be proactive and try to figure out, and I think that is the approach that we've taken for the last fifteen years, sixteen years. But, before then there were no issues. It wasn't a problem, because we were still delivering all the water everybody wanted. But, starting in the late eighties, and early nineties, we began to see that, you know, demand was building up, and final, and utilization of the full entitlements was beginning to occur. And, all of a sudden, all of these conflicts that have been buried since the 1920s are starting to, you know, rise to the top. And, since we've started to see that, we've always tried to be pretty proactive in trying to find ways to deal with those issues, and I personally think that's the right thing to do. But, there could be another approach, and that would just to be sit back and say, "Well, we're not going to concern ourselves with trying to solve problems, we're just going to administer the decree, and the Boulder Canyon Act, and our contracts, and we're not going to be agents for change, or trying to solve problems." And that could be, you know, that could be a very legitimate approach to try and, to trying to manage the river, if that's what we wanted to do.

Storey: But, as Lower, as the ***watermaster*** of the Lower Colorado Basin, we don't have a role when Arizona says, "Yeah. We'll transfer 1.2 million acre feet to you,"?

Johnson: Oh ***yeah***. We do. We have a role. And, our role is to accommodate that. But, our role, you know, the role that we've tried to play goes beyond that. And, the role that we've played in the past has actually been to not only accommodate it, but to get out there and to say, "Gee, you know, Nevada's got a problem over here. Arizona and California, we'd like to see, you know, forms of interstate marketing to be put in place. We'd like to see you to cooperate with . . . " You see what I'm saying? We've gone, certainly if the two states strike a deal, and it doesn't harm anybody else, then our role would be to implement that. But, we could implement that in a, in the same manner that I talk about in terms of just being purely a watermaster. You know, we will, you know, ensure that Arizona uses less, and that Nevada gets to, you know, divert more. But that's really just a ministerial kind of a function, and we could do that, and we do have to be involved in order to allow the Arizona-Nevada. The ***difference*** is, ***we*** have been more proactive out there, actually saying, "Gee, we think interstate marketing is something that ought to happen. Gee, we think surplus guidelines ought to be put in place. Gee, we think the ag entitlements in California ought to be quantified so that we can have water market transfers between ag and urban users within California." We've been very ***proactive*** in looking at those sorts of things and saying, "Gee, we need to tweak the law of the river. We need to make changes in the way the ***legal*** framework is set up so that we can accommodate these

contemporary needs." And, that's a very different role from just sitting back and saying, "Well, if you parties want to negotiate solutions to your problem, go ahead and, (Storey: Um-hmm.) whatever you come up with, we'll implement." Instead of playing an a ministerial role, we've actually been more proactive in trying to facilitate, you know, arrangements to solve problems.

Storey: Okay. Let's talk–is that all?

Johnson: Yeah. I think so.

Quantification Settlement Agreement

Storey: Let's talk about the Quantification Settlement Agreement, (Johnson: Um-hmm.) the 4.4 Plan, (Johnson: Um-hmm.) and all that kind of thing. (Johnson: Um-hmm.) We talked about this last time. How is it going?

In 2003 Imperial Irrigation District Transferred about 10,000 Acre Feet to San Diego and Then in 2004 Transferred 20,000 Acre Feet

Johnson: Well, I think it's going good. I think that, you know, it's really been two years now. This is the second year. The water transfers are actually being implemented. We've seen, I don't know 10,000 acre feet last year, and I think it's 20,000 acre feet this year moved from Imperial to San Diego. And so, the water transfers are occurring.

Inadvertent Overrun Guidelines

We've put in place our Inadvertent Overrun Guidelines that provides flexibility for limiting water use in the Lower Basin, among Lower Basin water users. That's kind of been a technical thing that we've had to implement. There's been ***lots*** of what I would call small policy issues associated with trying to get that implemented. You know, little details like, well, how, you know, under that arrangement a water user can use more than their entitlement, but they have to pay back–if they do use more than their ***entitlement***, then in the following year, or in some following years, they have to pay back the system for that water that they used above their entitlement, and this we call Inadvertent Overrun Guidelines. Well, under that arrangement, the ***rule*** for paying back water is that you have to pay back with wet water. And that means you have to do some sort of extraordinary activity that made ***additional*** water available to the system. It can't, I mean, you know, there's always fluctuations in water use, from one year to the next, because the agricultural economy is different, the weather conditions are different, and we see natural fluctuations in water use, especially irrigation water use, which accounts for 80 percent of the Lower Basin's deliveries. So, we see fluctuations. And, what we're saying is, you can't ***use*** those kinds of natural fluctuations to pay back an overrun. If you're going to pay back an overrun, it has to come from some specific quantifiable, measurable, extraordinary activity, like implement a conservation program, like fallowing land that would have otherwise been irrigated, that actually can demonstrate that it has reduced water use by the amount required to pay back the overrun. And so, we've been administering the program for the first time, and so now we get into the detailed issues of, "Okay,

what constitutes extraordinary conservation? What kinds of things does a water user, or a water irrigation district propose to do [to] create that extraordinary water? What's acceptable? What's not acceptable?" So, there's a ***million*** little details there, you know, on how you do that. And, we've got a technical committee, with representatives from the three Lower Basin states, and other interested water users. We've laid out a technical framework for how we think that needs to be done. And, in fact, we've successfully defined, at least for a year, something that we learn about ~~as go~~ over time. So, that's part, you know, of implementing the QSA [Quantification Settlement Agreement], and moving into this era where we have to limit use.

Canal Lining as Part of the QSA

The other thing about the QSA that is moving along, is it calls for canal linings, both the All-American and the Coachella canals. The canal lining on the Coachella Canal has started, and will be completed in about two years. So, construction is actually underway. That was part of the QSA. The lining of the All-American Canal, they're doing final designs, and a year from now that will have started, and it'll be completed in 2008. So, those activities are moving ahead. There are issues with the country of Mexico, on lining the All-American Canal, but I think that that's not, there's no stopping–those issues will not delay or stop the lining of the canal. I think the canal lining will move ahead, without regard to those. I think there will be efforts to try to ***address*** Mexico's issues, but I don't think that ***not*** addressing them will result in us not getting the canal lined. Just the decree accounting, and doing the decree, all that's part of QSA implementation, and accounting for who, how much water got moved, and who diverted it, and who used it. All that's going along very well.

". . . we've had the drought, and the QSA always anticipated that California would gradually reduce its use, and that they would get surplus water from the system, as long as the system had enough water to make that available. And now, with the drought, that gradual reduction that California was going to get under the QSA has gone away. And, in fact, California's use over these last two years has been reduced by 800,000 acre feet of water, to stay within their 4.4 entitlement. . . ."

The one thing, of the QSA, that is ***working***, but its not provided the water supply to California is, we've had the drought, and the QSA always anticipated that California would gradually reduce its use, and that they would get surplus water from the system, as long as the system had enough water to make that available. And now, with the drought, that gradual reduction that California was going to get under the QSA has gone away. And, in fact, California's use over these last two years has been reduced by 800,000 acre feet of water, to stay within their 4.4 entitlement. So, it's happened much quicker than anybody envisioned it happening. But, the structure of the QSA itself is not affected by that. I mean, that's just a physical outcome from the drought. (Storey: Um-hmm.) And, so that doesn't mean that the QSA isn't working. All in all, I guess I can't think of any part of the QSA, other than just working on those kind of minor details, that is not coming together. I probably ought to back up.

***". . . one* thing that's going on that's really outside of our control, and that is there**

is litigation that is ongoing between a group of farmers in Imperial Irrigation District and the district itself. Over . . . who really has the right to control and sell water in the Imperial Valley? Does it reside with the district, as an entity, or does it reside with the farmers . . ."

There is ***one*** thing that's going on that's really outside of our control, and that is there is litigation that is ongoing between a group of farmers in Imperial Irrigation District and the district itself. Over, and the issue is, who really has the right to control and sell water in the Imperial Valley? Does it reside with the district, as an entity, or does it reside with the farmers, who are the beneficiaries of the water. And, does the district hold the right, and is the district the one that as an entity sells water and negotiates for water, or is that a right that should exist with the individual farmers? Now, the way the QSA was structured, it's with Imperial as the district. It's not with Imperial as . . .

END SIDE 1, TAPE 1. DECEMBER 14, 2004.
BEGIN SIDE 2, TAPE 1. DECEMBER 14, 2004.

Storey: It's with the district rather than the farmers, (Johnson: Right.) as the QSA as such.

". . . the farmers are *very interested* in selling water. I mean, that's why they brought the litigation. Imperial Irrigation District is selling the water for a very high price, and they're paying the farmer a relatively low price. . . ."

Johnson: As the QSA is structured. Now, if the farmers are successful in this litigation, and the court rules that the farmers really are the decisionmakers, and the ones that control the marketing and transfer of Imperial's water, then that puts a whole new framework on the QSA, and how it would work. I think that the documents that, and the framework that's there, the structure of it would stay the same, because quite frankly the farmers are ***very interested*** in selling water. I mean, that's why they brought the litigation. Imperial Irrigation District is selling the water for a very high price, and they're paying the farmer a relatively low price. An example, the district gets $250 an acre foot from San Diego. They're paying farmers somewhere around $50 to $60 an acre foot for their water. And, the $200 an acre foot, the district is keeping. And so this argument, ultimately, is over money, and who gets the money from the water sales. And the farmers are saying, "***We're*** the ones that have the right to the water, and ***we're*** the ones that ought to be getting that money." And, the district says, "No. We're the entity that has the contract with the Secretary. We control those decisions, and ***we*** determine how that money is dispersed." And so, that's what that issue is really about. If the farmer's win, I think the water transfers and the quantification will probably stay in place, but there will have to be some new agreements negotiated to reflect whatever comes out of those courts, out of those court decisions. If IID [Imperial Irrigation District] wins, you know, no effect on the QSA.

Storey: I guess, my impression was that irrigation districts, which received water from Reclamation, were mutual companies? What I mean to say is, they were ***owned*** by the people receiving the water? They were an ***arm*** of the people receiving the water? Is that not true?

Johnson: Well, it depends on the irrigation district. Some of them are that way, and some of them aren't. And, it depends on the state, and the state law governing the creation of the districts. Most of these districts are chartered under state law, in some form. (Storey: Um-hmm.) And, whether or not the district is the agent of the farmers, or the farmers are just customers and the district itself holds rights, you know, holds the rights to the water, and the control of the water, and the decisions around the water, is a complicated issue, and that legal framework may vary, you know, within states, district by district and, you know, outside of, in different states different legal structures, and that sort of thing. Just within California, the Imperial Irrigation District, the way it's set up, its board is elected by the population as a whole within Imperial County. So, they are like a county commissioner. They are not elected by farmers. They're elected to represent the interests of Imperial County, at large. And, in fact, the Imperial board has five board members, and only one of them is a farmer. One's a real estate agent. One is a hay buyer and seller. One is a former Imperial Irrigation District employee. One is a–did I say real estate agent?

Storey: Yeah.

The Difference Between the Irrigation Districts on Palo Verde and on Imperial

Johnson: Yeah. The one's a real estate agency. One, Stella Mendoza, and I'm not sure what her profession is. It's not a farmer. She's not a farmer. Her dad was a farm worker in the Imperial Valley. So, they represent not the farmers' interests, but the interest of the county as a whole. And, the farmers are saying, you know, that's not right. It's ***our*** interests that ought to be being represented here, and we ought to be able to determine who the board is, and have the farmers make the decisions. And, that's why Imperial has been such a tough nut to crack. You know, quite frankly, the marketing of water from farmers, ***farmers*** have ***never*** been the issue in Imperial Valley. The farmers are very much willing sellers of water. Farmers are businessmen, and if the value of the water–if they can sell the water for more money than they make raising crops, they're going to be interested in selling the water. When you've got a board that's elected from the community at large, that larger community is not concerned about ***farmers'*** profits, ***they're concerned*** about the economic well being of their community as a whole. And, they don't necessarily ***want*** to see water, or economic resources, leaving their county. So, it sets up a very different regime for thinking and decision making within those irrigation districts as to how the board is set up, who elects the board, and then how that board makes decisions. And basically, what the board is saying, "Well, the farmers' interests are really secondary. We'll pay them a much small–the rest of the money we're going to keep, and that's going to be used for the local economy, and things that the district wants to do that aren't necessarily things that the farmers would do." Now, you can contrast that with the Palo Verde Irrigation District in California, which is along the river (Storey: Water right in Blythe.) in Blythe. They have water right number one. That board is elected by the farmer. Only the farmers have a right to vote. And, a farmer, and I don't know if they vote, they probably vote based on the amount of acreage that they own. (Storey: Um-hmm.) So, the board there, all of the board members there are all farmers. And, they're elected by farmers. And, the local community, the City of Blythe, and the other people, have ***absolutely*** no say in the decisions that that board. . . . They're only responsible to the farmers. Now, what

approach has the Palo Verde board taken to water marketing? They love it. (Laugh) They entered into a deal in '92 and '93 to sell water to Metropolitan, got a ***big*** price for their water, and they just recently signed another agreement with Imperial to sell up to a third of their valley's water to Imperial on an annual basis, for another very large sum of money. There were ***no*** complicated ***issues*** that arose with Imperial, over a similar kind of a deal, because the Imperial board is responsive to the general public and the community, who is reluctant to see the economic resource leave. In Palo Verde, you got farmers who are being compensated for the economic resource, and they're very anxious, and so there's no controversy in Palo Verde. They'll sell their water. Not a problem. All the profit goes to the farmers. The farmers are happy. They're the ones that make the decision. It's their economic resource. You go to ***Imperial***, the farmers at Imperial ***want*** to be in the same position as the farmers in Palo Verde. But, that's not the case there. Imperial takes a very ***different*** view because of the makeup of its board, and those bigger concerns that the local community has.

Storey: Okay. So, there's about, I believe it's a half million acres in Imperial? (Johnson: Um-hmm.) And, 100,000 acre feet is ***ultimately*** going to be transferred over to . . .

Johnson: 300,000.

Storey: 300,000. (Johnson: Um-hmm.) So, there isn't even an acre foot, per acre, being transferred?

Johnson: Right. it's about ***10 percent*** of the water that's used by Imperial being transferred.

Storey: So, who is getting the $50 acre foot?

Johnson: The farmer.

Storey: Which farmers?

Johnson: The ones that agree to reduce their water use, that enter into agreements. Basically what Imperial has been doing is they've been going out and say, "Okay. We need this much water for San Diego this year, who is willing to sell us some water, and how much price do you want for it?" And so, any farmer that wants to sell water comes in. Of course, there's competition. And so, the farmers, some farmers come in at a high price, some at a low price. But, the district then goes to the lowest price, and they're able to buy water for the $50 to $60 acre foot, and then the district gets to keep the $200 acre–the $250 acre foot that they're getting from San Diego. So, they're kind of doing a bidding each year, going out and buying water from individual farmers. So, farmers get some of the money, but it's a relatively small portion, because the district kind of controls the market, and who it can buy from. Now, in Palo Verde, all the money goes right to the farmer. The district doesn't keep any of it. So, the farmer in, roughly the Palo Verde farmer sold their water for about $250 an acre foot also. All of that money goes right to the Palo Verde farmer. So, the Palo Verde farmer's getting about $250 acre foot for his water, and the Imperial farmer is getting about $60 an acre foot, $50 to $60 acre foot for his water. And, the

Imperial farmers are looking at the Palo Verde farmers and saying, "This doesn't sound right to me." (Laugh) And so, they're suing the district, (Storey: Uh-huh.) And, they're saying, "We think it's our resource, it's ***our*** economic resource. ***We're*** the ones that's giving it up. ***We're*** the ones that really have the right to the water. And, we ought to control how it gets sold, and who sells it, and that's not, and all the proceeds from that sale ought to be going to us," similarly to the way that it's being done with Palo Verde.

Storey: So is this fee of $50 or $60 an acre foot, is that where the payment for fallowing comes in?

Johnson: Right. That's what the farmer will get for fallowing his land, is $50-$60 acre foot. Imperial then turns around and sells that water to San Diego for $250 acre foot.

Storey: But, there are roughly about 6 acre foot (Johnson: Per acre.) per acre?

Johnson: Right.

Storey: So, he's getting maybe $300-, $360 dollars if he fallows an acre of land?

Johnson: Right. With no expenses. So, that's very profitable. ***Even that's*** very profitable to a farmer. But, if he got the whole . . .

Storey: Not nearly as profitable as two-fifty.

Johnson: If he got the whole $250 he would be getting what, what's that, $2,000 an acre? Well . . .

Storey: $1,500 or so.

Johnson: $1,500. Yeah. Right. $1,500. Well, six times, yeah about $1,500 an acre, instead of $300 acre. So, you know, it's five times what they would get.

Storey: Yeah.

Johnson: So, there's a lot of money in it for the farmers. So, it will be interesting to see how that litigation ends. If that, if those farmers are successful, then that will change somewhat the structure of the QSA, although I don't believe it will change the basic framework. The ***water*** will still flow. It'll, but basically the money will go to . . .

Storey: Different bank accounts?

Johnson: Different bank accounts. Yeah.

Storey: Interesting.

Johnson: Um-hmm. And, to some degree, I mean, I don't know how it would work out. But if the . . . I think in the end the QSA and the water transfer from Imperial to San Diego will occur, and to the metropolitan area, will occur. But, it's just, you know, it really

does, it comes back to who gets the money. I think that if the farmers are successful, that it will make future transactions with Imperial much easier to implement. The transactions with Palo Verde have been very easy to implement, because the farmers control the decisionmaking process, and their economic interest is the one that they look after, and it's easy to accommodate that economic interest in negotiations. It's much more difficult when you have the framework that Imperial has. If the farmers gain control of the water in Imperial, they will not be happy just selling 300,000 acre feet. They will want to sell more, (Laugh) because they'll be interested in the profit associated with selling more. The district, as long as the board is elected from the population at whole, the district will ***always*** resist selling more water, because that is the . . .

Storey: Economic base?

Johnson: The economic base, and the mindset, of the population as a whole.

Storey: Hmm. Let's go to Palo Verde, back to Palo Verde. Joe Blow, who happens to be number one on the ditch, sells his water, or leases really, his water, right? (Johnson: Um-hmm.) But, there's still O-&-M charges, (Johnson: Um-hmm.) for the district. Is this, do you happen to know, is this guy still paying his O-&-M share?

Johnson: Yeah. The district gets kept whole. So, the district, you know, it's all worked out in Palo Verde where, if there's O-&-M charges, the district has to be kept whole. So, the district still collects the money to maintain the system, and all of that. So, the district gets to keep its expenses, (Storey: Um-hmm.) But, the district passes all the money, you know, ***other than*** just what the district needs for expenses, it gets passed right on through (Storey: Right on.) to the farmer. (Storey: Interesting.) And the district's expenses is a very small, is a very small part of that. (Storey: Yeah.) Yeah.

Storey: Interesting. And so, fallowing is being paid by the rent money in the Imperial Valley?

Johnson: Um-hmm.

Storey: Okay. Now. You know that legal conference that the ABA sponsors every fall or spring, I've forgotten, in San Diego? (Johnson: Um-hmm.) I went, I was there one time, and the state engineer from California gave a presentation about 4.4 and how he thought they could possibly do that in fifteen years or so, and on and on. And, that they were going to get–and somebody talked about the transfer of water from IID over there. And, a guy from Coachella stood up and said, "We're next in right. We're entitled to the water before Los Angeles, or San Diego's entitled." How has that worked out?

How Imperial Irrigation District's Proposed Transfer of Water to Metropolitan in 1988 Triggered Understanding of the Need for a Quantification Settlement Agreement

Johnson: Well, that's the ***exact problem*** that the QSA was designed to solve, because that was

the very original issue that arose when the first water transfer agreement between Imperial and Metropolitan was put together. In 1988, Metropolitan negotiated a deal with Imperial for 100,000 acre feet of water, whereby Metropolitan would ***pay*** for canal lining, and on-farm water conservation, and a ***whole*** range of things that would conserve 100,000 acre feet of water, and then that would be available to Met [Metropolitan]. It would, for them to use. Well, what you just described is what happened in 1988. Coachella stepped up and said, "Hey. We're next in line. That water belongs ***to us***, not to Met." And, they actually filed suit in Federal court to protect their right. And, what happened is, it never did go to a ruling. Basically, Metropolitan and Coachella negotiated a settlement, and Coachella got half of the water that Metropolitan was paying to conserve at Imperial. That was the outcome of that negotiated settlement. What that did is it made, that's when we first realized that a quantification of ag entitlements in California was necessary.

It Took Fifteen Years to Get the QSA in Place

That's back in 1988. The QSA was signed in 2003. We first recognized that a quantification needed to occur in 1988. It took us fifteen years, from the time we realized that we had a problem until we were able to get it satisfied. What the QSA did is it established a right. It said, Imperial's right, you know, under the old arrangement, Imperial had an unquantified right for all they wanted to put to beneficial use. And then, Coachella had a subsequent right to all ***they*** wanted to put to beneficial use, within a cap of 3.85 million acre feet. And then, if there was anything ***left*** within that cap, then it flowed to Metropolitan. Well, it an unquantified water right, and an intervening priority with Coachella, it became very difficult to measure and account for, and allow the water to flow to the buyer of the resource. And so the, what the Quantification Settlement did is it quantified the right of Imperial at 3.1 million acre feet, and it quantified the right of Coachella at 330,000 acre feet, ***plus*** a number of other increments in supply with exchanges and transfers, and purchases by Coachella from Imperial, and Metropolitan, and the State Water Project, so it gave, what it did is it gave Coachella a quantified entitlement. "This is what your entitlement is. This is how much water. And any water that Imperial conserves could then ***pass over*** that intervening priority and be available to the Metropolitan area." And that's exactly the problem that the QSA solved, was that, was that issue of intervening priority.

Storey: Okay.

Johnson: So, that problem doesn't exist anymore. It's gone away.

Storey: Good. The canal lining. What are we projecting it's going to save?

Lining the Coachella and All-American Canals Will Save Nearly 100,000 Acre Feet of Water Each Year

Johnson: The All-American canal saves about 67,000 acre feet, and the Coachella Canal saves, I think it's around 32,000 acre feet. So, the two canals will save ***nearly*** 100,000 acre feet of water.

Storey: So, who is paying for the canal lining?

Johnson: The state of California.

Storey: This is where they stepped into the agreement?

Johnson: Right. Well . . .

Storey: How they became. . .

Issues Between Metropolitan and San Diego in Transferring Colorado River Water from the Imperial Irrigation District

Johnson: Actually, the state of California stepped into the agreement at two different points in time. The first point in time was, and I don't remember the exact year. It was probably some time around '97 or '98. And, this was when the initial negotiations between San Diego and Imperial began to occur. And, there were some ***very*** *difficult disputes* between Metropolitan Water District, and San Diego County Water Authority. And, basically, San Diego County Water Authority ***takes*** about 40 percent of the water that Met delivers, but just like Coachella was, and just like C-A-P was within the Metropolitan system, San Diego County Water Authority was the lowest priority. So, if there were ***limited supplies*** for ***Met***, under the legal arrangements within the Met framework, San Diego is the one that has to take shortages first, just like C-A-P. Within the ***Met*** system, ***San Diego*** was low priority. And yet, they were the ones that are taking most of the water. And, because they were taking most of the water, they were the ones that's paying most of the operation, and most of the costs of the Metropolitan Water District. And, so when San Diego was negotiating for this water supply, they felt like they had a right to use the Met canal from Parker, from Lake Havasu, to deliver the water that they were buying from Imperial. And, they were willing to ***pay*** for the use of the canal, but they wanted the ***first right*** to the use of the canal, and they wanted to be able to buy that right at a ***very, very low price***. This is back in '97, '98 time frame.

San Diego Planned to Get High Priority Imperial Water That Couldn't Be Cut off and Wanted to Use Met's Colorado River Aqueduct

Well, Metropolitan–what in essence was happening was, through the water transfer, San Diego was getting its low priority right firmed up, because now they were going to get 300,000 acre feet, or 200,000 acre feet of ***high priority*** Imperial water that ***Met*** would no longer have the discretion to cut them off of. And, they were fighting to get a piece of the Met Aqueduct guaranteed to deliver that water to them at a reduced cost. And, Metropolitan said not only , "No, but hell no. We ***will not*** give you our guaranteed use of our canal, and we ***will not*** give it to you at a reduced cost." (Laugh) So, there was a ***big dispute*** between San Diego and Met over this issue of priority and use of the Met Canal.

The California Legislature Directed the Director of the Department of Water Resources to Solve the Dispute Between Metropolitan and San Diego

The California Legislature then passed a law directing Dave Kennedy, who at that time was the California Director of the Department of Water Resources, to solve the dispute between (Laugh) San Diego and Met. And so, they charged Dave Kennedy–you know, you got to give credit to California. They were stepping up to the plate, even back in the 1990s. This problem with California's overuse, the state of California recognized that, and they were stepping up to the plate saying, "We've got to solve this problem within the state of California. And, the ***first step*** of that problem became this dispute between San Diego and Met, and letting San Diego pay for the Imperial water but get it delivered to them through the Met system. And, Met was saying, "No way are we going to let you have that." So, there's this big dispute.

Well, Dave Kennedy is told to go solve the problem, and Kennedy (Laugh) is sitting there saying, "How can I solve this problem?" Well, what he came back with to the state–what he did is he went and he sat down and he worked with Met and San Diego, and it really, like most everything, got translated back to dollars. And, they calculated what it took, what it would take, to keep Met whole, to let, Okay. You let San Diego have the use of the canal, and you let San Diego have it at a reduced price. Metropolitan, how much money do we need to keep you whole so that we can, you know, accommodate San Diego's desire to implement this transfer?

The State of California Agreed to Line Both the All-American and Coachella Canals and Give the Conserved Water to Metropolitan in Return for Reduced Rates for San Diego to Use the California Aqueduct

Well, they figured that out, and then what happened is, is the state of California then said back to Met, "Okay, here's what we'll do. ***We will*** pay for the lining of the All-American Canal, and the Coachella Canal. It will ***all*** be from state funds, and you can have the water, and that will be compensation to you for letting San Diego use your aqueduct at a reduced price." And, so Metropolitan agreed to that. And then the state legislature passed a law and appropriated money to line the canal. So, that's the story. (Laugh) (Storey: Um-hmm.) You know, so that's what happened. That was part of the early-on negotiations within California towards the QSA.

The State of California Also Became Involved in the Difficult Issues of Imperial and the Salton Sea

Now, the ***second*** place where California got involved, and this is related to the Salton Sea. And, you have this problem, and I, you know, I said that Palo Verde was a much simpler transaction because it was a farmer controlled board, and you didn't get into the local issues, that's true. But, what I didn't explain also that even if the farmers had control, you still have the complicated issue in Imperial of the Salton Sea.

". . . when you conserve and transfer water out of Imperial Valley, you reduce drainage flows to the Salton Sea, and that shrinks the Salton Sea. . . . diminishes habitat in the Salton Sea. It causes the Salton Sea . . . to become even more saline, and it creates Endangered Species Act problems. . . ."

And, when you conserve and transfer water out of Imperial Valley, you reduce drainage flows to the Salton Sea, and that shrinks the Salton Sea. It diminishes habitat in the Salton Sea. It causes the Salton Sea, which is already highly saline, to become even more saline, and it creates Endangered Species Act problems. And that was one of the ***major*** sticking points in the QSA negotiations was, "~~How do you fix, how do you,~~ How do you allow this water transfer to occur and how do you allow, and still meet the environmental mitigation requirements under Federal law for endangered species, and state law for endangered species?" And, so that's the other problem that arose towards the end of the QSA. Again, the state of California stepped in, and the legislature passed a law that basically said, "The transfer needs to move ahead, and we, the state of California, will take on the responsibility for addressing the issues associated with the Salton Sea. ~~And, *we're* going to do a Salton Sea.~~ ***We're*** going to see what mitigation, restoration projects are out there to address the problems of the Salton Sea, and then we will, that will be brought back to the–we're directing the Department of Water Resources to do those studies. And, they will bring that back to the state legislature in December of 2006, and then the state legislature will legislate whatever appropriate actions are necessary to deal with the Salton Sea issue."

". . . the state of California stepped in and solved part of the problems associated with QSA. So, they did it twice. One was to resolve the issue between Met and San Diego in the late '90s, and then *again* they did it right at the closure of the QSA where they, in essence, took responsibility for the Salton Sea. . . ."

So, that's the other place where the state of California stepped in and solved part of the problems associated with QSA. So, they did it twice. One was to resolve the issue between Met and San Diego in the late '90s, and then ***again*** they did it right at the closure of the QSA where they, in essence, took responsibility for the Salton Sea.

Storey: So, lining Coachella Canal is going to provide fresh water inflows to the Salton Sea?

Johnson: No.

Storey: No.

Johnson: No.

Storey: They just took responsibility for the Salton Sea?

Johnson: Right.

Storey: Okay.

At the End of Development of the QSA, Metropolitan and San Diego Reversed the Deal–San Diego Received the Conserved Water and Metropolitan Got Full Payment for its Costs in Moving the Water Through the Colorado River Aqueduct

Johnson: The lining, the Coach[ella]–what's really interesting, and kind of ironic, Metropolitan

and San Diego, you know, the deal was Metropolitan got the canal lining water for free, and San Diego got the use of the aqueduct for a period of time at a reduced price, and that was deal, that original deal. At the very end of the QSA, they traded back. And, what happened at the very end of the QSA is San Diego agreed to pay the full price to Met for delivery through the canal for their Imperial water, and Metropolitan agreed to give the water from the lining to San Diego. So, they just reversed the deal. And now, Met is getting full payment. So, the deal that Dave Kennedy cut with Met and San Diego got reversed at the very end of the QSA. But, the state still pays for the water, but now San Diego gets the water, but they have to pay full price to Met for the wheeling of the water.

Storey: Well, is full price really the O-&-M costs, or is that O-&-M plus a surcharge?

Johnson: Well, that could . . .

Storey: Or, do you know?

". . . there are very big differences of opinion between Met and San Diego over what cost is. And, Met's view is that costs are quite high. And San Diego's view is the costs are quite low. . . ."

Johnson: Well, I can, I don't know. But, what I can tell you is, there are very big differences of opinion between Met and San Diego over what cost is. And, Met's view is that costs are quite high. And San Diego's view is the costs are quite low. So, how you look at costs, you know, San Diego might be looking at just the incremental costs of maintaining the aqueduct, which are relatively small.

Storey: And, pumping and so on, (Johnson: Right.) I suppose?

Johnson: But, Met looks at the bigger costs that they incur in developing water supplies, and meeting its administrative overhead, and ***all*** of those things, and all of its overall costs of its system. And, those costs are a lot more than just those incremental costs associated. So, there's been this big debate between San Diego and Met over what those costs are. (Storey: Um-hmm.) And, what is a fair price for Met to charge for the wheeling of the water.

Storey: And, they're still working on that?

Johnson: No. They've solved that.

Storey: Oh. Okay.

Johnson: The, I mean, the state originally solved it with the money to line the canals, but then at the end, at the end of the deal, at the end of the QSA, they basically switched, (Storey: Um-hmm.) and the water, the state still pays for the lining, but instead of the water from the lining going ~~from San Diego, or~~ going to Met, it now goes to San Diego, but ***Met*** no longer lets San Diego have the water for a cheap price. It has to pay the cost of wheeling.

Storey: But San Diego knows what that price is?

Johnson: Right. Right.

Storey: Oh. Okay. One last question for today.

END SIDE 2, TAPE 1. DECEMBER 14, 2004.
BEGIN SIDE 1, TAPE 2. DECEMBER 14, 2004.

Storey: This is tape two of an interview by Brit Storey with Bob Johnson on December the 14th, 2004.

Coachella and All-American Canals are being lined. California is paying for it. Who is designing it and implementing it? I mean, it's our canals. I'm interested in where the state fits into this?

Coachella and Imperial Are Having the Lining Done and Contracting for Construction, but Reclamation Has an Oversight Responsibility for the Projects

Johnson: Well, the state's basically providing the money, but I don't think they're providing a lot of other–the design is actually being overseen and done by consulting firms through the districts. So, Imperial Irrigation District will contract with an engineering firm to do the design, and then they will do the construction of the facility. And, similarly, on Coachella, they've hired a firm to do the design, and then they will do the construction, the construction work. ***We*** play an oversight role. ***We*** review the designs, determine that they're adequate, that they meet our standards, because they're still facilities that are owned by us, and we then also provide oversight during construction. We have an inspector on the site at the Coachella construction site who is overseeing, ***helping*** to oversee the construction activity, and ensuring that our standards and that the designs are being met by the contractor. So, our role is small, but it is as an owner of the facility we still ***function*** in an oversight capacity to ensure that the integrity of the facilities, and our design standards, are being met.

Storey: So, I guess Imperial and Coachella have O-&-M responsibility?

Johnson: Yes. They've had O-&-M for a long time. (Storey: Uh-huh.) We turned over O-&-M of those canals, oh I don't know, fifty-, sixty years ago.

Storey: Yeah. Okay. Well, let me ask whether it's acceptable for the information on these tapes and the resulting transcripts to be used by researchers?

Johnson: Yes. It is.

Storey: Good. Thank you.

END SIDE 1, TAPE 2. DECEMBER 14, 2004.
BEGIN SIDE 1, TAPE 1. FEBRUARY 17, 2006.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation interviewing Robert "Bob" W. Johnson, the Regional Director of the Bureau of Reclamation in his office in Boulder City, Nevada, on February the 17th, 2006. This interview today will be in two installments, one between about nine and eleven in the morning, and one between about one and three in the afternoon. This is tape one.

Well, there's been a lot going on down here. Could you talk about some of it for me?

". . . we've probably just had the single biggest breakthrough on the Colorado River since the [Colorado River] compact and the [Supreme Court] decree. . . . the seven Colorado River basin states have come together and reached a fairly detailed agreement on river management for the next twenty years. . . ."

Johnson: Yeah. I would say we've probably just had the single biggest breakthrough on the Colorado River since the [Colorado River] compact and the [Supreme Court] decree. Although, I don't think people ***in general*** understand that yet. I think people that are very close to the Colorado River recognize that the breakthrough that's occurred is very, very significant. It's been in the press. What's happened is the seven Colorado River basin states have come together and reached a fairly detailed agreement on river management for the next twenty years. (Storey: Um-hmm.) And in fact, you know, if you do it for twenty years it has the potential of extending over a much longer period of time. But, it's a comprehensive framework for managing the river, including the releases of water between Glen Canyon Dam and Hoover Dam that's required under the compact. And then the full range of operations of Hoover Dam in the Lower Basin and the delivery of water supplies in the Lower Basin. And then ***in addition*** to that they've put together a set of management, a management policy framework for the Lower Basin that will allow interstate–and it would, in public it wouldn't be explained this way and I would not really say it in public in this way–but in essence has opened up the concept of interstate water marketing in the Lower Basin and it's put mechanisms in place that will allow Nevada to obtain additional water supplies from the Colorado River, and that's never been in place before. ~~So that's, and~~ It'll allow California to do water banking, which its wanted to do for many, many years. And, it's giving Arizona a set of shortage criteria that limits the sizes of the shortages that they would have to take over time.

"All of the things that are in the basin states' proposals are *things* that we have been trying to implement since the early 1990s. . . ."

So, it's kind of a deal, a package deal, and literally each of the seven basin states can point to aspects of the deal that is to their advantage. So it's, I think all of the states are really viewing it as a win-win deal, and it's a ***really big deal*** for the states to come together in that kind of a framework. I quietly say this. All of the things that are in the basin states' proposals are ***things*** that we have been trying to implement since the early 1990s. We have been advocating these kinds of management programs since that, since that time, and have made ***progress*** in implementing them in various forms over time, but not to the degree that is going to occur with this new framework, and not–certainly in a much, in a much broader way they're going to be, their new management concepts are going to be implemented.

Water Banking

Always before, we actually did some of the things before. You know, we did the interstate banking program where entities could, and states could cooperate on storing water, Colorado River water, ***offstream*** and then doing exchanges in, or forbearance programs in the future. So, Nevada could pay Arizona to take extra Colorado River water when it' available and store it in Arizona groundwater banks and then at some future date when Nevada needed the water Arizona would reduce their diversion and Nevada could then take and use that water supply. Now, that was very helpful to Nevada but it never really gave them–you know, it was limited by how much water you could put in storage in a water bank, and it was limited to ***when*** there are extra waters on the Colorado River to actually put in the bank. So, it was a fairly limited form of water, of water banking.

Interim Surplus Guidelines and Quantification Settlement Agreement

We put a regulation in place in nineteen, I think it was '98 or '99 to allow that to happen. And, that was a big, that was a big breakthrough in my mind. And then in 2000 and 2001, we put the Interim Surplus Guidelines in place and along with that we put the Quantification Settlement Agreement, they were all interrelated, in California. I think we talked about that the last time you were here. And, that was another step towards, within California, getting California to do intrastate marketing, put a framework in place where there could be ag-to-urban transfers and that you could have an intrastate market that would allow California to reduce its use of Colorado River Water. So, that was a big breakthrough in getting that. But, I mean, this really opens up interstate cooperation in a way that's never, that's never happened before. And, when you combine that with the river operation, the Upper to Lower Basin operations and the change, and the shortage in the normal and the surplus criteria that are all, you know, interrelated with these management framework it's, you know, it's really quite a breakthrough.

". . . at *this* point this is just a proposal. . . . within the next two years we're going to have to go through a NEPA process . . . develop alternatives to prepare an EIS, to prepare a final EIS, and to issue a Record of Decision . . ."

Now, I've got to emphasize that at ***this*** point this is just a proposal. (Laugh) It's not final. (Storey: Um-hmm.) It's just a ***proposal*** by the seven basin states. Now, I would say that in fact the Secretary, in the broad sense the Secretary, which includes the Department and us, have really ***facilitated*** bringing this about but it's not actually a management framework until we put it in place. And so, within the next two years we're going to have to go through a NEPA [National Environmental Policy Act] process and a public process to develop alternatives to prepare an EIS [Environmental Impact Statement], to prepare a final EIS, and to issue a Record of Decision that would actually implement the proposal that the basin states have made. So, it won't be final, and the schedule calls for this to be final in November of 2007. So, there's, you know, a lot, a lot of work to do to get it implemented. The breakthrough is that all seven states have agreed to it, and on the Colorado River one of the key things that we always try to get when we implement something is we try to

get consensus among the states. If you don't get consensus and you try to implement these creative management things all you're doing is opening yourself up to litigation. And then you upset the stability on the system and you have all kinds of concern, and bad feelings, and it creates an environment that makes it even more difficult to manage the system in a positive way. So, that's the big breakthrough is that you've got all seven states to agree that these things are a good idea.

Storey: When you say "We have seven states who have agreed," I go back to the Colorado River Compact where the, I think it was the Colorado River Board, Colorado River Commission which negotiated the compact, and the representative from Arizona, I believe, signed the compact but Arizona didn't ratify until 1944, twenty-two years later. Do we have the states buying in or is this the commissioners buying in, who are representing the states?

Johnson: We have the, we call them, now, governor's representatives. (Storey: Uh-huh.) So, there are a set of people that have been designated by the governor. We've received letters from each of the governors of the states saying, "This is our designated representative in, that's on the Colorado River to consult with the Secretary on management of the river system. And so, we have those designated representatives signing this agreement. It's not the governors. It's not the legislators. It's not, you know, the more formal level that the compact had, (Storey: Um-hmm.) but it's everybody's view that that is not required, that you will ***not need*** state legislative approval. There will be agreements that will have to be put in place among the states to make it work, but those will be specific agreements that will implement various components of what's being done here. It won't be a single big agreement that will implement this. What will be the single thing that implements all this will be the Secretary's Record of Decision in the EIS, where the Secretary will announce that she is formally going to manage the river consistent with this set of criteria and management policies (Storey: Um-hmm.) to allow this interstate cooperation.

"The states . . . made a recommendation that the Secretary do this. . . . the Secretary could do this without the consensus of the states . . . one of the things that drives the states to come together and agree on these sorts of things is that the Secretary makes that threat, that 'These are things that need to be done and I'm going to do them, and you guys need to give me a recommendation on how to do them. But, if you don't give me a recommendation I'm going to do them anyway.'. . ."

So, it's really something that the Secretary is doing under her authority. The states have only made a recommendation that the Secretary do this. You could argue that the Secretary could do this without the consensus of the states, and that she could just go forward and implement those things. And, in fact, one of the things that drives the states to come together and agree on these sorts of things is that the Secretary makes that threat, that "These are things that need to be done and I'm going to do them, and you guys need to give me a recommendation on how to do them. But, if you don't give me a recommendation I'm going to do them anyway."

As Watermaster of the Lower Colorado River Basin, the Secretary of the Interior Has a Lot of Power derived from the Boulder Canyon Act and the Supreme Court

decree in 1963-1964

In the Entire Colorado River Basin, the Colorado River Basin Project Act of 1968 Charged the Secretary with Developing Long-Range Operating Criteria for the Entire Colorado River System, Including Lake Powell and Lake Mead

So, in the end it's the Secretary's power and authority that makes these things occur and it's her, what I would call "leadership" of the Federal Government in getting the states to come together and do these things. I don't think they would ever do it were it not–as a matter of fact, I think that's unique about the Colorado River. On the Colorado River we have somebody who has the authority to make decisions and that's the Secretary of the Interior. And she, her authority to implement decisions comes from two, two things. It comes from the Boulder Canyon Act in 1928 where she was put in charge of the Lower Basin. And then that was reinforced by the Supreme Court decree in *Arizona versus California*. Now, ***that*** authority is unique to the Lower Basin and we say that the Secretary is, in essence, the ***watermaster*** of the Lower Basin. And that's a, it's a ***very*** strong authority and she has a ***lot*** of ability to implement management policies and that sort of thing in the Lower Basin and under that authority. But, when you get into these basin wide issues, her authority really stems from the 1968 Colorado River Basin ***Project*** Act, which charged the Secretary with developing long-range ***operating*** criteria to manage the whole system and the operation of the two large reservoirs on the system between Lake Powell and Lake Mead. So, she has an authority there to also then delve into these Upper Basin issues.

In the Upper Basin the States Still Have Authority over Water Rights

Now, as you move on up the river into the Upper Basin the actual administration of water rights is actually then handled, on the Colorado River and it's tributaries, are actually handled by the individual states and they have a compact. And so, the states have more authority in the Upper Basin but the Secretary ultimately has this authority on how to manage the two big reservoirs, and then, and how to release water supplies from the Upper to the Lower basin. Of course, she has to do that with the compact, but that's always subject to some interpretation. The Long-Range Operating Criteria, in essence, interpret the compact and she's the one that develops those Long-Range Operating Criteria. So, she was charged by Congress with doing that. So, it's that ***authority*** of the Secretary that really allows ***her*** to provide leadership in driving solutions to these difficult issues that we have on the Colorado River System. I don't think other river systems have that. I don't think that in other river systems like the Columbia, and the Platte, and the Rio Grande, (Storey: Arkansas?) and the Arkansas, (Storey: Missouri? Yeah.) that are interstate in nature, they don't have, they don't have an authority, somebody with the authority to actually make decisions and move ahead with things. And I think, as a result, what happens is you have all the disparate interests constantly bickering and it's very difficult to move forward and get things done short of going to court. And, on the Colorado we go to court sometimes too and the Secretary always runs the risk of getting taken to court on something that she does because she still has the Law of the River framework that she has to operate in. But, like any law there's, you know, flexibility, you know, within that law and how to

make individual management decisions and that's the Secretary's authority.

Changes on the Colorado River Have Been Driven by Arizona Approaching Full Use of its Entitlement under the Colorado River Compact, Southern Nevada's Need for More Water Supply for its Urban Area, and Significant Drought on the Colorado River System

So it's, I think it's, the Colorado River that way is unique and I think the Secretary deserves a lot of credit for driving the changes that have occurred over the–I mean all these changes really come about now over the last–I think that my personal opinion is that the change started in about 1988 or in the early 1990s. And, what really drove those changes, you know, a couple of things have driven these changes. One was that the Central Arizona Project was completed and Arizona started using its full entitlement to Colorado River water. And so now, the Lower Basin was above and beyond, you know, ***at and above*** its basic apportionment. So, the water use in the Lower Basin actually bumped up against what the limits of the Boulder Canyon Act provided for state allocations and use. And you know, prior to 1990 that just wasn't the case. There was ***all*** the water you wanted to deliver to whoever wanted it because you weren't up against the limits of use.

In the Early 1990s Reclamation Realized California Would Have to Reduce Colorado River Water Use Back to its 4.4 Maf Entitlement

So that happened, and that's what then drove, in the early '90s–I mean, it was recognized in the early '90s that one, you were going to have to develop criteria for operating the river because you had California's overuse; you had California arguing that it was entitled to surplus water and it that was okay for the Secretary to allow over-deliveries in the Lower Basin to continue to occur; and then there was this recognition that ultimately California couldn't do that forever and that they were going to have to significantly reduce their use of the system. And I mean, it was ***that*** realization that brought what I talked about with these surplus guidelines and the QSA [Quantification Settlement Agreement], that's what really that was all about.

But, the other piece of it was, you know, on top of that increased demand, over the last five years we've had this very significant drought on the Colorado River system and that reservoirs have come down, and everybody began to realize that not only is the possibility, is, you now, in 2003, because of the QSA, California went to its 4.4 million acre foot entitlement and then the Lower Basin was staying within its seven and a half million acre feet. Well what happened, because of the drought, people began to realize, "Well not only is the Lower Basin going to have to live with its seven and a half, it may very well have to live with less than seven and a half, and so we're going to have to have criteria in place that actually define the implementation of shortages." And so, that drought really drove–brought a level of awareness and a level of pressure on the Basin and a realization that something had to be done to develop new management criteria to deal with this range of drought and surplus, and all the things that happened on the Colorado River over time.

Storey: And, that's what stimulated this activity?

Johnson: Yes. I think the drought is what stimulated this activity. And then something else stimulated it too and that was the state of Nevada, and the fact that the state of Nevada is exceeding, you know, has demands for water that's going to exceed its entitlement and they're urban demands. And then other thing that's unique about the state of Nevada is their allocation is very small and their use of water is all municipal and industrial.

Because Nevada Had No Agricultural Lands along the Colorado River, its Water Entitlement Was Set at Only 4 Percent (300,000 Acre Feet) of the Lower Basin's Total Entitlement

There's no agricultural use of, or very minimal agricultural use of Colorado River in the state of Nevada. And, they only have 300,000 acre feet out of seven and a half million acre feet that's allocated for use between the three states. That's only 4 percent of the supply and yet it's the fastest urban growing area in the country and they were quickly exceeding their supplies. And, so it was that pressure and I think the recognition on the part of the other states that something had to be done to try to help Nevada solve that problem with water supplies from the Colorado River and this breakthrough.

The Upper Basin States Became Concerned as Lake Powell Approached the Minimum Power Pool While Lake Mead, in Comparison, Was Relatively Full

It's kind of interesting how it happened, how I think it happened, and to some extent it was driven by drought and again it was driven by [California's] ~~Nevada's~~ overuse of water. But, when we got into this drought Lake Powell got drawn down. I mean, it came down significantly and I don't remember the amount, but Lake Powell was down to like, I don't know, 40 percent of capacity-, 42 percent of its capacity, and it had really never been that low since it had been filling. And, in fact, it wasn't, it was getting close to the minimum power pool to where if it dropped down, you know, continued to drop down it would actually, and you'd lose all the power generation at Glen Canyon Dam. And, as the Upper Basin states looked at that they said, "Boy, we're going to lose our lake and Lake Mead is still relatively full." I mean, comparatively full. Lake Mead was down too. I think Mead came down to like, I don't remember, fifty-seven or fifty-eight, but Powell was a lot further down. And, the way the operation of the river is set up under the existing criteria, Powell is the first reservoir to be drawn down. Under the Operating Criteria, you know, I mentioned the Long-Range Operating Criteria? Under the Operating Criteria that are in place now the Secretary has said that she will have a minimum objective release of 8.23 million acre feet of water out of Lake Powell. We've ***never*** released ***less*** than 8.23 million acre feet out of Lake Powell. We've ***always*** released that. And, that has a tendency for Lake Powell to draw down significantly at a faster rate than Powell when you get in, than Mead when you get into a drought. And then when Powell gets full and it gets to a higher level than Mead, then Powell makes what we call "equalization releases," so it'll release more than the 8.23 such that Lake Mead and Lake Powell have equal balances of water in them. So, Powell will drop and Mead will begin to drop much more slowly, and then Powell will fill first, and once Powell fills first then it releases extra water to allow Mead to fill at the same time. And,

that's the Operating Criteria that we put in place, and that Operating Criteria is an interpretation of the compact between the seven states. What the compact says is that the Upper Basin has an obligation to release 75 million acre feet over a ten year period, which gets interpreted to be seven and a half million acre feet a year. Well, where does the 8.23 come from? (Laugh) Well, the compact goes on–you remember the compact was negotiated in 1922. At that time there was no treaty with Mexico, ***but*** the framers of the compact recognized that Mexico may, in fact, at some point in time, that there may be a treaty and that Mexico would obtain some right to water. And so, the framers of the compact said that in the event that Mexico did get a treaty and there was a water allocation to Mexico, the delivery of that obligation would be borne equally by the two basins.

From Lake Powell, under current guidelines, Reclamation makes ". . . a *minimum* release of 8.23 to the Lower Basin because that represents the seven and a half, *plus* the *half* of the Mexican Treaty obligation. . . . the reason why it's not quite half is because the Paria River is an Upper Basin tributary that flows below Glen Canyon Dam . . . has about 20,000 acre feet average annual flow. . . . so that's where that number comes from. . . ."

And so, we release 8.23, a ***minimum*** release of 8.23 to the Lower Basin because that represents the seven and a half, ***plus*** the ***half*** of the Mexican Treaty obligation. Now, it's not quite half, and the reason why it's not quite half is because the Paria River is an Upper Basin tributary that flows below Glen Canyon Dam, in below, and it has about 20,000 acre feet average annual flow. So, that water is part of the Upper Basin delivery to the Lower Basin, so you release 8.23 from Glen Canyon, and so that's where that number comes from.

The Upper Basin Has Argued That it Didn't Have to Release Water for the Mexican Treaty Obligation If There Was More than a Million Acre Feet of Flow in Tributaries in the Lower Basin

Now what happened, as Powell began to drop down, the Upper Basin states started to come back and say, "We don't have an obligation to release 8.23. We think it ought to be less than 8.23." And, the criteria that the Secretary put in place says, "minimum ***objective*** release," and that means it's only an objective. It's not an absolute, and it's not an absolute minimum. And in fact, the compact says we only need to deliver seven and a half. And then what the Upper Basin states came back to is they said, "And, not only that the compact says that we only have to release water from our Upper Basin water supply–that before we have to release extra water from our Upper Basin water supply if there's water supply from the Lower Basin tributaries that exceed a million acre feet then that water supply from those Lower Basin tributaries ***has*** to be used ***first*** to Mexican Treaty obligation. And we, the Upper Basin states have no obligation to release any more than just the seven and a half anytime there's flows in the Lower Basin that exceed that million acre feet." And in fact, the compact does, in essence, say that. I think the compact says something like "The two Basins will ***share***, but before they share any deliveries to Mexico will be met first from Lower Basin flows above the million acre feet, and or excess flows in the Upper Basin itself that's, you know, that might be available from the Upper Basin itself."

In 2005 There Was about 3,000,000 Acre Feet of Lower Basin Tributary Flow

Well, what happened last year, as we were going through this process, because Powell was coming, we had a very wet year in the Lower Basin, on the Lower Basin tributaries. And, all of a sudden the Lower Basin tributary flow was like, we had like, I think close, the average Lower Basin tributary flow is about a million and a half acre feet. Last year we had a little over three million acre feet of Lower Basin tributary flow. So, the Upper Basin says, "Of course, we're capturing all that, most of that, and storing it in Lake Mead." Okay, so it's not like it's being lost. It's being captured in Lake Mead. So, the Upper Basin states come in and say, "Hey, that, you're having a banner year on the Lower Basin tributaries this year and that should go to meet the Mexican Treaty and we shouldn't have to release that extra 723,000 acre feet out of Glen Canyon. We ought to keep that water up there to protect the power pool and protect our ability to meet the 7.5 million acre foot entitlement." Well, the Lower Basin was, you know, very concerned about that, ***particularly*** the state of Arizona. And the state of Arizona has actually–the interpretation of the Upper Basin is that that million acre feet represented an amount of additional–there's a, in the compact it allocates, the compact allocates all of the water of the Colorado River system ***including*** tributaries. That's clear in the compact that it allocated ***all*** the water in the Colorado, including tributaries, and it gave seven and a half million acre feet to the Upper Basin. It gave seven and a half million acre feet to the Lower Basin, but then it gave ***another*** million acre feet to the Lower Basin.

". . . the Upper Basin interpretation . . . is that . . . a million acre feet . . . represents an allowance for tributary development within the states of the Lower Basin. . . ."

And, the Upper Basin interpretation of that is that was a million acre feet that is available for the Lower, that represents an allowance for tributary development within the states of the Lower Basin.

Storey: Only Arizona has in-flow?

Johnson: Exactly, and so Arizona . . .

Storey: Except that little dab of Utah still?

". . . Arizona has developed a lot more than a million acre feet of their tributary flow . . . the Salt and Gila River system in Arizona, Central Arizona has been, you know, extensively developed and used. And so . . . if that interpretation prevails Arizona is very much at risk of having to short their in-state tributary uses to meet Mexican Treaty obligations. . . ."

Johnson: Right. Exactly. None of the tributaries in the Lower Basin have been developed except in Arizona, and Arizona has developed a lot more than a million acre feet of their tributary flow, you know, the Salt River Project, the Salt and Gila River system in Arizona, Central Arizona has been, you know, extensively developed and used. And so, you know, if that interpretation prevails Arizona is very much at risk of

having to short ~~any of~~ their in-state tributary uses to meet Mexican Treaty obligations. So, when the Upper Basin starts saying that the Lower Basin's going to have to release that extra water from their tributaries to meet the Mexican Treaty obligation, you know, that's a big concern to the Lower Basin. Well, [Sigh] so we have, you know, not only is the drought driving a flap over shortage in the Lower Basin it kind of generated this debate between the two Basins. I mean, this is the first time in a long time that we've had this debate between the two Basins. Really, all the problems that we've had in the last ten or fifteen years have focused just on the Lower Basin itself in the concept of surplus and California limiting its use. And, to some extent with the banking rules trying to help Nevada, you know, even though the, what, the help that was provided was clearly not sufficient to meet Nevada's needs. But anyway, then what happens is Nevada needs to–so that debate is going on, "How much should the Upper Basin release to the Lower Basin?"

Arizona and Colorado Have Geared up to Litigate the Issue of Use of Lower Basin Tributary Water to Meet the Mexican Treaty Obligation

And, I think, you know, there's threats of litigation. Arizona went out and hired a bunch of top lawyers and put $500,000 into a committee to pay for lawyers to get prepared for litigation on this issue. I think the state of Colorado did something similar. So I mean, there's a lot of saber rattling going on and some very difficult discussions between the seven states over that issue.

Storey: The state of Colorado has hired a historical consultant.

Johnson: Right.

Storey: They want to know everything there is to know about any allocation of Colorado River water in any state in the Basin.

Johnson: Right.

Storey: This guy, in fact, has been put on permanent retainer.

Johnson: Right. It, and that is ***all*** related to this debate over the tributaries and what the compact means.

Storey: Yeah. That's interesting. You know what they told him? He had testified for Kansas in the Kansas, I think it's *Kansas versus Colorado*. It might be the . . .

END SIDE 1, TAPE 1. FEBRUARY 17, 2006.
BEGIN SIDE 2, TAPE 1. FEBRUARY 17, 2006.

Storey: And, Colorado said, "We want to make sure you're not on the other side." (Johnson: Yeah.) (Laugh)

Nevada's Water Issues

Johnson: Yeah. That's not surprising. So anyway, it was just, it created–and all this has

happened in the last year or so, year or two, year and a half maybe, something like that, that that discussion was going on. Well in the meantime, you know, we've got Nevada sitting there, and we're in a drought, and they're doing everything they can. I mean, they're right up against their 300,000 acre feet entitlement and they're doing everything they can to limit and conserve water within their service area to stay under it, but they're in trouble because all this growth is still going on. Well, all of the seven basin states are looking at Nevada and saying, "You've got to develop your in-state water supplies and you can't ***look*** to the Colorado River to solve your problem." So Nevada, you know, gets very aggressive in pursuing in-state water supplies and they still are. They go up into northern, well it's actually not northern Nevada, ***central*** Nevada, areas north of Las Vegas, and they file for groundwater rights on all of the groundwater in these areas in Central Nevada. They're going to put in well fields and pump the water down to Las Vegas. That's a difficult thing within the state of Nevada because you get the rural verses urban discussion and, you know, all of those sorts of things. But, you know, Las Vegas is big and powerful enough that they can probably make that happen. ***In addition to that***, Nevada also files with the state engineer for surface water rights on the Virgin River and they actually begin the development, the planning and development of a project to divert Virgin River flows before it commingles with the Colorado, which they can do under the Boulder Canyon Act and the Supreme Court Decree in the Lower Basin.

The Supreme Court Decision in *Arizona v. California* Interpreted Only the Boulder Canyon Project Act, Not the Colorado River Compact

Now, you got to remember, the decree only interpreted the Boulder Canyon Act. The decree did not interpret the compact. And, what the Boulder Canyon Act, what the decree said is that "Before water supplies in the Lower Basin tributaries commingles with the main stem of the Colorado River those are subject to state law and state appropriation, and that the states are free to go ahead and develop and appropriate that water," because the only thing the Boulder Canyon Act did was to allocate the seven and a half million acre feet of ***mainstem*** delivery that flows from the Upper Basin to the Lower Basin. And, the tributaries in the Lower Basin were left to the individual states to develop.

Nevada Is Moving Toward Development of Virgin River Water and the Upper Basin Is Asserting That the Lower Basin Already Has Developed its Million Acre Feet of Tributary Water

Now, under the ***compact*** the Lower Basin states are limited to a million acre feet of development. Now, Nevada starts moving forward developing their Virgin River water supply and we've got Arizona sitting over there with more than a million acre feet already developed, and so Nevada is going to put even more pressure on this tributary issue. You know, the Upper Basin is saying, "The million acre feet that was allowed you under the compact has already been developed, Nevada, and you're going to have to, you know, you can't build your project. You've got to, you know, come to grips with the fact that the Lower Basin is only entitled to a million acre feet of tributary use." And, in fact, I think the state of Colorado, maybe the whole Upper

Basin, sent a letter to the state of Nevada as a comment on their EIS saying that they couldn't develop the water. And, I don't remember exactly but I mean there was a pretty strong threat of litigation by the Upper Basin against Nevada in developing that Virgin River tributary.

State of Utah Objected to Southern Nevada's Proposed Development of Groundwater in Central Nevada

Well, in addition to that the state of Utah starts objecting to Nevada developing that water supply in Central Nevada because that groundwater basin doesn't recognize state lines and, in fact, some of that groundwater is connected with groundwater basins in, you know, it's the same groundwater basin that water users in Utah, in Central Utah pump from. So, now you have the state of Utah objecting to Nevada's in-state water supply development. Well, Nevada's sitting there saying to the other basin states, "Look, you're telling me that I've got to go develop my in-state supplies, and I go to try to develop my in-state supplies and you guys start objecting to it on other grounds."

Nevada Threatened a Lawsuit

And so, it was really putting Nevada in a very difficult position and I think Pat Mulroy basically said to the states, "Look, I'm going to develop them, and Upper Basin you can sue me. I'm developing the Virgin River. And, we can just take this whole dang thing to court and we can let the court decide how this ought to be handled." And, I think that that brought everybody to their senses and I think everybody said, "Well, you know, do we ***really*** want this to go to court?"

Storey: "Do we want the court to interpret it?"

With Southern Nevada's Need for Water Driving Willingness to Go to Court to Get More Water, the Colorado River Basin States Began to Consider Options That Would Avoid Going to Court–where the Risk of Unacceptable Consequences Loomed

Johnson: Right. Exactly. I mean, you know, we may get things out of the court that we don't want. You know, it's a black box. I mean, the Upper Basin is at risk on it too. But, you know, Arizona's at risk. I mean, you know, if the court tells Nevada that they're limited, that they can't develop the Virgin, you know, because the million acre feet's already been developed and you got Arizona sitting over there with a, in essence, a ruling that's going to say "They've overdeveloped their share of the tributaries." And so you know, all this is really putting a lot of pressure, you know, on everybody in the Basin with the threat of this very difficult litigation. So, Pat Mulroy says, "Well look, I'll back away from developing the Virgin but you guys got to let me have more Colorado River water." And, you know, historically, Arizona has just flat out refused to cooperate. I mean, you know, you say Arizona was the difficult one in 1922 and they've been the difficult one. They've continued to be the most difficult one. All these new ideas about how you operate the system, you know, to allow interstate cooperation, Arizona's ***always*** been the state that's been, you know, the one that's said, "No, you can't do those sorts of things." But, now you have an issue that was

putting them at risk and you have Nevada saying, you know, "Look, I got no choice. I've got to develop this water and if we throw it into litigation that's, you know, I've got no choice, that's what we have to do." So, I think it was, you know, the combination of the drought and that debate, and Nevada wanting to push ahead on developing the Virgin River that really then caused everybody to rethink and think, "Gee whiz, you know, are there things that we can do to work with Nevada so that we don't have to go to court and have this black box, have something come out of the black box that has winners and losers or maybe has everybody being a loser?" And so, I think that's ultimately then what drove the willingness, one to try to develop some compromise on the Upper and Lower Basin releases, some compromise on shortages, and then also the, allowing these new management criteria where you can bank water.

The States Have Agreed to Allow Banking of Water

Under this proposal that the states have put forward Nevada can go pay for water conservation activities in other states and claim the use of that water. We've never had that before. Nevada can bring augmented water supplies in from other basins. For example, the groundwater that they may develop in Central Nevada could be pumped down and put in the Colorado River as an augmented water supply and then Nevada would be able to divert and use that water above its Colorado River entitlement. The states are actually going to agree not to object to allowing those sorts of arrangements to be put in place. Nevada would be able to go over and pay for desalinization on the coast in California and do exchanges with California and store extra water in Lake Mead if that's what they want to do when there's space available to manage their water supply.

"So, there's a new regime in terms of allowing an individual state's water supply to be stored and carried over and allow states to *pay* for conservation, *pay* for augmentation of the river, and then actually get the use and benefit of the water. . . ."

So, there's a new regime in terms of allowing an individual state's water supply to be stored and carried over and allow states to ***pay*** for conservation, ***pay*** for augmentation of the river, and then actually get the use and benefit of the water. In the past, the argument that was always made, primarily by the state of Arizona, was "You can't do that. That's ***system*** water and anytime water gets in the system it belongs to everybody. It doesn't, no single state can lay ***claim*** to those kinds of activities." One of the main things that Nevada now wants to pursue ***with us*** is they want to build a regulatory facility down near Imperial Dam. We spill water from time to time, about on average, I don't know, sixty-, seventy thousand acre feet of water gets spilled every year because we don't have any storage capacity on the lower end of the river system. If we can build some storage system down there we can save about 60,000 acre feet of water a year. It costs about $90 million to build that storage system. Nevada's going to agree to pay for that storage system and the other states are then going to agree and we would allow under our new regulations that we're going to put in place, would allow Nevada to actually divert and use that sixty to

seventy thousand acre feet of water that's created by that facility. That has always been, that's why this is so big, you know this breakthrough is so big is we now have put a framework in place where we can actually allow the entitlement system under the Boulder Canyon Act and the decree to allow states to actually take extra water, to not ***call*** all that water "system water" that belongs to everybody collectively, but to let that water be earmarked and be used by a particular entity that pays for the development of that water supply.

". . . very big breakthrough in terms of managing the Lower Basin. And, the whole reason it came about is because the states really don't want to get into this fight over the tributaries on the Lower Basin and how that's interpreted. . . ."

So, that's a big, that is a very, very big breakthrough in terms of managing the Lower Basin. And, the whole reason it came about is because the states really don't want to get into this fight over the tributaries on the Lower Basin and how that's interpreted. So, it's a big breakthrough. And, the rest of it is, I mean it's just the whole culmination of everything that's come together. There's new criteria on this. Instead of that 8.23 that I talked about, you know, where Powell releases a minimum of 8.23? (Storey: Yeah.) The criteria that the states proposed is that, you know, when Powell is kind of in its mid-range of operation and there's a pretty good water supply that Lake Powell would continue to release 8.23 million acre feet. But, when you drop below a certain level in Powell then you'd actually start releasing less. You'd actually, depending upon the level of Lake Powell and the relative level of Lake Mead, releases from Lake Powell could drop down to as low as 7.48 million acre feet. And then in times when Powell gets full, there would be releases greater than 8.23.

". . . the new criteria that they've proposed actually allows the two lakes to maybe rise and fall together. . . ."

So, a kind of, the new criteria that they've proposed actually allows the two lakes to maybe rise and fall together.

The Basin States Proposed New Surplus and Shortage Criteria as Well as Criteria for Taking Surplus

And then in the Lower Basin, the proposal that they've made is that we now define a ***whole*** range of reservoir elevations, not just shortage. You know a few years ago we did surplus. Well, they've come back and said, "We'd like to change the surplus regime that was put in place in 2001 and we'd like to have a new set of criteria on surplus, and in addition to that we want to agree to some specific criteria on shortage." And basically, what they've said is–before under surplus we said, "At elevation 1,125, between, well if the system is full and you've got flood control spills everybody gets all the water they want." Then when the system is ***near*** full and you have a very high probability of having spills occur within the next two years, that there's, based on historic hydrology, if there's a 70 percent probability or better that you'll have system spills in the next two years you would declare what we call a 70R Surplus, which would mean that everybody in the United States would get all the water they wanted. It would be surplus. So, those criteria were part of our old criteria. ***Then***, under the new proposal, at elevation 1,145– now, you've got to

remember Mead is the, the maximum Mead, level of Mead is about 1,220. So if you drop down about, what is that, sixty-five feet down to 1,145, but between this what I described as a 70R Surplus . . .

Storey: Yeah, about seventy-five feet maybe?

Johnson: Yeah. Yeah. Seventy-five feet. Well, a 70R Surplus probably, depending upon the uses in the system, you know, you're up around 1,200, you know, 1,190 to 1,200 you're going to be making elevation above sea level in Mead, you're going to be making unlimited surplus deliveries in the United States. It's not tied to an elevation. It's tied to this hydrologic analysis that you do, but it probably is when the reservoirs are relatively full, 1,190 or fuller say as an example, it could vary from that number, but between ***that*** number and elevation 1,145 we would have what we call a "domestic surplus condition," where we would allow domestic users, M-&-I users, in the Lower Basin have additional water supplies above the seven and a half million acre feet. So Los Angeles, and Phoenix, and Las Vegas could take surplus water under those conditions. Then, when you drop below elevation 1,145 then you get into what we would call a "normal condition" and water deliveries would be limited to seven and a half million acre feet in the Lower Basin. Now, under the old criteria that we put in place in 2001, when you stay between 1,145 and 1,125, that twenty-foot range, we still had what we called "limited domestic surplus," where you would deliver about ***half*** of the domestic surplus demands. So, we still have what we called a limited surplus, even above elevations, elevation 1,125. Now, under the states' proposal there would be no limited domestic surplus. You would, if you dropped below 1,145 it's, you're in a normal condition. Now, ***then*** when you get to–now we're into territory. Okay? We had "surplus" defined before, and they've made some slight modifications to what surplus was. They've raised the surplus levels from 1,125 to 1,145. We had never defined, you know, how we operate below 1,125 before. Now the states have proposed that you would draw Mead down to 1,075 and when you reach elevation 1,075 you would know–down to 1,075 you'd still allow seven and a half million acre feet. At 1,075, between 1,075 and 1,050 you would release seven and a half million less 400,000 acre feet. So, you'd have a shortage of 400,000 acre feet, most of which would be borne by the state of Arizona under the way the legal framework is set up. Between eleven, between 1,050 and 1,025 there would be a reduction of 500,000 acre feet, and between 1,025 and 1,000 foot elevation there would be a 600,000 acre foot shortage. And then, if you get down to 1,000 it doesn't say what the, how much the shortage would be. It just says that the states would consult with the Secretary. But in essence, at that point in time, if you were under that severe of a condition, the Secretary would have discretion to determine shortages of a larger level, you know, to maintain lake levels in Mead and Powell. So, I mean that's in essence–and now it's ***huge*** that they agreed on those. I mean, these issues on, you know, "When does a shortage occur, and what is normal, and what is a surplus?" They've been around for a long time. And, you know, we're really changing the whole regime of how the river system is operated, you know, and how, you know, elevations in Powell and how releases are made to the Lower Basin, and then elevations in Mead, and how water supplies are delivered to users in the Lower Basin and Mexico.

"Now, the Lower Basin states say that when they start taking shortage Mexico should also share in that shortage. The treaty makes provisions for that, and so we would anticipate that Mexico would share in those shortages . . ."

Now, the Lower Basin states say that when they start taking shortage Mexico should also share in that shortage. The treaty makes provisions for that, and so we would anticipate that Mexico would share in those shortages and we will have to consult with Mexico on these criteria as we move ahead and get their input on, you know, on ultimately what we do. But, I would expect that Mexico will share proportionately, you know, in those shortages as we move (Storey: Um-hmm.) ahead.

". . . that whole thing . . . then you throw on top of that this idea that a water user in the basin can go *pay* to develop new water supplies and be able to claim those water supplies above their entitlement. *All* of those things, in combination, are huge. It's a whole new management regime for the Colorado River system that is . . . win-win . . ."

But anyway, all that whole thing, that's ***huge***. And, then you throw on top of that this idea that a water user in the basin can go ***pay*** to develop new water supplies and be able to claim those water supplies above their entitlement. ***All*** of those things, in combination, are huge. It's a whole new management regime for the Colorado River system that is one, win-win, doesn't harm anybody, and has the ability to create new water supplies that weren't there. It places incentives. There's forms of water marketing there. Nevada could actually go pay for farmers in some of the other states to forebear, to fallow land, and that could be just like building a storage facility in the Lower Basin and allowing Nevada to have that water. They could actually go pay for agriculture to forebear in use in other states, and then use that water.

". . . in 1994 we actually proposed a set of Lower Basin policies . . . we almost got our heads taken off for making that proposal, because they're win-win. . . . The Basin wasn't ready for them yet. . . . with the drought and the pressure of Nevada, and . . . the threat of litigation, and the risks to everybody we've had people come together and say, 'Yeah, maybe these things really can work.'. . ."

So, it's quite an arrangement that's being put in place here that we've never–now like I said, all of these things, well not the shortage piece and not the surplus piece, but in 1994 we actually proposed a set of Lower Basin policies that basically did these things. We proposed them. And, I would tell you in 1994 we almost got our heads taken off for making that proposal, because they're win-win. I mean, all of these ideas can be implemented in ways that take nobody's water supply, that creates additional water through conservation, has incentives for conservation to occur, and allows water needs to be met in states and places where water allocations are more limited. And so, we actually proposed doing these sorts of things. The Basin wasn't ready for them yet. There were no foreseen events. They were good ideas but the, it's just people weren't ready for them. And now, you know, with all these things happening, with the drought and the pressure of Nevada, and, you know, the threat of litigation, and the risks to everybody we've had people come together and say, "Yeah, maybe these things really can work."

So, I'm excited about it. I mean, what I'm so excited about is, you know, we've been pushing to get these things done for all these years and now they're actually, they're actually going to happen. So, it's just really exciting, (Storey: Um-hmm.) without having to go to court. I mean, you know, we proposed them–if the Secretary wanted, you know, in 1994 we could have pressed ahead and tried to do those regulations but it would have just brought–Arizona would have litigated and, you know, we didn't want to throw things into a court. So, I mean, we backed off. But ***now*** we have everybody agreeing. I've always said that there's always a–and this drives the lawyers nuts–but I've always said, "There's only one law on the Colorado River and that is you can do ***anything*** you can get everybody to agree to." (Laughter) And, when I say "everybody" I'm really talking about the seven states and the water users in the seven states.

NEPA Compliance and Consultation with Many Affected Water Users Still Has to Be Completed Before the States' Proposed Guidelines Can Be Implemented

Now, I've got to emphasize here that we're not there yet. I mean, we have to do NEPA. We have to go out and we have to get input from environmental concerns. We have to get input from recreation interests. We have to get input from ***power*** users, because ***all*** of these Operating Criteria have impacts, various levels of impacts on those users. And, we may have some of those interest groups that don't necessarily ***exactly*** like what the basin states have proposed. So, we're going to have ~~, we're going to have~~ our work cut out for us to move ahead. And, you know, we can't, we can't guarantee that we're going to implement exactly what the basin states have proposed, because we've got to go out, do the analysis, go through the process, get input from those ***other*** affected publics, and then ultimately put something in place, you know, two years from now. But, it is ***huge*** that the basin states have agreed and my guess is that over that two-year period, if we have to modify what the basin states have proposed it would be worked out between the states and the other affected parties, that we'd find ways to modify what the states have proposed to still make these concepts work. So, anyway it's big. I'm just–you can tell how enthusiastic I am about (Storey: Yeah.) what's happening.

". . . rewards, in the water business, only come if you're in the business for a long, long time, because change comes slow and you have to have forcing events . . . you press ahead . . . through all these years we've never backed away from our ideas . . . And we've continued to advocate for them . . . we haven't said, 'We're just going to do them.' . . ."

It kind of goes back to what I was, you know, the rewards, in the water business, only come if you're in the business for a long, long time, because change comes slow and you have to have forcing events to really, you know, necessity is the mother of invention. And so, in the ***long*** run, you know, you work on these things and you press ahead but you don't, you don't give up, you know, you just–because through all these years we've never backed away from our ideas about, you know, how these sorts of management criteria could be put in place and ought to be put in place. And we've continued to advocate for them, although we haven't said, "We're

just going to do them." We've always pressed for some sort of consensus on them. And, anyway, it's there.

Storey: Hmm. Did I hear you say that the states have agreed that Las, well Southern Nevada Water Authority can develop the Virgin and then they can put he water into the system to transport it?

Johnson: No. (Laugh) I didn't say that.

Storey: Oh, I thought I heard you say that.

Johnson: They've agreed, as a part of this, they've agreed ***not*** to develop the Virgin.

Storey: Oh, they have?

Johnson: Yes.

Storey: Okay.

Southern Nevada Has Agreed to Avoid the Question of Tributary Development by Not Developing its Project on the Virgin River

Johnson: So that they don't bring this tributary issue into the court by developing–so Nevada has agreed, as part of all this, to not develop the Virgin, ***because*** now they can turn to these other–you see, that's what the other states gave up. They didn't want to go to court with Nevada developing the Virgin because that was going to drive them to court. But Nevada said, "I'm going to, we're going to develop the Virgin whether you sue us or not and we can go to court over it." And then Nevada says, "But, I ***won't*** develop the Virgin if you'll let me have flexibility to do these other things, like pay for water conservation, system conservation measures, and be able to claim the water." And that's, and so, you know, Nevada is not going to develop the Virgin. They're going to go develop other water supplies. The Virgin will continue to flow into the mainstem.

Storey: So desalinization, has that improved to the point where it's more practical?

"The problem with desalinization is not cost. The problem with desalinization is environment and environmental limitations. . . ."

Johnson: Well, here's the problem with desalinization. It's not cost wise. The problem with desalinization is not cost. The problem with desalinization is environment and environmental limitations. Nevada will, can easily and quickly pay for the costs of desalinization. That's not an issue. The northern water supplies and the Virgin River supplies that they would have developed and transported to Las Vegas are as expensive or maybe even more expensive than an ocean desalting plant per acre foot. So, cost is not the obstacle. In California there's a Coastal Commission and the development of water, of desalting plants, would have to be approved by the Coastal Commission. There's big environmental concerns in California about the discharge of brine from desalinization plants. And so, environmentally California is not there

on desal, and developing big desal, desalting plants.

". . . the wisdom . . . in California is that *eventually* . . . when their own demands are large enough and their own needs are significant enough that they'll break the environmental nut. They'll find ways to build . . . desalting plants in environmentally sensitive ways and get the appropriate approvals within the state. . . ."

Now, the wisdom of most of the people in California is that ***eventually*** that will occur, that when their own demands are large enough and their own needs are significant enough that they'll break the environmental nut. They'll find ways to build desal, desalting plants in environmentally sensitive ways and get the appropriate approvals within the state. So, there's thought that that'll eventually happen but it can't happen right away. But, this opens the door, ultimately, for that to happen.

". . . everybody believes that eventually ocean desal is the real new source of water supply that's out there and that Nevada ultimately, *with this framework*, will be able to develop and meet all of its needs in the long term. Now, Nevada could go do desal with Mexico . . ."

I mean, everybody believes that eventually ocean desal is the real new source of water supply that's out there and that Nevada ultimately, ***with this framework***, will be able to develop and meet all of its needs in the long term. Now, Nevada could go do desal with Mexico, because Mexico doesn't have a Coastal Commission and the environmental issues in Mexico would not be there. So, Nevada ***could*** go and pay for desal. Tijuana uses Colorado River water so Nevada could pay for desalt in Tijuana and do an exchange with Mexico. So, that possibility is out there. So, it's not the technology or the cost of desal it's the environmental issues within California that they're not quite there on.

Storey: How does Tijuana get Colorado River water? Through Met [Metropolitan Water District of Southern California]?

Johnson: No. Well they, in fact, there have been deliveries through Met and the San Diego County Water Authority to Tijuana that has occurred. Small amounts when the need was there. But, the real one is the diversion into the Mexicali Valley. They actually have a pipeline that takes water from the City of Mexicali and actually pumps that up to, over to Tijuana.

Storey: Really?

Johnson: So, yeah. Um-hmm.

Storey: Hmm. Interesting.

Johnson: Yeah.

Storey: So, tell me more about what's going on down there. We're being sued because we want to line the canals, and that's going to cut off groundwater they think should be theirs?

Issues with Mexico over Lining the All-American Canal

Johnson: Um-hmm. That's a very hot topic right now and, you know, how it all ends up I don't know. In fact, big news in yesterday's paper the governor of Baja California came out and made a frontal attack on the Secretary of Interior in the press for not being responsive to Mexico's concerns about lining the canal and, you know, and all of that. And so there's, it's getting, it's a big issue for Mexico. It's been raised by President [of Mexico Vicente] Fox to President [George W.] Bush. It's been raised to Secretary [of State Condoleezza] Rice, and it's been raised to Secretary [of the Interior Gale] Norton through all of the diplomatic channels. You know, basically, you know, we're lining the All-American Canal. It's part of the California plan, the QSA. You know, I talked about putting the QSA in place. Well, the solution to the QSA was to allow the urban area to pay the agricultural areas to reduce their water use so that water can then move to the urban areas who have to, who are required to reduce their use of Colorado River water. And, a chunk of the water that was going to be used to do that was the urban areas, or the state of California, was going to line the All-American Canal. The All-American Canal is ***our*** canal. It was built by ***us*** under the Boulder Canyon Act. We still own the canal. It delivers three million acre feet of water a year to Imperial Valley. And, lining it will save about 67,000 acre feet of water a year. When you–it parallels the border.

Mexico Pumps about a Million Acre Feet of Groundwater a Year, and Lining the All-American Canal Will Reduce Recharge by about 67,000 Acre Feet Each Year

Now, what's been going on for years, all that leakage from the canal goes into the groundwater basin and Mexico is pumping about a million acre feet a year on the other side of the border. And so, if you cut off that 67,000 acre feet you cut off a ***portion*** of the recharge . . .

END SIDE 2, TAPE 1. FEBRUARY 17, 2006.
BEGIN SIDE 1, TAPE 2. FEBRUARY 17, 2006.

Storey: This is tape two of an interview by Brit Storey with Robert W. Johnson on February 17th, 2006.

So, we're providing a portion of the recharge there?

Johnson: Right. And, the country of Mexico has always objected to that. I mean, the lining of the canal was authorized in 1988 by Congress and we prepared an environmental impact statement on the lining of the canal. That environmental impact statement was completed in 1994, and a record of decision was issued in 1994 with the conclusion that the canal should be lined and that we ought to move forward with lining the canal. And so, you know, as far as we're concerned ***we made*** the decision to line the canal. Now, the state of California agreed to fund the lining of the canal, and the way the arrangements under the QSA got set up–and it's expensive. I mean

it's a hundred and, it's probably a, I don't know, $150 to $200 million project. But, the water supply from the lining will got to the San Diego County Water Authority. They'll actually be the ones that get the water.

We consulted with the country of Mexico in 1994 through the International Boundary and Water Commission regarding the lining of the canal. We had an extensive consultation process with the Boundary and Water Commission, the Mexican Section and the U.S. Section. The Mexican Section ***objected*** and cited the impacts in the Mexicali Valley, and we maintained that it was U.S. water. We charge it against, that water gets charged against U.S. entitlement, against California's 4.4 million acre feet entitlement, against Imperial Irrigation District's use of Colorado River water. So, it's our position that that's U.S. water and the U.S. has the right to conserve it. And, Mexico's always objected to that. So, in 1994 the U.S. Commissioner of the Boundary Commission said, "We're concluding the consultation, and in response to that consultation we will agree to deliver ***some*** of Mexico's entitlement ***through*** the All-American Canal so that that water supply can be delivered to the City of Tijuana and to the City of Mexicali. Now, doing that improves the water quality for those two cities substantially, and that is a ***significant*** benefit to the country of Mexico. And, in essence, ***that's*** the compromise or the mitigation, that the Boundary and Water–it's not mitigation. It's the action under comity between the two countries that the Boundary and Water Commission agreed to provide to the country of Mexico as a result of our lining the canal. It's always our view that we are not required to mitigate any activities that we take in the United States that may have impacts in Mexico. We're not obligated to do mitigation. We have a treaty.

"We're obligated to . . . comply with the treaty, to deliver the water supplies that are provided under the treaty. . . . we've never missed the quality or quantity obligations we have under the treaty. We've *always* met those. . . ."

We're obligated to meet our–to comply with the treaty, to deliver the water supplies that are provided under the treaty. We do that. We deliver, we've never missed the quality or quantity obligations we have under the treaty. We've ***always*** met those. There are things that go on along the border on an ongoing basis, in the operation and management of the system. Out of ***comity*** we work with Mexico to try to address their concerns but we're not required to. I mean, we've spent ***tons*** of money to try to accommodate Mexico's concerns on other issues, sediment in the water supply, and doing dredging to take sediment out. We spent $15 million taking sediment out of the holding basin at their diversion facility here three or four years ago. We spent three or four million dollars at the south boundary putting in new pumps and building a bypass channel to improve the quality of water that we deliver to the south boundary, ***above*** what's required under the treaty. We weren't, we were meeting the quality requirements under the treaty, but the Mexicans were objecting. They wanted a better quality during certain times of the year than what was required under the treaty. And, out of comity we worked with them and we've made some changes. They still would like better quality (Laugh) water than us, but out of comity we always try to work with Mexico if we can. But still, we have to take care of our own

water use too. Well, under this consultation with Mexico we said, "Okay, we have to line the canal but we'll try to help you out in another area here and what we're going to do is we're going to do is we're going to, we'll agree to deliver–and that has significant benefit." And, that's what the IBWC [International Boundary and Water Commission], U.S. Commissioner, told the Lower, the Mexican Commissioner that we would do as we move forward to line the canal.

And, of course, you know, ~~the Lower Basin, or~~ the Mexican Commissioner and the Mexican interests, you know, didn't feel like that was adequate but nevertheless it's what the Mexican–and from the U.S. standpoint we actually then concluded the consultation. We've consulted. We've done what we're required to do under the treaty, and now we're going to move ahead with our action to line the canal. Now, as we got closer and closer to actually lining the canal, in 1999 we–you have to review your environmental compliance every five years, you know, if you don't implement a project you got to go back and take a new look. So, in 1999 we took a new look at our EIS that was done in '94 and we determined–you only have to go back and do more environmental compliance if you determine that there's any new information that's significant that would require you to do a supplemental environmental impact statement, and there was no new information. So, we concluded and documented that and said, "We don't have to do another EIS." This is in 1999. And then, you know, in 2000 as we completed the QSA and all that then got completed and we had funding for lining the canal, it couldn't be Federally funded, it's funded by the State, we've now moved ahead with getting the lining. And we have, in that process, we've continued to talk to Mexico and say, "Here is our schedule. We're going to line it." We've continued to tell them what we're going to do.

In recent years, in the last two or three years, you know, Mexico has continued to object and we ***did*** some additional meetings. I think we would still maintain that–we closed the consultation in '94 but again, out of comity, we agreed to sit down and talk to them about the issues of lining that canal. And, out of that we said, "Well, we ***are*** willing to deliver water through the canal, ***still***, to Mexico, some portion of the Mexican entitlement. And, we're also willing to consider other things. For instance, we might be willing to work with you on developing groundwater recharge programs so that when there's extra water in the Colorado River and we have surplus conditions or flood control that we can recharge that groundwater basin that's being affected, you know. Let's get some facilities in place that will allow us to put a lot of water in the ground real fast when that extra water is available. We'll work with you to do something along those lines." And then, we also agreed that we could share groundwater data, you know, between what our pumping–we don't do much pumping on our side of the border, very little pumping on our side of the border. Mexico's pumping a million acre feet on their side of the border. So they're, so we agreed we would share data so that we could monitor.

The EIS shows that the impact of lining the canal–you got to remember this is only 67,000 acre feet out of a million acre feet that they pump. So, the land on the other side of the border is not immediately going to go out of production. They're going to continue to pump. And, the groundwater will get drawn down a little more than it would have, but there's a ***huge*** volume of groundwater under the Mexicali

Valley. Now, there'll be some impacts on quality and it will be drawn down, but it's still, there's still going to be groundwater there. So, it's not like, yeah there are impacts but they're not all going to immediately go out of production. And, we displayed those impacts in the EIS and showed that they were, you know, to the public what they were, based on data that Mexico provided to us. We can't go develop data in Mexico. You know, so to the extent we had data from Mexico we put it in our EIS.

But anyway, one of the other things that Mexico came to us with is they said, "Well, as mitigation will you consider building a facility to bring surface water into this area that currently pumps the groundwater?" And so, we agreed to study that with Mexico as part of our comity actions that we would be willing to work with them to review and develop a plan that would actually then–because this area that pumps groundwater, they can't get surface water. They don't have the facilities to deliver surface water to that agricultural area that's pumping this groundwater. So, we agreed that we would help them with studies. You know, so now we've added on to what we said we would do, not only just bringing water through the canal, but we've agreed to help them, and the State Department then said that once we develop, you know, a proposal, you know and gotten some good cost estimates that they would then support and jointly go with Mexico to the NAD [North American Development] Bank, which is the bank that was set up as part of the NAFTA [North American Free Trade Agreement], Free Trade Agreement, and support Mexico in seeking funding to actually then fund, fund a delivery system. So, we've kind of expanded what we've said we're willing to work with Mexico on from the close of consultation in 1994. And, we've said we'll–and we have had numerous meetings with Mexico over the last two years. And quite frankly, the Mexicans have drug their feet. I mean, we went to them, we hired consultants, we were ready to go do all the studies, and nothing would happen for three-, four-, five months, and then all of a sudden they'd want to meet, and "We want this data and we want that data." So, we would give them the data they wanted, you know, on the flows, and the canal capacities, and how much water we could deliver through the canal, and cost estimates for turnouts on the canal, and you know we have agreed to work with them on the groundwater. We provided all the groundwater data that they were asking for in the United States and we've continued to work with them on the design and development of the system. We've gone down into Mexico and toured their area and everything. So, we've continued to work.

Mexico Isn't Happy with What Has Been Going On, but Also Hasn't Been Very Responsive Regarding Meetings and Providing Data

But they, they don't feel like any of those things are adequate. They don't feel like any of those things are adequate, and they're still not happy with what's been done and what we ***are*** doing, and they're saying we're dragging our feet. And, you know, I don't know. We probably haven't moved as quickly as they would like. But, you know what? An awful lot of the slow moving is their fault because they never ever got back to have meetings. I mean, we were ready to meet and we were asking them for data and feedback and it took them months to ever ask for another meeting or to give us the data that ***we*** needed from them. So, you know, they're making this

big public display but, in fact, we have been trying to work with them over here in these areas.

Lawsuit over the Canal Lining, Including Mexican Claim on Seeped Water and Reclamation's Environmental Compliance

Well anyway, about six months ago a group of business interests in the Mexicali Valley, combined with a group from the Imperial Valley, brought suit against us in Federal District Court in Nevada here, they actually filed it with the Federal court in Las Vegas, claiming–they had a, oh I don't know, six or eight-count charge, and basically their ***claim*** was that seepage had become a right of Mexico's, that by their pumping and use of that water over all these years that they established a right to the water and that our lining of the canal was taking that right and, in fact, we should be prohibited from lining the canal. So they, in essence, claimed a piece of, you know, that lining for their own and asked the court to ***stop*** us because they had a right to the water.

They also sued us, challenged us on our environmental compliance. They maintained that there is new information that needs to be developed. We have to do a supplemental EIS, and ESA [Endangered Species Act] compliance that we're having impacts in wetlands in Mexico because of the drawdown in the groundwater basin. And, in fact, there are wetlands on the other side of the border and there are some impacts from drawing down the groundwater. We recognized that in our EIS in 1994 and we displayed that in 1994, and so it's not new information. And, it's not something that requires us, in our opinion, to have to do an EIS. We have actually done now another analysis just recently to reevaluate all the information that Mexico has given us in recent years to see if there's anything new. And, again we've concluded, determined that there is nothing new. We've prepared a document that's about two inches thick that documents that, and I'm sure that'll become, that is part of the court record now, so the court, I'm sure will be reviewing that document. It's still our position that we don't have to go back and do a supplemental EIS.

"About two weeks ago the judge threw out all of the claims of the plaintiffs *except for* the NEPA claim. . . ."

About two weeks ago the judge threw out all of the claims of the plaintiffs ***except for*** the NEPA claim. And so, the NEPA claim that we have to go back and do additional NEPA is still pending before the court. But, the court has dismissed all of the other, all of the other complaints. Now it's not, I'm not a lawyer and I don't understand the intricacies of a dismissal. I, you know, the reasons for dismissing are probably subject to challenge so, you know, I'm sure, you know, that we haven't heard the end of it, that they'll either submit new information. They could either–I'm not sure about all the details but they may be able to submit additional information to the judge and have him reconsider his dismissal, or they may eventually be able to appeal to a higher court to determine that this judge inappropriately dismissed those claims.

Arguments on the NEPA Claims in the Lawsuit Had Not Yet Been Submitted

In the meantime, our attorneys are submitting arguments on the NEPA claim and the judge will have to take a look at those and make some ruling on that NEPA complaint. But, the reason why it wasn't necessarily dismissed is none of the arguments on the environmental claims had been submitted the judge yet. The arguments over the right of Mexico to the water ***had been*** submitted to the court, and the court basically dismissed.

Some of its dismissal was on the basis of standing. He maintained that the Mexican interests did not have standing to bring ~~court, to bring~~ litigation. And so, I mean, I don't really understand all the–but, you know, the fact that he dismissed them was obviously good news, good news for us. And, we'll have to see what he, you know, I'm sure he'll review our environmental documents. I'm sure the plaintiffs will attack them, and I guess we'll see, we'll probably see what the judge does on that. So, that's the court side.

We will still have the diplomatic side to work . . . we will continue to have discussions on these three areas that we've agreed to work with them on . . . Mexico is making this a huge issue. . . . a big public issue. They're raising it at the highest levels of government. . . ."

We will still have the diplomatic side to work with, and we will continue to have discussions on these three areas that we've agreed to work with them on to see if we can mitigate. That is, I mean, Mexico is making this a huge issue. They're making it a big public issue. They're raising it at the highest levels of government.

"So far, the U.S. government . . . from the President on down . . . has maintained that it is our right to line the canal, and it is our intent to move ahead and get it lined. . . ."

So far, the U.S. government, you know, from the President on down as best I can tell, I mean I don't talk to the President, (Laugh) I certainly know from a Secretary of Interior perspective the government has maintained that it is our right to line the canal, and it is our intent to move ahead and get it lined. And, the bids for the canal lining were recently requested by Imperial Irrigation District. They're actually going to line the canal. And, they're going to, actually if everything goes according the schedule, construction should be starting this summer. Now, unless the judge stops us or unless the diplomatic process stops it, you know, we're still on that course to go ahead and get the canal lined. And, so that's a, it's a very, I mean it's a very high profile, very controversial, very upsetting. Just in yesterday's paper the Secretary was attacked by the governor of Baja California.

"One of the other things that's *really* driving this right now is there's an election going on in Mexico, and they're in the heat of the campaign. . . . making a big public splash and big public statements about lining the canal, and protecting the Mexican interests sells very well publicly "

One of the other things that's ***really*** driving this right now is there's an election going on in Mexico, and they're in the heat of the campaign. The election, I

think, is in June or July. So, you have all of these candidates and the existing party, of which the governor of Baja is a member, trying to get reelected, trying to get their candidates elected. So, making a big public splash and big public statements about lining the canal, and protecting the Mexican interests sells very well publicly from an elective, you know, if you're campaigning for election and making, you know, putting pressure on the United States is a positive thing as it relates to lining the canal. It ***is*** a big issue. It ***is*** a big issue in Mexico. It is a very big issue and they're pressing it very hard, obviously, in every avenue that they can. And so, that's where we're at on that. We'll have to wait until the next oral history interview to see where we're at (Storey: Yeah. I guess.) (Laugh) to see what's going on.

Storey: The environmental statement, well first I'm sort of interested, why are we doing an environmental statement when these are ***state*** water rights?

Johnson: No, they're not state water rights.

Storey: They aren't.

Johnson: Huh-uh. They're water rights granted by the Secretary. They're mainstem Colorado River water rights granted by the Secretary under the Boulder Canyon Act. So, they're Federal, they're Federally conferred water rights by the Secretary to Imperial under a contract with Imperial Irrigation District. So, they weren't allocated under state law. They're allocated and assigned under state law, under the Boulder Canyon Act.

Storey: So, that's the whole Colorado system?

Johnson: Right. Um-hmm. It's part of the Colorado River system. Yes.

Storey: Oh, so we ***do*** have discretion?

Johnson: We do, and we ***own*** the canal. We ***built*** the canal and we ***own*** the canal.

Storey: Yeah. Now, I had switched though. I had switched back to the whole system. (Johnson: Um-hmm.) I didn't make that clear.

Johnson: Yeah.

Storey: So, we have to do that environmental statement? Okay.

Johnson: Right.

Storey: Who's doing it?

Johnson: The environmental statement?

Storey: Is it Lower Colorado, Upper Colorado, combination the either half?

Johnson: No, Lower Colorado. On the All-American Canal–Lower Colorado.

Storey: Okay, but for the program we were talking about earlier. The shortages, the surpluses?

Preparing NEPA Documents for Implementation of the Basin States' Proposed Management of the Colorado River Is a Joint Effort of the Lower Colorado Region and the Upper Colorado Region

Johnson: All that. That's a joint effort. So, that's the Upper Colorado Region ***and*** the Lower Colorado Region working together because that is a basin wide–the two regions are involved there because we've got this criteria that defines the releases between the two Basins, (Storey: Right.) between Glen and Hoover. And, Glen is an Upper [Colorado] Region facility and Hoover is the Lower [Colorado] Basin facility. So, that's a joint effort doing that EIS and that environmental compliance process. The two regions are working together to do that, our staffs.

Storey: And, what are the physical mechanics of how you're ***doing*** that.

Johnson: With the two regions?

Storey: Yeah.

Johnson: Well, we have a study team. We have an EIS Team. We work really well together. I mean, our staffs have worked on Colorado River operations together for years. And, the coordination on the develop–we develop an annual operating plan for the Colorado River every year, (Storey: Um-hmm.) that is actually conducted ***by*** the two regions jointly. So, we're very used to working with one another. Rick Gold and I do an annual consultation meeting with the basin states, together with all seven basin states together, in developing an Operating Plan that we then submit to the Secretary for approval. So, we have this ongoing working relationship between the two regions. It's a very good, very solid working relationship between the two regions. And our staff, very professional staff. A very capable staff. They are really good and they've worked together for a long time. I am so proud of our staff and I know Rick is of his. We have some outstanding–we have the best–I would stack our hydrologists up against anybody in the country. And, our environmental people as well. And then we, of course, we're hiring consultants to do some of the work as well. We're not doing it all in-house. We'll be paying consultants to help in the analysis and some of the stuff. But, it's being jointly directed by Terry Fulp on my staff, and Randy Peterson on Rick's staff.

Storey: And, everybody's staying Salt Lake and Boulder City? There's no special office or anything?

Johnson: No, we do it together. We do weekly calls with, between the two regions.

Storey: From two locations?

Johnson: Two locations. We do it all the time. I mean, it works so well. I mean, we don't, it

really is, you should, if you get a chance talk to Rick about it but it really works well. And we do periodic calls. We did a call yesterday with the Assistant Secretary and the Commissioner. We do periodic calls to update the–this has got the highest level of interest. I mean, the Secretary is very plugged into what's going on here. This is a really ***big deal*** for her. And, the Assistant Secretary is as well. And so, we do updates with them periodically. We brief, Rick and I actually go back to Washington and brief, the Secretary periodically on what's going on here. And, it's just a joint effort and there's no, there's no turf. We've ***never*** had a problem with turf, and there's very good relationships between the staff. It just really does work very well.

Storey: It almost sounds like they aren't human. (Laughter)

Johnson: You know, to be real honest with you . . .

Storey: So many turf issues and things between offices.

Johnson: No, I'll tell you, I am not aware, I am really not aware of (Storey: Well, that's great though.) I really don't think that there are. I mean, my sense is it's been going on for–you know, this annual operating plan, we do it every year and the two staffs work together and they have, they, the Upper Basin guys do the Upper Basin hydrology piece. Our guys do the Lower Basin hydrology piece. They run the models together, you know, to put together the reports. I am absolutely–now, you know sometimes maybe there are little things. If, you know, talk to Rick. Or, you know, if you ever do oral histories with Jane Harkins, my Deputy, or Terry Fulp. I mean, they have a lot of insight on these things. (Storey: Um-hmm.) It would be worthwhile for you to talk to them. But, you know, I mean they could give you a closer-to-the-ground viewpoint on it. But, I feel pretty confident that there are not any problems at all with the two regions doing this.

Storey: Well, that's great.

Johnson: We've never had a single thing. We've never had a single major issue that we've disagreed on. We've never had, we've ***never*** had, we've never had an issue that we've disagreed on, that I'm aware of, a big issue where the two regions would go to the Commissioner and say, "Oh gee, we don't agree here, you know. You need to solve this." That's just never happened.

Storey: Back on the bigger issues and the Nevada issue. Yesterday I was driving down to Parker and I kept hearing about some guy who's got a way to solve Ely's water problem so Nevada can't raid their water. This idea of expanding the Great Basin National Park by adding on a conservation area. (Johnson: Um-hmm.) Do you have any involvement with any of that stuff?

Reclamation Is Peripherally Involved in a Study by Southern Nevada of Tapping into Groundwater in Central Nevada, but Several Department of the Interior Bureaus Are More Involved Than Reclamation

Johnson: No. That is, that is being handled–you know, BLM [Bureau of Land Management] really has the lead on that. (Storey: Um-hmm.) I mean, that's outside of the

Colorado River and our purview. Those are groundwater rights that are issued by the state engineer of Nevada. And, the Federal involvement, it's Federal lands. So, it's BLM. It's mostly BLM.

Storey: So, rights of way?

Johnson: So, rights of ways. It's BLM, it's Park Service, and it's Fish & Wildlife Service. So, it's Interior agencies but it's not the Bureau. Now, we are involved in the EIS as a cooperating agency, but our involvement is mainly related to–as they develop alternatives, you know, for the EIS, you know, the Colorado River will have to factor into those alternatives so they will need our expertise in helping them develop and provide input into their EISs. They consider ***other*** alternatives. So, we are a cooperator on the EIS, a cooperating agency, but the, the other agencies really have and I am thrilled (Laugh) that that's somebody other than us because those are very difficult issues that I'd just soon not, I mean, we've got our hands full dealing with the surface water supplies and the groundwater connected to the Colorado River and the Colorado River tributaries, you know, have no interest in getting caught up in those issues. It's been a coordination issue for the Department. There have been, you know, Pat Mulroy had been very vocal to whoever she can talk to in the Department of Interior about getting support to develop these water supplies, to get the, to get the Interior agencies. It's all Interior agencies. To get the Interior agencies to work together. There's some very difficult endangered species issues, there's Federal lands issues, there's park issues. And, the natural inclination, particularly of the Fish & Wildlife Service and the Park Service is, you know,"We don't want, we don't want development, you know, any impacts on species and that sort of thing." So, their natural inclination is probably not very favorable to, you know, this development. I think the BLM is a little more neutral in that regard. I think the BLM is a little more willing to cooperate with Nevada. I think the Department has actually coordinated a very high level coordinator just fairly recently hired a person at a senior level whose sole job is to work with Nevada, southern Nevada, and the state of Nevada, and the three Interior agencies that are involved. And, I can't remember her name. I think it may even be at a political level. I'm not sure. It's at a senior executive level but it may even be beyond, it may even be at a political level that this person's been selected to do this job. And, I think they actually live in Las–I haven't had a chance to meet him yet, but I'm hoping to. GS [Geological Survey] . . .

END SIDE 1, TAPE 2. FEBRUARY 17, 2006.
BEGIN SIDE 2, TAPE 2. FEBRUARY 17, 2006.

Storey: You were saying the Geological Survey's involved?

Johnson: That's true, and they're doing groundwater modeling studies. They've been directed by Congress. One of the things that Utah did, you know, Utah objects. So, one of the things that Utah did was they got language in an act that directed GS [U.S. Geological Survey] to do groundwater modeling to determine impacts on the groundwater basin in Nevada and Utah. And, I think actually they've got a hold on the project until those studies are completed. So, GS is developing groundwater models and they're responsible. So, there's another Interior agency that's involved as

well. And, you know, all that is, they're still waiting for the state engineer to make decisions. He still hasn't issued the water right permits. And then ultimately the BLM and the other agencies, Fish & Wildlife Service, will have to issue Endangered Species Act compliance, and BLM will have to issue all the right of ways. And, I assume that the Park Service will–I'm not sure if any of it goes over any Park Service lands or not. But so, [sigh] it's, that in and of itself is a very complex, difficult set of issues that are being dealt with by, primarily by the other agencies of Interior.

Storey: Um-hmm. If we go back to the entire Basin and these representatives of the governors, who negotiated out this agreement, what kind of contact, if any, did Reclamation have with them?

Reclamation's Relationships with the Colorado River Basin States and the Proposed Approach to Managing the Colorado River

Johnson: Oh, it's a very close working relationship. We have–you know it's kind of like the–and there's very positive personal relationships between all of them and between Reclamation staff. Rick Gold and I both have great relationships with the representatives in all seven states. Each of us know the folks very well. The Colorado River water community is a pretty close knit group, and ***most*** of them have been at it for a long, long, long time. (Storey: Um-hmm.) And, there's a, I don't know if "brotherhood" is the right (Laugh)–even though they disagree there's good strong personal relationships among all the major players that are involved. And, they argue and sometimes they don't like one another. But, for the most part there's a good respect and good working relationships there among all the parties. And, the Bureau did, I would say we played a significant role. We facilitated–and you know, quite frankly we're the ones that represent the Secretary, so when it comes to putting pressure on them to get solutions, telling them what they have to do, moving them ahead, you know, telling them "By golly, we're going to do it if you don't." I mean, you know, I think a lot of that falls to Rick and I.

". . . technically, our staff actually supported their negotiations. We attended many of their meetings. . . ."

And then technically, our staff actually supported their negotiations. We attended many of their meetings. We actually provided modeling support and analysis. And we, you know, we worked to try to find middle ground, you know, to develop ideas that we could give to them, that our staff could give. Our staff, Terry Fulp, the two staffs that worked together, Tom Ryan, and Randy Peterson, and Terry Fulp, and our staff here locally they're ***great*** and, you know, what they would do is they would, and they would work with the states in–they would have technical meetings where the technical people from the states would get together with our technical people, and then the principles of the states, the people that were actually the governor's representatives, only come together periodically. And so, our staff played kind of a facilitating role in terms of running models, and putting out ideas and, "Well, here's a way to operate those two reservoirs, you know, where we don't always release 8.23. And, here's a way we could do shortage, and elevations of shortage in the Lower Basin." And, then they would come back to us with ideas, you know, their ideas and "Okay," and we'd go model that and show them, "Well, you know, if we use that

criteria here's how often, based on historic hydrology, shortages would occur."

"I don't know that the states could have come together if Reclamation weren't right in there with them, you know, working together to try to make it work, and threatening them with the Secretary's power . . ."

So, there's a very, very much, I mean, this is, you know, I think Reclamation gets some credit for the states coming together. I don't know that the states could have come together if Reclamation weren't right in there with them, you know, working together to try to make it work, (Storey: Um-hmm.) and threatening, threatening them with the Secretary's power, (Laugh) you know. "By golly, we'll do this for you if you guys don't, (Storey: Yeah.) if you guys don't move ahead." And, "***We*** need detail," and setting dates, you know, and tell them, "We need this by then." If we don't get, if we don't get your feedback we're going ahead without you and setting a date and saying, "This, by golly, we've got to . . ." and you know what, they met our dates. They came back and pressed us to stretch out the date. You know, "Won't you, you know, stretch out the date?" "Nope. Can't do it. You know, the Secretary's given us a deadline and if we don't get it by this date we can't include–you know, we have a lot of work to do and if you haven't given us your input in the appropriate time frame we can't work it into our analysis and consideration of alternatives." So, we played a role.

We definitely–and I don't want to take credit away from the state representatives either. I mean, there was compromise, and hard work, and willingness on their parts to roll up their sleeves and find–and I think it's this working relationship thing that I'm talking about, the fact that everybody knows one another and they've worked with one another for years. I mean, ***many*** of these people at the, you know, governor's representative level but then also at the staff levels, these guys worked whole careers on the Colorado River. (Storey: Um-hmm.) You know, ten-, twenty years, some of them thirty years, have been involved in–some of them forty years. Phil Mutz from New Mexico has been working on the Colorado River for probably forty years. And, so you have these–and then you get new people coming in, you know, from time to time. Somebody will retire or take another job, and you'll have somebody new that comes in and replaces a state rep. But, it's, I think their working relationship and that this interaction that they have and, you know, over the years there's many issues that they have in common interest, you know, dealing with the river and the environmental issues on the river, and all of those sorts of things. There's areas of common interest where they work together on lots of things that weren't necessarily divisive, you know, so there's this history of working together on other issues that were not as divisive that they could always, where they had another enemy. They had a common enemy, you know, and they had these working relationships (Storey: Um-hmm.) that were there. So, I think the framework and the makeup of that group is really important. Some of them are easier to get along with than the others. I will say. I won't name names but (Laugh) you know some of them are a little cranky. But, all in all there's not, there's none of them that are really bad, you know.

Water Managers from the Basin States Are Capable and Tend to Be Around for a Long Time

They're all capable and they've all been there, most of them have been there for a long, long, long time. (Storey: Hmm.) You know, I think of Jerry Zimmerman. Of course, Dennis Underwood, I mean we just lost Dennis Underwood and what a loss he was. He was such an important player. And, I told everybody–you know, this came together without Dennis. And, I told people, "You know, when they came together on this the spirit of Dennis Underwood was there because this really would have been something that Dennis would have . . ."–and he was involved, early on, in these discussions, even after he, he participated in conference calls up to within a month or two of when he passed away. And so, he was part of the discussions, you know, for quite a period of time."

Storey: But, he wasn't the governor's rep?

Johnson: No, but he represented Metropolitan Water [District of Southern California]. In California there are about fourteen governor's representatives. (Laughter) (Storey: Uh-huh.) There is no entity. One of the complaints of all of the other states is that when you have these meetings everybody else comes in with two or three people. California walks in with fifteen. The governor's rep, the ***official*** governor's rep for California, is Jerry Zimmerman ~~who is the chairman~~ of the Colorado River Board of California. ~~Not the Chairman.~~ He's the Executive Director. And then his chair, his chairman, who is right now, who rotates, who is now Lloyd Allen who is from Imperial Valley, Imperial Irrigation District. But, you know, Jerry spent a whole career on the Colorado River. He was, in the Upper Basin, he was the Executive Director of the Upper Colorado River Commission for a while, and then he moved to become the California governor's rep about fifteen years ago, so he's been in California for about fifteen years.

Storey: I think Dennis had that job before him maybe?

Johnson: Dennis, he did. In fact, Jerry was Dennis's replacement. And then Dennis became Commissioner, and of course Dennis was involved in the Colorado River as Commissioner. And then there was a period of time when Dennis was out of it after he left the Commissioner's job he wasn't involved for, oh probably six or seven years. He was off doing other things. And then he went to work for Met as their executive vice president in about, I don't remember, it was '99 maybe, somewhere around in there. And then, in that role he got very involved in the Colorado River again. But, you know, the names that I can think of that have been around forever, you know, Jerry Zimmerman is one, but you go through the rest of the people. In California you got John Carter from Imperial Valley, and of course you had Dennis Underwood, but at the staff level you have a fellow by the name of Jan Matuszak [spelling?] who's been with Met for, he's always been involved as long as I can remember. And, Coachella Valley, of course Coachella, we lose them from time to time. Coachella we had Tom Levy, you know, for all those years, and now ~~his new general manager,~~ the new general manager there, Steve Robbins, is involved, although he's, you know, a relative newcomer to the process. In Nevada we have Pat Mulroy who's been the mainstay for Nevada. She's got two deputies that are very much involved, Dave Donnelly and Kay Brothers, and they've been involved. But, Pat's been involved now probably for fifteen years on all of these things that are going on as representing Nevada. In Arizona you have Tim Henley and Tom Carr

who are the staff people that have been there for a whole career, twenty-, thirty years each, always working on the Colorado River. The governor's rep has changed. That's Herb Gunther. He's relatively new. He came in with the new governor that was elected, [Janet] Napolitano. Before him, Rita Pearson was the rep, the governor's rep. But, that's kind of a more political area. In Utah you've got Larry Anderson [spelling?] he's the governor's rep and he's been involved for thirty years, and he's got a staff guy named Robert King who's been there for thirty years. And, Colorado's changed. The continuity in Colorado is a guy by the name of Jim Lockhead. He's been there for many, many years. A guy by the name of Randy Seeholm who works for the State. Jim Lockhead is an attorney that represent interests on the West Slope in [Colorado.] ~~California.~~ They've got Rod Kuharich.

Storey: In Colorado, you mean?

Johnson: In Colorado. But, Rod Kuharich and Scott Balcomb are the ***official*** governor's reps now, and they're relative newcomers. They've only been there for two or three years. But you've got . . .

Storey: In Colorado?

Johnson: In Colorado. But, Jim Lockhead is the long-term continuity and he was the governor's rep, ***very*** capable, everybody likes him, great personality. And, I don't take anything against Rod or Scott, but they're relative newcomers. You know what I'm saying?

"Colorado is a little bit of the Arizona of the Upper Basin. You know, Arizona is a little cranky. Colorado can be a little cranky on issues. . . ."

Colorado is a little bit of the Arizona of the Upper Basin. You know, Arizona is a little cranky. Colorado can be a little cranky on issues. In Wyoming, there's a guy by the name of John Shields, who's a staff guy. He's been involved forever. Their state engineer is relatively new, Pat–that's terrible. I've forgot the governor's rep in Wyoming. His first name's Pat, Pat Tyrrell, and he's a really fine guy. Of course, in New Mexico, Phil Mutz, a whole career. He was actually Steve Reynolds, the famous water guy, the state engineer who is probably ***the*** most famous state engineer in the west who, he passed away years ago. But, Phil was actually Steve Reynolds' Deputy State Engineer for many years, and he's still involved. And, I imagine Phil's probably in his 80s. They have some newer staff that, Estevan–I'm losing the last name again, but they've got some newer folks that are more at the governor's rep level now too. You know, the governor's rep levels kind of come in and out. So, you really look around and you have a lot of continuity. Even with Mexico. The staff of IBWC [International Boundary and Water Commission] has been involved in these things for many, many years, Carlos Marin who's the acting–and the U.S., the Mexican Commissioner Arturo Herrera he's been the Mexican Commissioner for twenty years and he's been involved in all this stuff for twenty years. So, you just have all these people that have been there and worked there, and know the–now, the Upper Basin Commission for years and years they had Wayne Cook who worked a whole career. He was a Bureau guy. He was the operations chief in Upper Colorado Region. He worked on the Colorado River when

he worked for the Bureau, and then he retired and became the Executive Director of the Upper Colorado River Commission. He did that for fifteen years. He retired again, and now they have a new Commissioner. He's relatively new, but he's really jumped in and he does a great job. And boy, I'm losing his name too [Don A. Ostler?]. But anyway, it's just, you know, there is a great group of people there that are, have a good long-term history of working together. And, like I said, new ones come in but you still have that base. You know what I'm saying? (Storey: Um-hmm.) And, every once in a while somebody–and then before too long that new one is an old one.

Well then, and I, our own staff–I mean, Jane has been involved, my Deputy, she's been involved on the Colorado River for, oh I don't know, probably ten years. And, Terry Fulp now for ten years. Randy Peterson in Upper Colorado has been working on it for twenty years, (Storey: Yeah.) on the Colorado River. Rick Gold's been there for . . . probably working on the Colorado River for fifteen years, or twenty years. ***I've*** been working on the Colorado River since 19–well, I came here in 1979 and I was in planning at that time and the Colorado, I was really working on planning projects in the Central Arizona Project. I really–but since 1988 I've been involved on the Colorado River and all the things that are going on. And so, you just have a real long-term continuity there that I think, that's the other piece, you know. In addition to the Secretary being able to provide leadership and having authority to make decisions, having this group of people, you know, that have worked together for so long and know how to work together, I think that's the other thing that allows this progress to occur, and to allow these difficult issues to get worked out.

Storey: So, did all of these people come to all of these meetings?

Johnson: Yeah. It was a big group.

Storey: Yeah.

Johnson: Yeah. Um-hmm. And more. And, I mean, it wasn't unusual to have, oh, I don't know, thirty-, forty people in a meeting. On the last days, the last two days, they met in Las Vegas here. Rick and I attended. Terry Fulp attended. Larry Walkoviak, my other Deputy, attended. And, I would say–they had a big table, a big square, they usually have a big square table, and you'd have, you know, thirty, forty, people in the meetings. Then they have Technical Groups. They say "smaller Technical Groups," but I think even in the Technical Groups there's probably ten or twelve people that are involved in terms of getting together and trying to do the technical backup studies and that sort of thing.

Storey: Hmm. Well, we have about ten minutes, and you just raised an issue that I'd like to cover. Remember back under Dan Beard, (Johnson: Um-hmm.) we flattened the organization (Johnson: Um-hmm.) and you went down, I think, to one deputy as I recall, (Johnson: Um-hmm. Um-hmm.) here, and now we're back up to, did I hear two deputies?

Johnson: Yes. Uh-huh.

Storey: And, an Assistant?

Johnson: No. Just two deputies. I just have two deputies. I don't have an Assistant Regional Director. I have an Executive Assistant, Donna Ruiz who's, you know . . .

Storey: What about Jane?

Johnson: Jane's a Deputy; Larry Walkoviak's a Deputy. So, I have two Deputy Regional Directors.

Storey: What about Lorri?

Lorri Gray Moved from Being Deputy Regional Director to Managing the Multi-Species Conservation Program

Johnson: Lorri's the no longer the Deputy. She moved over and she's actually the Program Manager for the Multi-Species Conservation Program.

Storey: Oh, okay.

Johnson: Yeah, Deputy, Lorri stepped out of her job as Deputy Regional Director. She oversaw the development of the M-S-C-P [Multi-Species Conservation Program] and once it was developed we had to implement it, and we needed a Program Manager to implement it. And, it was my intent to hire a Program Manager to do that and Lorri came to me and she had been so involved in developing it she wanted to actually just take on full time the management of the program. So, she moved over to implement the M-S-C-P Program to my–I mean it was good and it was bad. I ***did not want*** to lose her as my Deputy because she was just absolutely outstanding, but by the same token I knew I had somebody that would do a great job of implementing the program, and it is a ***very important*** program. But, in the end it turned out really good because I replaced her with Larry Walkoviak. So, I got to keep Lorri in another job and I got Larry Walkoviak who had worked in the Upper [Colorado] Region and was the Area Manager in Austin, Texas. (Storey: Um-hmm.) He's just outstanding. And, I've got Jane here.

". . . one of the things that I take the most pride in is the staff that we have and what a great staff we have. . . ."

So I, you know, one of the things that I take the most pride in is the staff that we have and what a great staff we have. And, we've really been lucky to have just outstanding people working in this region. And, they've made me look good.

"I always say, there's three things that a top manager has to do . . ."

I always say, there's three things that a top manager has to do, you know, a high level manager. There's three things that he has to do. He has to have a sense or a vision of where the organization needs to go. He needs to be able to deal with the external forces and activities. You know, like for a Regional Director, you got to deal with Washington and the political level in Washington. You have to deal with Congress. You have to deal with water users and environmental, you have to deal with all the external things that are going on. And then, the other thing you've got to do is

you've got to have good people. You've got to hire good people. And, if you can do those three things you'll be successful.

And, hiring good people is probably the most important thing that you have to do, and I've been really lucky to get good people. And so, that's what's made this region go is getting good people. And, I don't want to take anything against any of the other regions, you know. There's great people throughout Reclamation. I don't want to take anything away. Obviously as Lower Colorado I think we have the best, but I'm sure ***every other*** Regional Director thinks the same thing, and there's lots of good people in other parts of Reclamation that–so, anyway.

Storey: Anyway, sort of where I was ***trying*** to go, Dan flattened the organization, you know, eliminated a lot of Division Chiefs, and office staff, assistants in the Regional Director's office. Thinking back on that, what were the strong points and the weak points?

". . . Dan [Beard] was trying to change the organization . . . get new people in with fresh thinking . . . He knew that there was a strong set of Regional Directors . . . He de-emphasized the role of the region, . . . put a lot more emphasis in the role of the Area Offices. . . . try to change the *culture* and the mindset of the organization. . . ."

Johnson: Well, you know, I think what, Dan was trying to change the organization and he wanted to shake it up and he wanted to get new people in with fresh thinking and new ways of thinking, you know, and he wanted to get people that would think more closely. He knew that there was a strong set of Regional Directors in Reclamation. He de-emphasized the role of the region, the Regional Director and the regional offices, put a lot more emphasis in the role of the Area Offices. And I mean, it was really, I think, an approach by Dan to try to change the ***culture*** and the mindset of the organization. I think that's what he was trying to achieve when he did that. And, you know, I think to some extent he did that. I think there were significant changes that occurred as a result of that. We ***did*** have a ***lot*** of people retire who had been with the Bureau for years and years, and were probably more set in their thinking. And we had a lot of new people come in or, you know, people get promoted to higher positions, who probably did bring some new thinking to those things. So, I think that was probably what he was trying to do and I think he probably did.

". . . the other thing that he was trying to do is he was trying to get Reclamation organized in a way to be a water *management* organization as opposed to being a construction organization. . . ."

I think the other thing that he was trying to do is he was trying to get Reclamation organized in a way to be a water ***management*** organization as opposed to being a construction organization.

". . . prior to the reorganizations . . . we were still structured the way we were . . . '30s, '40s, '50s, '60s, '70s . . . Planning Division . . . Construction Division . . . Operations Division. So, . . . you plan projects, you design and construct them, and then you operate them and maintain them. . . ."

You know, prior to the reorganizations that we did under Dan, we still had the three, you know, we were still structured the way we were, you know, through the '30s, '40s, '50s, '60s, '70s, you know. We had a Planning Division whose job it was to plan new projects. We had the Construction Division, and we had the Operations Division. So, we had three major program oriented divisions and it was, you plan projects, you design and construct them, and then you operate them and maintain them. And, I mean, that was the structure that Reclamation had until Dan came along.

And then, with Dan we changed this organizational structure to focus now on management of water supplies. Most regions did away with Design & Construction. We don't have a division called Planning anymore. We do have an office called–and that was recreated after Dan left–but we do have an office called our Engineering Services Office. But, we do engineering for the O-&-M [Operations & Maintenance] of our facilities now. We're really not doing a lot of engineering for design & construction. ***Some***, but not like we were, you know, back in the '70s and '80s. You know, and now all the regional offices now have Resources Management Offices we call them, and they may have some planning people, they may have some O-&-M people. They may have some lands people. They'll have environmental people that are ***all*** associated with carrying out the management activities with our water supplies. We do still have Operations Divisions, although we don't call them Operations Divisions. In this region we call them the Boulder Canyon Operations Office–I guess we do call it an Operations Division–where we actually oversee the operation of the facilities, and the management of the river system and the water supplies. So, we did kind of keep an Operations Division intact but we called it something different. So you know, I think that was the major change that Dan made.

". . . the idea of getting rid of deputies and all of that, and flattening the organization, was really to make that cultural change and to push all the old blood out and try to bring in new blood. . . ."

I think the idea of getting rid of deputies and all of that, and flattening the organization, was really to make that cultural change and to push all the old blood out and try to bring in new blood. And, I think Dan achieved that. Probably not to the degree that he would have ***liked*** to achieve it, (Laugh) but he, I think he made a lasting mark on Reclamation. I think probably for the better.

". . . where Dan hurt the Bureau. And, if he would have stayed on much longer he could have hurt us a lot worse. He had completely alienated our traditional constituency, our water and power users, and . . . all he had to do was walk in the door. . . ."

I tell you though where Dan hurt the Bureau. And, if he would have stayed on much longer he could have hurt us a lot worse. He had completely alienated our traditional constituency, our water and power users, and he did it, all he had to do was walk in the door. You know, his reputation, you know, I mean he was the, you know, George Miller's staff chief, and George Miller was ***the enemy*** of the Bureau of Reclamation, and he was the ***enemy*** of western water development. And, all of the water and power users in, I mean, you know, George Miller had, you know, he was

the RRA [Reclamation Reform Act] person. He had an environmental orientation. He really . . . and so, when Dan came to work as Reclamation Commissioner he had, he did not have the trust of any of the water users. He had the ***distrust*** of all the water and power users. And, then with some of the things he did he reinforced that. And, we actually had our water and power constituency lobbying for our demise for a period of time. I mean, there was several years when Dan was Commissioner, and for even for a couple of years ***after*** he was Commissioner, where we had language in our appropriations bill questioning the mission of the Bureau of Reclamation and whether or not it ought to continue to exist as an agency. And, that was driven by this.

"When Dan was Commissioner, even if we were trying to do a good thing with a water district . . . there was so much distrust we couldn't work with them, because they thought we had ulterior motives. . . ."

And, it didn't matter. When Dan was Commissioner, even if we were trying to do a good thing with a water district–I mean, he had some programs where he was trying to reach out, you know, and create partnerships and that sort of thing–there was so much distrust we couldn't work with them, because they thought we had ulterior motives. There was just a real–and had he stayed for much longer, you know, we might have, you know, I think we would have felt the political repercussions of that.

". . . one of the things that Eluid Martinez did when he came in, he immediately started working to turn that around. Eluid was a state engineer. He had traditional ties to the water and power community. He knew how important they were to the political survival of Reclamation. . . ."

Now, one of the things that Eluid Martinez did when he came in, he immediately started working to turn that around. Eluid was a state engineer. He had traditional ties to the water and power community. He knew how important they were to the political survival of Reclamation. I can remember the first executive level meeting we had with Eluid. Eluid told the story to the executive committee, an old folklorish story from his culture that there was a tree. And, this tree was stuck in one place all the time and the tree didn't want to be stuck in one place. So, it wished that it could go and travel and see different things. And so, finally the tree's wish was granted, but in order to do that the tree had to give up its roots. And, the tree started going to see these other places and pretty soon it died because it didn't have any roots. And, you know, Eluid's message was, "You know, Reclamation's got roots and it's trying to move away from those roots and if it doesn't change it'll die." He didn't say it in those terms but, you know, that was the message.

". . . Eluid really deserves credit for reestablishing the relationship between the water and power users and Reclamation. . . . he did a great service for Reclamation. . . . Dan's contribution . . . It was time for Reclamation to make some change. And, . . . then Eluid . . . came in, and kept all of Dan's change from going so far that it destroyed us . . ."

I think Eluid really deserves credit for reestablishing the relationship between the water and power users and Reclamation. He immediately went out. He started meeting with the water and power users. I know a lot of people have criticized Eluid,

but I think he did a great service for Reclamation. I think Dan Beard too, I mean. You know, all the Commissioners make their unique contribution. I think Dan's contribution, in terms of changing us into a water management organization and changing the focus on our mission, I think those were positive things. You know, it was change. It was time for Reclamation to make some change. And, you know, and then Eluid brought in, came in, and kept all of Dan's change from going so far that it destroyed us, you know, and recreating those relationships.

Storey: What about John Keys's contributions? Too soon?

John W. Keys III

Johnson: Yeah, I think it's too soon. I think that what's going on right now with this National Academy Review and the Management for Excellence that's coming out of that. I think that that, you know, I think John has made that a priority for him to implement and deal with, and I think that'll be, I think that could well be one of John's contributions. I think John's contribution, too, was when he came in he ***knew*** the organization. He knew all the people in the organization. He knew who could do what.

END SIDE 2, TAPE 2. FEBRUARY 17, 2006.
BEGIN SIDE 1, TAPE 3. FEBRUARY 17, 2006.

Storey: This is tape three of an interview by Brit Storey with Robert W. Johnson on February the 17th, 2006.

As a result, Keys?

How Administration Changes Affect Reclamation

Johnson: And, as a result he made for a very smooth transition from the Clinton to the new Republican Administration. I think if, you know, it's not unusual when you get a change in administrations from, especially a change in parties, from a democrat to a republican, or a republican to a democrat, and you get a new political level of the organization. You see major changes in the organization. I mean, when you look back on Reclamation's history every time there's been a change in administrations that represented a change in the political party you saw changes in the top level management of Reclamation. You'd get Commissioners that would come in. They don't know the internal workings of the organization. They know they have a new policy agenda that's different than what the previous party had. Now if it's a ***change*** of administrations and it's the same party there's a little bit of trust there, because, you know, it was, you know, the ***philosophy*** is the same and they'll assume that the people at the high levels share their philosophy. When you get a change of administration there's immediately a distrust of the organization that they want to move in a new policy direction, that the senior level management within that organization is still committed to the old political philosophy, and so you want to see changes made. And, you can look back on Reclamation's history and you can see where that happened.

". . . there was a huge change when we went from Ford to Carter. . . ."

I remember there was a huge change when we went from Ford to Carter. That was very early in my career and I was at a very low level but I still remember all the changes that happened. I mean, when Carter came in it was the first political, we went from a career Commissioner to a political Commissioner. There was a shakeup. There was a lot of Regional Directors that moved around, and Assistant Commissioners that moved around into different jobs, and people that retired. Regional Directors that moved or retired, you know. A couple of years later, when you went from Carter back to Reagan and Bob Broadbent came as Commissioner. And, what happens? You have these new political people that come in, okay, at a political level. And, they don't know the organization and they don't know who they can trust, and they don't know who–and it takes them a year or two, and they go through changes and everything else trying to figure out who in the organization can do things and how the organization works. And, in the meantime you usually have this transition and this change that goes on because you're always bringing in the new–you know, prior to Carter we had career Commissioners. So, when you had changes I don't imagine that you had this change. But, all of my career, I mean, you know it's been thirty years now since Carter, or close to thirty years since Carter came in as President–no, it is thirty years, '76 I guess.[38] But, so you always have this change. Well, you know, and then when we went from Clinton–you had relative stability. You know, we went from Reagan to Bush I, and we had relative stability there. You know, we didn't see–and you had Dennis Underwood come in as Commissioner under Bush, and Dennis knew the Bureau, the Bureau quite well. But then you had Dan Beard come in. We had a huge change with Dan Beard coming in. Well, then we had the new Republican Administration come in and you had John come in as Commissioner. We did ***not***, within Reclamation, see major changes in the makeup of the organization or the management of the organization. We had continuity. And, I think the reason for that is you had John Keys coming in, and he knew the organization, and he trusted the organization, and he knew who to go to get things done. And so, Reclamation did not have to go through the painful process of, you know, all those kinds of shakeups when we went from Clinton to Bush II, because John Keys was part of that. I think that probably made it such that John doesn't get as much credit as he should for some of the things that have gone on in the Bureau under his tenure. So, and I think when we, I think John will get lots of credit. I think you're right. It's too early. And, it's always when you look back that you can see, you know, the contributions that various people made. And, I think John's legacy will be a good one.

Storey: Good. Well, we can take this up again (Johnson: Um-hmm.) at 1:00 I think.

Johnson: Sounds good.

Storey: Thanks. [Recording Paused]

Eluid Martinez's Issues with Reclamation Being Involved in "Water Management"

Pick up with Eluid Martinez. One of the things that he talked to me a lot

38. Jimmy Carter was elected in the fall of 1976, but he served as President of the United States from January 20, 1977, to January 20, 1981.

about was water resources management, which you had just mentioned before we quit. And, he had lots of problems with that terminology because he sort of thought that in a lot of instances Reclamation was trying to substitute its judgement for the state engineer's judgement in dealing with water rights issues and water ***transfer*** issues. Have you run into any of those kinds of issues here?

Johnson: I don't think so. I, you know, it's probably a question that's better asked of our, you know, of the states that we deal with. (Storey: Uh-huh.) You know, my guess is Eluid was coming from, you know, New Mexico and I think there has definitely been a lot of difficult issues in New Mexico with the projects that we have on the Rio Grande and the Pecos rivers. (Storey: Um-hmm.) And, there have been some very, very difficult issues there between the Bureau and the state, and the irrigators because of the ESA and that sort of thing. And, I'm just not sure. I don't understand that. I haven't been involved in any detail but I know that there has been some difficulty there, (Storey: Yeah.) and the Bureau's gotten a lot of criticism for what's going on there and Eluid is probably bringing that experience [with] ~~to~~ him, you know, to that comment, you know, from a state's perspective.

"I don't think we're having that problem here, and I think what it comes back to for us is that we are the watermaster. There is no state engineer as it relates to mainstem Colorado River water. And, the Secretary has direct control . . ."

I don't think we're having that problem here, and I think what it comes back to for us is that we are the watermaster. There is no state engineer as it relates to mainstem Colorado River water. And, the Secretary has direct control over changes in points of delivery, and water transfers, and water markets. The Secretary has quite a lot of authority and, you know, we talked about that earlier. (Storey: Yeah.) And so, there's really a different role for the Federal Government here in managing the Lower Colorado River than there is in Albuquerque, or literally any of the other states where we have Reclamation projects. There's nobody, no other place where the Secretary plays the same role–the Federal Government plays the same role that we do here. So, I don't think we find ourselves–now and that's not to say that we don't have conflicts sometime with states.

"We have a policy. It's not a law, and it's an unwritten policy that we consult . . ." on Colorado River issues.

We have a policy. It's not a law, and it's an unwritten policy that we consult–every time we do something related to water supply in the state we consult with that state on what we're doing and before we do it.

Now ultimately the action is ours and I would say that we probably have had, from time to time, some conflict with the state of Arizona, primarily around Indian tribes and Indian water rights. I don't think we've had environmental issues with ESA, with water supplies being dedicated for ESA, but I think that there's a history of the Secretary–and this goes beyond Reclamation. This goes to Interior, because these are decisions that involved B-I-A, and are usually made by the Indian Water Rights Office, and all the way at the Secretary's level. ~~So, it's not decisions.~~

"But, there have been instances of where we wanted to allocate some Colorado River water to Indian tribes over the state's objections. . . . the state of Arizona did *not want* that water allocated to Indian tribes. And so, there's been some conflict with Arizona around that . . ."

But, there have been instances of where we wanted to allocate some Colorado River water to Indian tribes over the state's objections. The states did not, the state of Arizona did ***not want*** that water allocated to Indian tribes. And so, there's been some conflict with Arizona around that, and I mean this dates back, historically, quite a while. In 1983 Secretary . . . was it '83, ***1980.*** It was in the Carter Administration.

Storey: Governor Andrus?

Johnson: Under Andrus and Dan Beard was the Assistant, (Storey: Yeah. The Deputy Assistant.) Deputy Assistant Secretary, and the Commissioner was Keith Higginson and the Assistant Secretary was–I forgot his name.

Storey: Was that Sayre?

Johnson: No. No. No. No. It wasn't Sayre.

Storey: I don't remember when Sayre was in office.

While Guy Martin was Assistant Secretary of the Interior and Dan Beard was Deputy Assistant Secretary, the Department of the Interior Decided to Allocate a Larger Share of CAP Water to Indian Tribes than Arizona Wanted

Johnson: I know the guy. He's a lobbyist now, and I know him well. I keep wanting to say Mark, but that's not right. I can see his face. He's been here and I've actually gotten to know him fairly well over the years. I didn't know him back then. [Guy Martin] I mean, I wasn't at a high enough level to know him. But, I remember him. But anyway, the C-A-P [Central Arizona Project] water had not been allocated. There was a, and the Secretary had the responsibility–again, he's watermaster–to allocate. He had the responsibility to allocate water. And, the Secretary went to the state of Arizona and said, "Give me your recommendations on how this C-A-P water supply should be allocated so that I can then enter into contracts, you know, make an allocation of water and enter into contracts for the use of that water with water users in Central Arizona. Now, you got to remember this is all, this is not under state law. This is Federal law. This is Colorado River water. ***Only*** the Secretary has the authority to ***allocate*** and ***contract*** for Colorado River water. So, the state did not, does not have a legal role to play here. The state only plays a consultative role. And, the state of Arizona came back with recommendations for the allocation of that water that really included a fairly small component for Indian tribes, and when that allocation got to the Department I think Reclamation probably would have concurred.

". . . the Secretary decided to set aside a significantly *larger* water supply for Indian tribes and actually made the priority of the water supply for Indian tribes . . . an *equal* priority with M-&-I [municipal & industrial] demands. . . . the non-Indian ag demands became the lowest priority. . . ."

But I mean, you know, in the broader context when that got to the Department the Secretary decided to set aside a significantly ***larger*** water supply for Indian tribes and actually made the priority of the water supply for Indian tribes a ***higher*** priority than–you know, because C-A-P suffers shortage first, priority in the Central Arizona Project is very important–and the Secretary made the allocation of water for Indian tribes of an ***equal*** priority with M-&-I [municipal & industrial] demands. And then the ag demands in the Central Arizona Project became the lowest, the non-Indian ag demands became the lowest priority.

". . . there was a huge uproar over that by Arizona and, in fact, they sued the Secretary, arguing that the Secretary had made a major decision without doing appropriate NEPA compliance. And, the court agreed, and we went back and did NEPA compliance and *still* allocated the same amount of water to Indian tribes in 1983. . . ."

And, there was a huge uproar over that by Arizona and, in fact, they sued the Secretary, arguing that the Secretary had made a major decision without doing appropriate NEPA compliance. And, the court agreed, and we went back and did NEPA compliance and ***still*** allocated the same amount of water to Indian tribes in 1983. ***Actually Watt*** completed, Secretary [James] Watt completed the allocation. So, you actually had a change in administrations, and we went back and reallocated and pretty much kept the same amount of water being allocated to tribes. So, I mean, there's an instance where, you know, the Secretary's trust responsibility dictated something different than what the state wanted to be done and that created some real conflict.

But, I would say as a general rule we're very sensitive. I, you know, we try really hard in this, you know, in our, in carrying out the Secretary's watermaster role to listen to the states, and where we can we try to accommodate what the states and the water users need. If we can accommodate them we try real hard to try to accommodate their desires. Sometimes we find ourselves with conflicts, you know, among entities within states and otherwise we kind of find ourselves in the middle. I would say that we have been applying the Secretary's Four Cs[39] in the role of watermaster for a long, long time. Before they were called Four Cs I think we were probably practicing the Four Cs, (Storey: Um-hmm.) you know, in our decision making. We have a ***long*** history of trying to work very closely with the states, the individual states, in how their Colorado River water supply is managed. And, I think by and large our relationships there have been pretty good.

Storey: Staying with the Indian issue for a moment, I believe I recall Dan Beard telling me that he was sent out to have the Indian water rights agreements signed by the tribes. (Johnson: Um-hmm.) And, if I'm recalling correctly one group didn't sign and I think it was the Gila.

Johnson: That's correct.

39. Referring to Secretary of the Interior Gale Norton's concept of "Communication, consultation and cooperation, all in the service of conservation." See: http://www.hcn.org/issues/275/14764 and http://georgewbush-whitehouse.archives.gov/government/norton-bio.html

Storey: And refused, in effect, saying "No, we don't think that's enough," (Laugh) (Johnson: Yeah.) is what I, what I recall? (Johnson: Um-hmm.) And, but we have recently settled the water rights with them. Did that water come out of that allocation the Secretary made?

Johnson: Yeah.

Storey: Or, did we have to add more?

The Water Rights Settlement with the Gila River Indian Community Used Water Set Aside in 1983 as Well as Additional Water

Johnson: Well, it came out of the allocation that the Secretary made, but it also, then you had to add more too. So, the allocation the Secretary made to the Gilas did go towards their settlement, toward the claim of their settlement. And then, but more had to be added because their claim was much larger than just what the C-A-P supply was. They are still the largest single, I think even, you know I think in the whole C-A-P the Gila tribe is the largest single, has the largest single allocation of C-A-P water. Their initial allocation was 173,000 acre feet, and I think as a result of the settlement they actually picked up C-A-P water, they're, I don't know exactly the number. I'm sure it's somewhere between 200- and 250,000 acre feet of C-A-P water.

Storey: Total or in addition?

". . . in 1980 Dan Beard flew out to Arizona and signed contracts with *all* the tribes for a much larger allocation. So, we actually entered into contracts with the tribes. . . . 'We're going to do it,' and they did it. So, there were binding contracts signed by the Department with the tribes for much more water than Arizona wanted to allocate to them. . . ."

Johnson: Total, total, total. Maybe even more than that. I'd have to go back and look. I don't remember the exact numbers. But, to add on to Dan's story, and the cobwebs are clearing here a little bit on what happened in 1980. What happened is Andrus and Beard, and in fact I think it was Dan Beard that signed the contracts–Guy Martin, Guy Martin is the name of the guy that was the Assistant Secretary (Storey: Yeah.) at the time. But Andrus decided to give more water to tribes and at the very end of their Administration in 1980 Dan Beard flew out to Arizona and signed contracts with ***all*** the tribes for a much larger allocation. So, we actually entered into contracts with the tribes. Without even allocating the water they just went out and signed and said, "We're going to do it," and they did it. So, there were binding contracts signed by the Department with the tribes for much more water than Arizona wanted to allocate to them.

"They were being offered a *contract* for 173,000 acre feet, and for whatever reasons the Gilas didn't sign it at that point in time. . . ."

The Gilas, for whatever reason, didn't think it was enough and wouldn't sign their contract. They were being offered a ***contract*** for 173,000 acre feet, and for whatever reasons the Gilas didn't sign it at that point in time. And, ***then*** what happened when the new Administration came in, they were stuck with all of these contracts that had

already been signed, and they had to follow through and they had the Gilas that were still outstanding. So, what they did, what the new Administration did, that was the Watt, is, and Dave Houston is the guy that handled all this back in Washington if you remember Dave Houston. He was a Broadbent protégé. Is–and it was handled out of this region. I mean, it was actually handled out of this office here in Boulder City, putting all that stuff, all the contracting was done out of this office here, but–or all the details of the contracting. The Regional Director signed ***some*** contracts. The Indian contracts were signed by higher levels, although I can't remember. Regional Director may have ultimately signed the Gila contract. I'm not sure.

". . . they [Reagan Administration] *affirmed* the allocation that had been made by Carter. The reason they affirmed that allocation is because Carter had entered into contracts that were binding, and so they didn't feel like they could go back. . . ."

But anyway, what the second Administration did, I said they ***affirmed*** the allocation that had been made by Carter. The reason they affirmed that allocation is because Carter had entered into contracts (Laugh) that were binding, and so they didn't feel like they could go back. The Gilas didn't sign their contract. So, and I can't remember. The Gilas were just being difficult, I think. They should have signed it when they had it.

James Watt of the Reagan Administration Tried to Allocate 173,000 Acre Feet to the Gila River Indian Community and Require That They Take Half in Effluent from Phoenix Area Cities

So what, what Watt and the Department did with the Gilas as an appeasement to Arizona, was they said, "Well, we're still going to allocate that amount of water to the Gilas, the same amount, but we will require them . . ." the state asked and the Secretary agreed to require the Gilas to accept ***half*** of that 173,000 acre feet in the form of effluent from Phoenix cities, rather than, from cities in the Phoenix area, rather than getting just pure Central Arizona Project water. So, that was required by–and Watt made an allocation of all the C-A-P water to Indians ***and*** non-Indians in 1983. That allocation to Indians was consistent with the contracts that the previous Administration had entered into with Indian tribes. And, then that allocation gave the ***same amount*** of water to the Gilas, but it required that the Gilas only get half of it from C-A-P and required Phoenix area cities to give 50 percent of that 173,000 acre feet out of effluent. And so, that was kind of an appeasement to make more good quality Central Arizona Project available to cities, that half of that 173,000 acre feet then went over as an allocation to Phoenix area cities. Now, what happened is the Gilas objected, refused to sign that contract, and that hung out there for how many years? Ten or fifteen years. I don't remember how long. And ***finally***, in the late 1990s we amended the Gila allocation in a Federal Register Notice, no longer requiring them to take effluent and then entered into a contract with them. And I don't know, it was in the early 2000s I think that we actually ***finally*** entered into contract with the Gilas for the full 173,000 acre feet of C-A-P water, and no longer required them to take the effluent. So that, that's, you reminded me, when you were talking about what happened there, that, I think that's kind of what happened with the Gilas.

Storey: But, they didn't get an increase of what they had been offered under (Johnson: No.) Andrus?

"They ended up getting exactly what Andrus offered them, but then they got more added in later on as part of the negotiated settlement claim. . . ."

Johnson: No. They ended up getting exactly what Andrus offered them, but then they got more added in later on as part of the negotiated settlement claim. They got a base contract for the 173,000 acre feet, and then under the settlement they got additional water supplies, five hundred and thirty-some thousand acre feet, or sixty. I don't remember the number. They got a ***huge*** amount of water, and the makeup of that settlement amount was made up by a variety of sources. Part of it was the 173,000 acre feet of the initial C-A-P allocation. Part of it came from C-A-P non-Indian ag water. Maybe it was another 100,000 acre feet of ***lower priority*** C-A-P water. They got some water, some M-&-I water from a mine, the Phelps-Dodge Mine that had an allocation of M-&-I water. They got some water from Salt River Project because they were part of the claim. So, Salt River Project gave some water up ~~for the,~~ for the Gila River Indian Community. So, there's just a whole package of various sources of water supply that got put together to provide the water to meet the settlement claims of the tribe. And when Congress passed the Settlement Act all of those sources of water were documented in the Act. It's ended up, it's interesting, the initial allocation that Andrus proposed was 310,000 acre feet to Indian tribes, 173,000 of which went to the Gilas. (Storey: Uh-huh.) I think there was like twelve tribes.

***". . . today* nearly half of the C-A-P water supply . . . somewhere around 680,000 acre feet . . . is allocated for Indian tribes in Arizona. . . ."**

Today, nearly ***half*** of the C-A-P water supply, that was 310 in 1979, ***today*** nearly half of the C-A-P water supply–and I don't remember the exact number but it's somewhere around 680,000 acre feet of the C-A-P water supply is allocated for Indian tribes in Arizona. So . . .

Storey: And, how are the tribes using the water?

". . . some tribes . . . are using it for irrigation. Some tribes have marketed a share of that water to Phoenix area cities, and some of the water is yet to be used. And systems continue to be constructed, the main one being the Gila River Indian Community system . . ."

Johnson: Well, there are some tribes that are using it for irrigation. Some tribes have marketed a share of that water to Phoenix area cities, and some of the water is yet to be used. And systems continue to be constructed, the main one being the Gila River Indian Community system is under construction so that they can deliver a good portion of their allocation. But, the tribes are taking some water. Ak-Chin, Fort McDowell, Salt River Pima-Maricopa, the Gilas, the Papagos. They're not Papagos. Tohono O'odham. They changed their name. All of them are taking some form of water supply from the C-A-P. The San Carlos Apache, we're working on a distribution system for them, and then there's other tribes that have outstanding claims that are still, you know, will still be negotiated in the future. So, you know, the role of Indian tribes on the Central Arizona Project–you know, Arizona has so many Indian tribes,

and they have so many claims, you know, under Winters rights, you know, under, you know, under so many claims to the water supply.

"C-A-P has turned out to be the *significant* source of water to settle all the claims for C-A-P Indian tribes. *Ultimately* though, Arizona doesn't lose that water. I think ultimately, the water from Indian tribes will *probably* be marketed for use to support growth in cities. . . ."

C-A-P has turned out to be the ***significant*** source of water to settle all the claims for C-A-P Indian tribes. ***Ultimately*** though, Arizona doesn't lose that water. I think ultimately, the water from Indian tribes will ***probably*** be marketed for use to support growth in cities. I mean, the tribes will be compensated for their water handsomely, but the water ultimately will be used for non-Indian, you know, for non-Indian purposes. The Indian tribes will use ***some*** on reservations, but I doubt if they, for many, many, many years will never use that full 680,000 acre feet that's been allocated for their use.

Storey: So, how does this get paid for? Presumably if it's Winters rights, or whatever, they don't have to pay for it, they're just ***entitled*** to it?

How O&M Is Paid on the Various Indian Water Rights Settlements

Johnson: Well, each Settlement Act took a different approach. It depends on the Settlement Act and what the Settlement Act called for. The Ak-Chin settlement which was originally, was probably the first one, literally the Federal Government paid everything. The distribution system, the system to get it to the tribe, the on-farm development, and ***to this day*** we still pay all of the O-&-M costs associated with the delivery of C-A-P water to the Ak-Chin. That's part of our budget request every year. I think it's like $8 million a year that we request to deliver water and the Ak-Chins get their water for free. As time went by and new settlements were passed, the amount that tribes will have to pay increased over time. The Tohono O'odham, they got a settlement fund that was supposed to generate revenue to pay for water delivery. The revenue, the fund was never really funded and so the tribe has had to pay more, although they really haven't used a lot of their water, but the tribe has had to pay more than they originally anticipated. They will sell some water to the City of Tucson. They have marketing, ability to market water to the City of Tucson. The Fort McDowell, I think they have to pay O-&-M, their own O-&-M. They got a loan to construct part of their distribution system, and then they got a settlement fund to do other parts. The Salt River Pima-Maricopa Indian Community, a similar kind of arrangement to Fort McDowell. They pay O-&-M, but they got some dollars, Federal dollars to pay for the system to deliver the water. So it just varied, you know, and it depended upon the specific provisions of each settlement act that got passed. Now, the Gila settlement not only provided water–it's actually called the Arizona Indian Water Rights Settlement Act[40] because it doesn't deal with just the Gilas. It settled the–it fixed some of the problems in the Tohono O'odham settlement and it also made some provisions for the San Carlos ***Apache*** settlement and then it provided ***all***

40. This is the Arizona Water Settlements Act of December 10, 2004, 118 Stat. 3478, Public Law 108–451. The act authorizes the Gila River Indian Community water rights settlement, reauthorizes and amends the Southern Arizona Water Rights Settlement Act of 1982, and it had other purposes.

of the water and the arrangements for the Gila River settlement, which is the biggest Indian settlement anywhere, any time, in terms of the amount of water ***and*** in terms of cost. I think the Gila tribe gets like $100 million or maybe $200 million in a fund for development of distribution systems. We've got like a $400 million commitment to provide funding for Central Arizona Project delivery system for the Gilas. Under that settlement act there's 100,000 acre feet of additional water that's, well, maybe it's not quite a hundred. I don't remember the numbers.

". . . there's a chunk of water that's set aside for future . . . Indian settlements in Arizona . . ."

I'm a little fuzzy on some of these details, but there's a chunk of water that's set aside for future settlements to be used for future Indian settlements in Arizona that haven't been claimed yet.

". . . the act provides that all of the money that comes in to the Central Arizona Project from repayment of the project goes into a revolving fund which then can be turned around and *used* to fund Indian systems *and* pay the O-&-M for Indian water deliveries. So, in the end all Indian tribes in Arizona will get, have access to these funds that would otherwise be used to repay the Central Arizona Project by the non-Indians . . ."

And, the act provides that all of the money that comes in to the Central Arizona Project from repayment of the project goes into a revolving fund which then can be turned around and ***used*** to fund Indian systems ***and*** pay the O-&-M for Indian water deliveries. So, in the end all Indian tribes in Arizona will get, have access to these funds that would otherwise be used to repay the Central Arizona Project by the non-Indians, will be used to ***fund*** the distribution systems and the O-&-M of the facilities to deliver the water, or at least some of the O-&-M. It's anticipated that the tribes will pay variable O-&-M. So, and the variable O-&-M would be the energy that's required to pump the water, you know, from the Colorado River to the reservation. But, what we call "fixed O-&-M-&-R" [operation and maintenance and rehabilitation] are costs which are significant, maintaining the canals and, you know, all of that sort of thing.

Storey: Pump stations?

Johnson: Yeah, and the pump . . .

END SIDE 1, TAPE 3. FEBRUARY 17, 2006.
BEGIN SIDE 2, TAPE 3. FEBRUARY 17, 2006.

Johnson: Yeah. The fixed, the fixed costs will get paid from this fund, from C-A-P repayment. It's a ***significant*** amount of money. It's about $55 million a year that flows into this fund from the repayment of Central Arizona Project that can then be turned around and used to develop the water supplies and pay the O-&-M costs for water delivery to Indian tribes. So, it's a . . .

Storey: So, C-A-P is paying now?

Johnson: Oh yeah, right. Yeah. They're paying their–they have been for a number of years. (Storey: Yeah.) We settled, we negotiated a settlement on the financial issues, and that settlement then, ultimately, is codified, the financial settlement with C-A-P is codified in the Arizona Water Settlement Act. It's that Act that then gives us the authority to use that payment by the non-Indians to fund the Indian Water Delivery Program.

Storey: Do we know whose idea that was?

Johnson: It was originally my idea. (Laugh) I'm not sure, I'm not sure I want credit for it. It has been taken way beyond what we originally envisioned, but it was originally my idea back in the mid-1990s when, ***early*** 1990s when we were negotiating to try to settle the financial issues with the Central Arizona Project. One of the things that was front and center in that, in those settlement discussions is, "How much water goes to Indians, and who would pay for the delivery of water supply to Indian tribes?" And, the Indian tribes were very upset because we were, in that negotiation we were getting–even in those days, back in the early '90s, this 680,000 acre feet, we had earmarked that.

". . . the non-Indian irrigators couldn't use their water supply . . . part of the settlement was to take all that water that was going to . . . the *non*-Indian agricultural sector and allow that water to go over for use by Indian tribes. . . . that allowed us to relieve the irrigation districts of their repayment responsibility because they couldn't make their payments. And, it also allowed us to reduce Central Arizona Project's, the C-A-W-C-D [Central Arizona Water Conservation District], to reduce their repayment obligation. . . ."

In fact, that was a big part of the way we settled the financial problems is the non-Indian irrigators couldn't use their water supply, but we knew that there were significant Indian claims that needed to be settled. So, part of the settlement was to take all that water that was going to the agricultural, the ***non***-Indian agricultural sector and allow that water to go over for use by Indian tribes. That's the way we got the water, and what that did is that allowed us to relieve the irrigation districts of their repayment responsibility because they couldn't make their payments. And, it also allowed us to reduce Central Arizona Project's, the C-A-W-C-D [Central Arizona Water Conservation District], to reduce their repayment obligation. Because the ***more water*** that goes for the Indian uses the more, the larger amount of the costs of the project that are treated as nonreimbursable. So, the idea was, "Look, we need all this water for Indian settlements. Let's move that water away from the non-Indian ag over for use by Indian tribes and then that'll allow us to be able to give repayment relief to the non-Indian irrigation districts as well as to the Central Arizona Water Conservation District.

The Water Reclamation Got for the Indians in the CAP Settlement Is More Valuable than the Repayment Monies Reclamation Agreed to Give up

And, the ***water*** is ***much more valuable***. The water that we got in that deal is ***much more valuable*** than the financial payment that we agreed to give up to get it. I guarantee you it's more valuable. It's a good deal for us.

Issues That Came up with Tribes about the CAP Water Being Obtained by Reclamation for Them

But, in the process of doing that, you know, we were negotiating with C-A-W-C-D and we were trying to get water for tribes, and we thought we were making a heck of a good deal for Indian tribes. We go to the tribes and say, "Look at this good deal we're cutting." You know, we're consulting with the tribes under our trust responsibility. This is in the early '90s. "Look at this good deal. We're getting all this water for your use." And, the tribe said, "What good is that water? It's so expensive we'll never be able to use it." because O-&-M costs were quite high. And, "We can't pay, you know, we couldn't pay for the water even if you got it for us. And not only that, we don't know that we'll ever get our systems built to deliver the water to our reservations." And so, they weren't going for this financial deal that we had with the Central Arizona Project. We were struggling and we weren't getting the tribe's support to do the financial settlement.

Using the Colorado River Basin Development Fund, into Which the Non-Indian Repayment for CAP Went, to Fund Indian Issues and Needs on CAP

Well, to solve that problem, we were struggling, "Well, what can we do to get this money or, you now, get this water for the tribes, but then also make it affordable for them because it's more expensive than they can pay?" Well, as we looked at the Colorado River Basin Development Fund and the original C-A-P authorizing act, the act explicitly says that money that flows into the development fund should go to pay O-&-M costs ***first***. So, in looking at that–and at the time we didn't call it, what we did is we called it "net billing," and what we did is we said, "Well, gee, you know, if we could take this money that's coming in for repayment of the Central Arizona Project, the act says that that water, that money should go to pay O-&-M ***first***. So, let's siphon that money off and take it and use it to pay O-&-M for the Indian tribes so that we can now make this water reasonably priced for the tribes. And so that's kind of where the, how the idea came out. And we were, in those days when we were negotiating the settlement, you know, we took that back to the tribes and say, "Here. Here's what we want to do to try to, you know, satisfy your concerns about, you know, actually being able to use it and get the water." They still didn't like it. The tribe still didn't like that. (Laugh) But, that was where the idea came from when we were doing those negotiations. Now, that grew. When we were doing it at that point in time, we were only thinking of using it to pay Indian O-&-M. But then the idea grew and said, "Well, let's not just use it to pay O-&-M, let's use it to pay distribution system, delivery system costs for tribes, and let's use that money to pay for all these other things that need to be done to get, to allow tribes to get . . ." Now, the reason why we didn't propose that early on is when we were negotiating the settlement with C-A-W-C-D was we weren't anticipating legislation and we only had authority to spend money from the development fund on O-&-M. We didn't have authority to spend money [from] ~~on~~ the development fund for the construction of distribution systems. So, what happened, then, is in the C-A-P, in the Arizona Indian Water Rights Settlement Act it authorized that. Okay? So, now we've got an act of Congress that actually authorized us to use that fund for those purposes. So, the idea expanded beyond what I originally–my original thought was just to pay Indian O-&-M, and then as we got into these negotiations it got expanded to use much more of that, to use ***all*** of the money and to use it for Indian tribes. The reason why that was

done is the tribe said, "Look, this is great. You negotiate this deal to give us all this water, and ***then*** you'll never get funding from Congress to deliver the water to us, because, you know, our non-Indian friends in Arizona are very powerful politically and they'll stop us from ever getting the appropriations, and yeah you may get the water for us, and you may get it allocated for our use, but we'll never get to use it because we'll never get the dollars to build the systems and pay the O-&-M to deliver it."

Storey: And, they had NIIP [Navajo Indian Irrigation Project] right under their nose.

Johnson: And they had what?

Storey: As an example. N-I-I-P?

Johnson: Right.

Storey: Navajo Indian Irrigation Project.

Johnson: Right. And, that's what the tribes were saying. I mean, basically the tribes were saying, we'll never get our water. So, as part of the settlement, this whole idea then grew, you know. The tribes are saying, "We aren't going to settle this unless we know we have a firm funding source." So then we went back to that old net billing idea and said, "Well, gee whiz, if we want a ***firm*** funding source if we could just use–then you don't have to seek appropriations from Congress. You've got an Act. You've got a source of money that's coming in from all the non-Indians, and that money can just roll over and pay for tribes then. We don't have to go seek appropriations. So, it provides ***certainty*** to the tribes that not only is the water going to get allocated to them, that it'll get paid for and that the systems to deliver the water will get billed.

". . . we have a huge source of funding now to actually get water delivered to Indian tribes in Arizona that we didn't have before. . . ."

So, we have a huge source of funding now to actually get water delivered to Indian tribes in Arizona that we didn't have before. And, that's, that act was passed, what, a little over a year ago. We're still getting it implemented with all the agreements and all the details, and that'll be, that's supposed to be, it's all supposed to be–all the agreements and everything have to be signed by the end of '07, and then once that's done then all that money will become available. Right now that money is just being built up and it's being held in the development fund. We're not spending it for any of those purposes. We can't ***spend*** any of it for those purposes until 2010.

Storey: So, how long is the term of the contract with C-A-W-C-D?

Johnson: Fifty years.

Storey: And, they're up-to-date on their payments?

Johnson: Yes, uh-huh. Oh yeah. Um-hmm.

Storey: So, at the end of fifty years, what happens to the Indians (Johnson: Then there's no . . .) in terms of O-&-M?

Johnson: Then that's a question, you know. The development–depending on how much of that money's been spent for other purposes, there may not be, in fifty years, something will have to be figured out. Either the tribes will pay their own or there will be some new provision to deliver water to them. Fifty years is a long time.

Storey: That's two careers down the line here.

Johnson: That's right. Somebody will–I always say, "You've got to leave something for future generations to solve." We have plenty of stuff that previous generations of water managers have left to us, we might has well leave something (Laugh) to some future generation. But my guess is, you know, by then most of this water, you now, there will be enough municipal, you know, urban development in Arizona that most of this water–and there'll be money. There'll be money all over the place.

". . . we have Navajo Powerplant, and it's the source of energy to *pump* the water for the Central Arizona Project. And, we actually probably purchased more capacity than we actually needed. But, we also have a lot of flexibility on when we pump water and how much, and at what times of the year and that sort of thing. . . . there's *excess* energy . . . we get to *sell* . . . [revenues from] which [could] then go into this development fund that I'm talking about for Indian tribes. . . ."

The other thing that's really interesting, all these financial problems we had on the Central Arizona Project, you know, we have Navajo Powerplant, and it's the source of energy to ***pump*** the water for the Central Arizona Project. And, we actually probably purchased more capacity than we actually needed. But, we also have a lot of flexibility on when we pump water and how much, and at what times of the year and that sort of thing. It's built into the project. And so, it's not a hydroelectric source. I mean normally, in Reclamation projects the hydroelectric power paid for the water side. Well, this time we have a coal fired powerplant and we bought it to provide pumping energy, but there's ***excess*** energy and capacity that's available over and above what is required to pump water. And so, we get to ***sell*** that energy and generate dollars which then go into this development fund that I'm talking about for Indian tribes. Well, as part of the settlement with C-A-P, if Navajo developed so much revenues that it exceeds the C-A-P repayment obligation then those revenues go into the development fund to be used for Indian tribes, or to repay the project ***faster*** than would be paid by the Central Arizona Water Conservation District. Well, at the time we negotiated all of this, right now we generate about $45 million a year from these. That's a lot of money, $45 million, of which only about twenty goes to meet the C-A-P repayment obligation.

The Power Contracts at Navajo Powerplant Have to Be Renewed in 2011

But, those contracts for that power expire, the $45 million a year contracts, expires in 2011. Well, we're looking at how we can enter into new contracts in 2011. It's beginning to look like the value of that excess power is going to be a ***heck*** of a lot more than $45 million a year. So, there's going to be a huge–there ***potentially*** can be,

we don't know. We're still, what, five years away from the new contracts. But, in looking at it, and looking at today's market, and the increases in energy costs and all those sorts of things, there can be ***significant*** amounts of revenue available from that Navajo Powerplant, ***over and above*** just the revenue that comes from the payment of the Central Arizona Project that will also be going into that fund and would be available.

". . . in the long-term, you know, the financial value of that energy and capacity that we own at Navajo Powerplant may just take care of *all* of the financial problems for Indians and non-Indians even beyond the fifty-year period. . . ."

So, in the long-term, you know, the financial value of that energy and capacity that we own at Navajo Powerplant may just take care of ***all*** of the financial problems for Indians and non-Indians even beyond the fifty-year period.

Of course, now, who knows how long that coal-fired powerplant will last, but I can remember back in the early '80s when we thought that plant would be worn out by now, and we were worried about what we were going to do to replace it. Well, I can tell you that today that plant is in just as good of shape as it was back in the '80s and the maintenance, over time, on that plant–I mean, it continues to be a very valuable resource. There's a coal supply there to feed it, and it's an efficient operating plant. It's got pollution-control devices. It's very clean. So, you know, that plant will be there for many, many years as part of the project and it'll have the ability to generate lots of revenue over the long-term. And, that'll be very, very significant. So we'll, that's going to be a big issue front and center for us over the next four or five years in this region is, we're in the process right now of developing a marketing plan for that power with C-A-W-C-D and Western Area Power Administration.

". . . the marketing of the energy from Navajo does not have to follow traditional principles of Reclamation hydropower. Most Reclamation hydropower has to be sold based on its cost of production . . . the 1984 Hoover Power Plant Act . . . we interpret that act to say that Navajo can be sold at market, so we're not restricted to just some cost calculation . . . the marketing of that energy, is not the responsibility of Western Area Power Administration. . . ."

It's interesting. It's kind of unique because with Navajo, the marketing of the energy from Navajo does not have to follow traditional principles of Reclamation hydropower. Most Reclamation hydropower has to be sold based on its cost of production, and that could include, you know, whatever is required to pay irrigation components of the project, but ***still*** it's cost-based sale. ***Navajo***, the 1984 Hoover Power Plant Act[41] authorized Navajo to be sold at–we interpret that act to say that Navajo can be sold at market, so we're not restricted to just some cost calculation on what we can sell our share of Navajo Powerplant from. The second thing that's unique about Navajo energy is that the sale ~~of that energy is not the responsibility,~~ and the marketing of that energy is not the responsibility of Western Area Power

41. The Hoover Power Plant Act of 1984, (August 17, 1984, Public Law 98-381, 98 Stat. 1333, 43 U.S.C. §619.)

Administration. That responsibility still lies with the Secretary of Interior. Under the Hoover Power Plant Act, the Secretary of Interior is the one that develops the marketing plan for the energy. Now, she does that in consultation with the governor of Arizona ***and*** the Department of Energy, but in the end the Secretary of the Interior is the one that makes the decision. She only ***consults*** with Western. So, the Secretary has an authority there for that power that doesn't exist for the hydro facilities they have.

Storey: And, what was the source of that authority?

Johnson: The Hoover Power Plant Act of 1984.

Storey: Oh, the re-author[ization]–when (Johnson: When Hoover got . . .) we renegotiated the contracts?

Johnson: When they renegotiated the Hoover contracts they included some provisions in there for Navajo. And, the reason why they did that is they wanted to use Navajo energy to up-front fund the, some of the Plan VI facilities of the Central Arizona Project, Waddell Dam, Roosevelt Dam, and so Congress made those unique provisions. All that was going on, and so they tacked on these Navajo Powerplant provisions to the Hoover [Power Plant] Act because all that was being negotiated at the same time. It just happened to fit together in that same period of time so it got stuck in the Hoover Powerplant Act.

Storey: Now, how do we interact with that? I know SRP [Salt River Project] holds ***our*** share of that plant in trust?

Johnson: Right.

Storey: But, I also know we pay our, whatever it is, 24.9 percent of (Johnson: Right.) whatever (Johnson: Um-hmm.) share of all the O-&-M on it, (Johnson: Um-hmm.) for instance, and when they put on the scrubbers, or whatever they're called (Johnson: We paid our share.) we paid our share of that too.

Navajo Steam Generating Plant

Johnson: Yeah. There's a story, in itself too, on the scrubbers. But yeah, SRP owns it, holds it in trust for us, but we, in essence, own it. I mean, we are on the committee that overseas the Operation and Maintenance of the plant. We actually are a voting member just like any other utility that owns an interest in the plant. I mean, SRP operates the plant but southern Nevada, the water, the Nevada Power, and southern Cal Edison and, I don't know, there's three or four big power, you know, companies that own parts of Navajo Powerplant just like we do, and Salt River Project is the operator of it. We, in essence, in the marketing plan that was developed in '87, we developed a marketing plan, that called for us to market the power. And basically, what happened is when we went out to market the power, you know, we were going to market it at a market rate to whoever the willing buyer was.

Salt River Project Was the Most Interested in the Power Generated at Navajo

Well, it turned out that really the ***most*** willing buyer was the Salt River Project because they're there, they're operating the project, it integrates so well into their system.

Storey: They have transmission lines?

Johnson: They have transmission. It's just a very valuable resource.

". . . we just basically turned it over to Salt River Project and Salt River Project provides the pumping energy to C-A-W-C-D but then they take the rest and market and they send us a check for $45 million every year . . ."

So basically, what came out of the plan and the contracts back from the '80s and early '90s was that we just basically turned it over to Salt River Project and Salt River Project provides the pumping energy to C-A-W-C-D but then they take the rest and market and they send us a check for $45 million every year, and that was an agreement. There's actually two contracts that do that. And, one check goes to pay the bonds that provided the up-front funding for the Central Arizona Project, and then the other one actually goes into the Development Fund to pay the costs of the Central Arizona Project. But, those contracts expire, you know, as I said earlier, in 2011, five years from now, and we enter into new contracts.

". . . in 2011 . . . we may very well enter into new contracts with Salt River Project, but we *may* market that power to some other company and we *may* let Western market the power for us rather than Salt River Project. That's all yet to be determined, but all indications at this point are that the *value* of that power will be *much*, *much* more than that $45 million that we're getting right now. . . ." In addition, Reclamation will have pollution credits that can be sold to other powerplants.

Now, we may very **well** enter into new contracts with Salt River Project, but we ***may*** market that power to some other company and we ***may*** let Western market the power for us rather than Salt River Project. That's all yet to be determined, but all indications at this point are that the ***value*** of that power will be ***much***, ***much*** more than that $45 million that we're getting right now. So, that's going to be an interesting, you know, process as we go, as we go through that. The other thing that's really interesting about Navajo Power, I think we spent about a hundred, I think those scrubbers that were put on Navajo Powerplant we funded our 24 percent, and I think our share of the cost of those scrubbers was somewhere around $100 million, $125 million maybe, something like that. Well, it turns out that our scrubbers are so good that they actually go beyond the emissions standards that are required. And they have, there's this market program that's set up that ~~if you've, if your,~~ you get credits if you're going beyond what's required you have a credit for, you know, a pollution control credit and another power company that's operating a coal powerplant ~~that has an obligation to,~~ that's not meeting the air quality standards can ***buy*** credits from ***other*** powerplants that are doing a better job than they have to do. (Storey: Um-hmm.) Are you with me?

Storey: Yeah.

Johnson: That's the way they have these pollution control credits.

". . . pollution control credits, and the sale of them, have gotten so huge that we can sell the extra credits from Navajo for enough to more than pay back the original investment in the scrubbers. . . ."

These pollution control credits, and the sale of them, have gotten so huge that we can sell the extra credits from Navajo [for] ~~by~~ enough to more than pay back the original investment in the scrubbers. And, right now we're looking, if we forward sell for the next four years all of the credits that we're going to have, it's probably $120- or $[1]30 million dollars worth of credits, just from the pollution control, set aside the value of the power and the revenues coming from that. The pollution control credits that we get back are just potentially very large just in and of themselves. So, (Laugh) it's funny, you know. I remember what a disaster it was when we fought the battle over having to do the pollution control at Navajo, you know, and "Oh no, it's another $125 million," and it was just, "in the middle of all the financial problems that we're having on the Central Arizona Project, here's another $125 million thrown on top of all those problems." And then way back then we had the siphon problems and the costs of the siphons and all that. All those additional costs back in the late '80s and early '90s were just, you know, weight on our backs in terms of trying to solve these financial problems with the Central Arizona Project. Now, here we are, what, twelve years later, roughly, ten-, twelve years later and all of a sudden that investment in the pollution equipment and the value of the power revenues is just going to be so great that it just kind of makes all of those problems that we had back then, it just kind of overshadows them in terms of revenue and, you know, what will be there–the financial aspects of the project.

Storey: And, because we have this fund we can keep the money?

"The money goes into the fund and then the Arizona Settlements Act . . . lays out how the money . . . gets spent. . . . without further appropriation by Congress. . . ."

Johnson: The money goes into the fund and then the Arizona Settlements Act[42] has a priority system for how that water–it was a negotiated part of the C-A-P Financial Settlement, part of the financial water settlement with all the tribes. That act lays out how the money that comes into the fund gets spent. And so, yes, all that money is available for us to spend for those purposes without further appropriation by Congress.

Storey: Hmm. Good. (Laugh)

". . . it's unique. . . . and it's a big benefit to the Indian tribes. . . ."

Johnson: It's quite a, you know, it's quite a, it's unique. I mean, I don't know anywhere else in Reclamation where anything else like that has been done, and it's a big benefit to the Indian tribes. And, I tell you the other thing that's interesting, not only did the Indian tribes come out well in this, but, you know, New Mexico had a share of Central Arizona Project water. You know, when the C-A-P got authorized California's

42. See footnote on page404.

pound of flesh was that C-A-P had to give, had to take the hits in shortage, the famous deal that Arizona had to agree to.

". . . the state of New Mexico, their [reward for] . . . support[ing] the Central Arizona Project, was that . . . Arizona had to commit 18,000 acre feet of its C-A-P water supply for use in New Mexico. . . ."

Well, the state of New Mexico, their pound of flesh to support the Central Arizona Project, was that they had, Arizona had to commit 18,000 acre feet of its C-A-P water supply for use in New Mexico. If you followed, if you backed the Gila River up–you know, the Gila River originates in New Mexico, (Storey: Yeah.) and under the deal this area in western, in the Gila drainage in Western New Mexico has this right to 18,000 acre feet of C-A-P water, via exchange. The C-A-P would deliver water to Gila River users in Central Arizona and then that would make water available for the people in New Mexico to divert and use up in the New Mexico area. Well, when Arizona came ***back*** to get their Arizona Water Rights Settlement, you had New Mexico there, basically Senator Domenici saying to Senator Kyle, "Now wait a minute. If you want me to support your Arizona Settlement, New Mexico has a right to this 18,000, and we need to get this, we need to get this settled." So, what happened is I think New Mexico agreed to accept 14,000 instead of 18,000, so that got changed in the Settlement Act.

". . . New Mexico now gets somewhere between $80 [million] and $130 million to develop and use that 14,000 acre feet in western New Mexico, out of the Development Fund. . . ."

But, on top of that what's really interesting is, I think New Mexico on the amount–and I don't, again, I don't remember the details of the amounts, but New Mexico now gets somewhere between $80 [million] and $130 million to develop and use that 14,000 acre feet in western New Mexico, out of the Development Fund.

Storey: That was Hooker Dam, wasn't it?

Johnson: That was Hooker Dam, or alternative. (Storey: Yeah.) And we did lots of studies back in the early 1980s to try to figure out how to do that and were never successful. Hooker Dam, or Connor Dam, there was another dam there named "Connor Dam" that we looked at a site, and their costs would have been in that range, I mean, $100 million or something like that. And, so New Mexico still got their deal and the Water Settlement Act provided a firm ***funding*** source to take care of that. (Storey: Yeah.) So, that's, that problem was solved too. It was quite an act. That act was quite and act coming together. It came together over two Administrations. Babbitt started it; this Administration picked it up and finished it. Senator Kyle, you know, really championed it and, I think, make it happen. And, the Department supported, you know, this Administration supported going ahead. David Bernhart [spelling?] in the Department is really the one that took the lead in, you know, at the political level in the Department for working that through. He did, you know, really led the Federal effort to try to complete that Settlement Act. (Storey: Um-hmm.) So, ~~it's quite a,~~ getting that settlement act in place was quite ~~a, it was quite~~ an accomplishment, and it had been a long time in the making. And, it's, you know, I think it's a good thing for

Arizona. It's a good thing for Indian tribes. You know, it turned out to be a good deal for New Mexico, and it was, you know, a long time coming.

Storey: Do, does this region have any contact with the Navajo, Zuñi, that area?

Work with the Navajo and Zuñi

Johnson: Yeah. You know, we share the Navajos with the Upper Colorado Region. There's a, I don't know how much of the Navajo reservation–you know, I don't know if half of it, roughly half is in this region and roughly half is probably in the Upper Colorado Region. And the Zuñis, there's a piece of the Zuñi reservation that's in this region as well. Although, we did some studies for the Zuñis way back in the '80s and we haven't had any, we haven't had, there has been some involvement by the Department with the Zuñis but we haven't had any role in that. The Navajos we work with, we've done a lot of work with the Navajos on small water conservation programs and those sorts of things. We've done work on the Little Colorado Settlement, which involves the Navajos and the Hopis. So in this region we have done, we do have a good working relationship with the Navajos. Our Phoenix Office handles that and we've done quite a lot of work with them. We have a, what do we call it, a cooperative agreement that's been signed by the Commissioners that defines our working relationship in the two regions, the Upper Colorado Region works pretty extensively with the Navajos as well. The Navajo-Gallup [Water Supply] Project, that's an Upper Basin project that the Upper Colorado Region has done the planning for, and of course the Navajo Indian Irrigation Project, that's also ***in*** the Upper Basin and that's an Upper Colorado project. And, our involvement has been with the Little Colorado Drainage Basin because that is part of the Lower Basin and the Navajos are involved in that. And then we've provided technical assistance and small conservation. We built a pipeline to help irrigate one of their farms. We did some safety of dams work on one of their dams on the reservation and just–we've helped them develop drought plans and we've helped them develop water plans, so we've had some involvement with them on that.

Storey: Um-hmm. We were talking about desalina . . .

END SIDE 2, TAPE 3. FEBRUARY 17, 2006.
BEGIN SIDE 1, TAPE 4. FEBRUARY 17, 2006.

Storey: This is tape four of an interview by Brit Storey with Robert W. Johnson on February the 17th, 2006.

Storey: I was asking about the Yuma Desal Plant. I think I read recently that we've done some sort of a big study to try to figure out how to deal with it?

Yuma Desalting Plant

Johnson: Yeah, I don't remember if we've talked about this before or not. But . . .

Storey: We have some.

Johnson: The Yuma Plant was–I don't know how far to go back because I don't know–to solve

the water quality problems with Mexico, the problems with Mexico were created by drainage water from Wellton-Mohawk Irrigation District getting into the Colorado River and causing the quality of water that we deliver to Mexico to be poor.

Storey: Too high in?

Johnson: Too high in salinity. (Storey: Yeah.) And, to solve the problem we built what we call a "bypass canal," that collects the drainage water and ***keeps*** that drainage water from flowing back into the river. And, this bypass canal, it's like a 100-mile canal, and it carries, it's about 100,000 acre feet of drainage water and it carries that drainage water–it parallels the Gila River to where the Gila flows into the Colorado and then it parallels the Colorado ***all the way*** into Mexico and it takes the water and dumps it out in the Ciénega de Santa Clara, which at the time was just a desert area in Mexico. And, that's been happening since the 1970s, that bypass and delivery of water has been happening since the 1970s. And, ***doing*** that allows us to meet our quality obligations under the Treaty with Mexico. So, we've satisfied our water quality obligation to Mexico, but now we have this 100,000 acre feet that was being used to deliver the Mexican entitlement. So, in order to meet the Mexican entitlement we have to take an extra 100,000 acre feet out of storage on the Colorado River System and deliver ***that*** to Mexico.

". . . we have this obligation under the salinity control act to replace that lost drainage water and so that the basin states are kept whole . . . in 2003 with the QSA and the drought and everything that was going on, we had to . . . reduce California water deliveries. And, when we *did* that, . . . we became responsible for replacing that lost bypass flow, that drainage water. . . . The Yuma Desalting Plant was built to *recover* that drainage water and put it back in the river to protect the water interests in the United States. . . ."

So, part of the deal was when all that occurred back in the '70s was that the United States would take on the obligation of replacing that drainage water at some point in the future when we needed to. And so, we have this obligation under the salinity control act to replace that lost drainage water and so that the basin states are kept whole and they don't lose water supply. Well, we've never really had to replace it, historically, because we've either had plenty of water and we never had to short anybody. And, the way the Act was set up that we didn't really have to start replacing the water until we could no longer meet the demands of all the water users in California. And, what happened in 2003 with the QSA and the drought and everything that was going on, we had to cut off California. We had to reduce California water deliveries. And, when we ***did*** that, under the salinity act[43] we became responsible for replacing that lost bypass flow, that drainage water. So, now we had, beginning in 2003 the basin states would argue that we have an obligation to replace that 100,000 acre feet of water to put it back in the river system somehow. Well, there's two problems with that. And, well let me just say, the Yuma Desalting Plant was built for that purpose. The Yuma Desalting Plant was ***not*** built to meet the Mexican Treaty obligation, quality obligation. We meet the Mexican Treaty Water ***Quality*** obligation by bypassing the drainage water. The Yuma Desalting Plant was

43. See footnote on page 229.

built to ***recover*** that drainage water and put it back in the river to protect the water interests in the United States.

The Issues with Desalting the Bypass Drainage Water

And anyway, the basin states have said, "Well, now it's time to operate the Desalting Plant, clean up that drainage water, and deliver it to Mexico. We're in a drought and that water needs to be held in storage in the United States." And, they have a point. They have a point, you know, we are in a significant drought, and the Act does indicate that we have an obligation to do that. Well, there's two problems with doing that. One is, we created now a 14,000 acre wetland in Mexico. (Laugh) You know, you run 100,000 acre feet a year into Mexico, even though it's poor quality water, it's not so poor quality that it can't support significant environmental habitat. And, in thirty years we've created 14,000 acres of habitat and my understanding is it's growing. And, it happens to be habitat for Yuma clapper rails and other endangered species. It's a very important wetland in the Gulf of California. It's really part of the Mexican [Colorado River] Delta area. So, we have a big–if we operate the plant, especially if you operate the plant at full capacity, you're going to have ***big*** environmental impacts in Mexico and we have lot of environmental groups that are very concerned and watching it like a hawk, and it'll be a big issue. I would predict, without a doubt, that there will be litigation if we start having, if we operated the plant. So, we'd have some very complicated litigation over operation of the plant that would involve transboundary impacts and Mexico, and it would just be really complicated. So, that's one reason.

Operating the Desalting Plant Is Very Expensive and Reclamation Is Looking at Other Alternatives

The other reason operating the plant is complicated is, it's very expensive. It costs about ~~$30 million to get it ready,~~ $25 million to get it ready to operate. And then if you operate it at full capacity it's about $30 million a year. At full capacity with all the most favorable assumptions about, you know, power costs and everything, the best cost for operating the plant is about $300 an acre foot. If you operate it at less capacity and/or, you know, efficiencies are less than you anticipate it could cost you $400, $500, $600 an acre foot to operate the plant. So, it's really expensive water supply. And basically, what we've said back to the states is, "Look. It's expensive. It has environmental issues. We think that there are other means of replacing that bypass flow that will be more environmentally responsible and cheaper, cost less money." And, of course, the states have not liked that. They thought we ought to operate the plant. They really think that's the only source of water.

What we wanted to do is we've wanted to implement what we would call a forbearance program, or a system conservation program where instead of operating the plant we would pay farmers not to, not to grow crops, or to fallow land, small amounts, on a year-to-year basis. And, in fact, we actually moved forward with a demonstration program about two years ago and had everybody's consent to do that and at the very last minute the state of Arizona expressed strong objections and we had to back away from doing that. But, anyway, all that said, "The states continued to press us, and Congress directed us to prepare a report and stating how much it would cost and how long it would take to operate the desalting plant, and we did that.

We submitted that report. But, what we told the Congress and what we've decided to do is, "Look," just what I've said, "It's expensive. It' has environmental issues. It would make sense for us to do a study and a public process to consider other alternatives for replacing the Desalting Plant, and through that public process see what we can come up with." And so, we initiated that process last fall. We think it'll probably take about two years. We're looking at all kinds of options. Can we buy water from Mexico? Can we buy water in the United States? Can we pay for system conservation measures like I mentioned earlier that Nevada was going to pay for that storage, regulatory storage facility. Could we do similar types of things and get credit for the water to replace the bypass? We understand our obligation. We'd just like to find an efficient way of doing that rather than having to spend so much money. So, we've embarked on that process. John Johnson, in our group, what we call our "Special Studies Group" is kind of leading the effort to put together a study that would document all that with some sort of recommendation, I think, at the end of two years on how we would move ahead. So, that's where we're at.

Storey: I could see, perhaps, southern Nevada coming in and saying, "We'll pay for the operation of the plant."

CAWCD is the main advocate for operating the desalting plant because ". . . they're the ones that are harmed first by shortage and so they want to see as much water left in storage as possible and they really want to see the plant operated. . . ."

Johnson: Well, they've talked about that. In fact, southern Nevada has said, "We might be willing to operate the Desalting Plant," and we've said, "Well, that's an interesting idea. Let's talk about it." And so, we'll see. I mean, I think we're open to that, to, you know, are there things that Nevada–one of the things that we've done, you know, as part of this two-year study is we've talked to C-A-W-C-D who's–the main advocate for the Desalting Plant is C-A-W-C-D in Arizona. They want to see the plant operated. And, they're the ones that are harmed first by shortage and so they want to see as much water left in storage as possible and they really want to see the plant operated. They don't like these other options, even though they replaced the water supply just as effectively, they don't like them for, I'm not sure why. I'm not, you know, I don't want to misinterpret. They don't like most of these other options. But, one of the things we want to do as part of the study is to go back and try to do another demonstration forbearance program that I told you we started to do two years ago and Arizona objected.

". . . we've talked to Arizona and proposed a framework for doing another demonstration forbearance program, but what we've also told them that what we would be willing to do . . . a short test operation of the Desalting Plant. . . ."

Well, what I've done is, what we've done is we've talked to Arizona and proposed a framework for doing another demonstration forbearance program, but what we've also told them that what we would be willing to do at the same time we do a demonstration forbearance program we would be willing to do a short test operation of the Desalting Plant. So, we think that we could probably, we have some, we did a test operation back ~~in~~ when the plant was completed in like 1990. I don't remember,

'89 or '90 we did a test. Maybe it was '92 we did a test operation of the Desalting Plant. And, it was at a much higher scale than we're talking, but when we did that we bought membranes. So, we have some membranes. And, in looking at the plant we think we could ***probably*** operate it at 10 percent capacity for about ninety days ***in the wintertime*** at a nominal cost. Not a nominal. It'll cost us about a million dollars to operate it for a ninety-day period, if we do it in the wintertime. In the wintertime you need fewer, less treatment, and less chemicals to treat the water so it's not quite as expensive. So, what we told C-A-W-C-D is, "Look. We'll do a test operation of the plant, ninety days, 10 percent capacity, to help us shake out what, you know, how the plant can operate and what it really might cost, and what's required, that sort of thing. And, at the same time we'll do a test forbearance program and that'll provide data to support this longer-term study that we're doing." And so, right now we have that on the table with Arizona to see if they would be willing to do a kind of a compromise where we would try a little of both, at least on a demonstration level. (Storey: Um-hmm.) So, we'll see. We may, a ***year*** from now we may be operating the plant at a tenth capacity for a short period of time to see how it works.

Storey: Interesting.

". . . I don't think that the plant will be operated at full capacity. We may look at doing things like running some groundwater through the plant rather than Wellton-Mohawk water. If you don't use Wellton-Mohawk water you don't have the problem with the ciénega. . . ."

Johnson: I think, in the long-term, in the long-term I don't think that the plant will be operated at full capacity. We may look at doing things like running some groundwater through the plant rather than Wellton-Mohawk water. If you don't use Wellton-Mohawk water you don't have the problem with the ciénega. And, if you've got, we've got a significant amount of groundwater in the Yuma Valley and it's not as salty as the drainage water from Wellton-Mohawk, but it's ***still salty*** enough that it's not good for full, you know, for consumptive use, and it doesn't have many of the other quality problems that the Wellton-Mohawk water has. We think that this groundwater in the Yuma Valley could be desalted at a much lower cost than the Wellton-Mohawk drainage water, and so we think ***maybe*** we would use the plant to desalt groundwater. It would be cheaper and then it would–we wouldn't have any impacts, any of the environmental impacts on the ciénega. So, there's an option. I mean, we're going to, and that's part of what the study's going to look at. Can we use it for groundwater? Can we use it–are there ways to reduce the cost and that sort of thing? But, personally, I doubt that we will ever operate that plant in the manner that it was intended to, you know, to be operating at full capacity. And, I'm doubtful that that'll ever happen.

Storey: Hmm. We haven't had any further problems than what you've discussed with the ciénega, huh?

Johnson: No.

Storey: [Yuma] clapper rails?

Johnson: Right. (Laugh) Well, you know the, yeah, no, it's not–I mean, unless we operate the

plant we don't have, there aren't other issues out there. I mean, we have ongoing–right now there's a problem with a bunch of sediment has built up on the upper end of the ciénega and the water's not flowing in in an efficient manner and it's causing the water to spill over, you know, and expand the areas. And, Mexico wants us to go out there and work with them to remove some of that sediment. But, they're minor, they're minor issues. It's really not significant at all. So, there's little things but not, nothing big.

Storey: As I understand it, we've always delivered our water to Mexico on the Colorado?

Johnson: Um-hmm. Yes.

Storey: But, we've been having trouble with Mexico on the Rio Grande, delivering their water, their share of the water?

Johnson: Um-hmm.

Storey: Has the Colorado ever gotten mixed up with the Rio Grande, that you're aware of, diplomatically or anything?

Water Issues with Mexico on the Rio Grande and Colorado Are Not Connected

Johnson: Well, no. We want to keep it separate. We don't like to see them mixed up. We think they ought to be treated as separate systems. Although they are all under the same treaty. The 1944 treaty[44] dealt with ***all*** of the rivers, the Rio Grande as well as the Colorado, and there's one other river I can't remember. There's three rivers that are covered under the treaty.

Storey: Tijuana?

Johnson: The Tijuana River, yeah. But no, we don't want to mix them, ***although*** what happens is when we had the issues on the Rio Grande where all of the farmers in Texas felt like Mexico wasn't living up to their treaty obligation we had them coming to us saying, "Well, it's tit for tat and because they're not helping us on the Rio Grande you ought shut them off on the Colorado to make them take care of our needs." So, you know, we don't want them linked. We resist them being linked. But, when bad things start to happen on the Rio Grande we have our Texas counterparts coming and putting pressure on for us to do things to get Mexico, you know, to use the Colorado for leverage to get Mexico to do things on the Rio Grande. But, we don't want that to happen and we've been successful in resisting that.

44. The Mexican Water Treaty and Protocol is a treaty relating to the utilization of the waters of the Colorado and Tijuana Rivers and of the Rio Grande. (Signed at Washington, February 3, 1944; Protocol signed at Washington, November 14, 1944; ratification advised by the Senate April 18, 1945, subject to certain understandings; ratification by the President November 1, 1945, subject to said understandings; ratified by Mexico October 16, 1945; ratifications exchanged at Washington, November 8, 1945; proclaimed by the President November 27, 1945, subject to said understandings; 59 Stat. 1219.) Source: United States Department of the Interior, Bureau of Reclamation. *Federal Reclamation and Related laws Annotated, Volume II* of IV, 1943-1958. ed. Richard K. Pelz. Washington, D.C.: U.S. Government Printing Office, 1972, p. 750 *et. seq*.

Storey: And, to your knowledge the State Department hasn't been ***in*** this?

Johnson: Well, the State Department gets involved in these things. I mean, the State Department was involved in the Rio Grande issues, the State Department gets involved in the ***Colorado*** issues. I would say that the State Department has not pressed to link the two.

Storey: Okay. That's what I was trying to ask.

Johnson: Um-hmm. Yeah.

Storey: Yeah. Okay. How are we doing on water conservation? That was a big program under Dan Beard. Do we still have those kinds of programs?

Water Conservation, Part 417, and Water 2025

Johnson: Absolutely, yeah. We still have our water management and conservation program. We continue to push conservation with all of our water districts, under Part 417[45] of the Federal Regulations. We actually have a set of regulations that lay out how we take waters for order. This is part of the Secretary's watermaster role again. But, we have Federal regulations that require that all of the water orders be reviewed by us every year to determine that those water orders are being reasonably used for beneficial use. And so, our water conservation people, every year, when we accept water users', water orders for the next year on our annual operating plan, our staff goes out and meets with each of the major water users in the region and reviews their water order, reviews their water conservation activities to ***ensure*** that the water's being, you know, is reasonably required for beneficial use. So, we're pretty active with that process and that program.

And, then we have the Water Conservation Plans. Every water district in our region, and I think this is probably Reclamationwide, ***has*** to have a water conservation plan in place, and it has to be reviewed at five-year intervals. And so, we do review that. We do take a look at what they're doing and approve their plans for water conservation. We also, I think, Bureauwide we get about $10 million a year for the Water Management and Conservation Program and I think our region probably gets $2 or $3 million of that. We put that money into incentive programs to share with water districts. We have water districts throughout the region submit proposals for water conservation plans and then we use that money to help cost share, implementing water conservation programs.

The Water 2025 Program, at least all the ones that we've done in this region, have really focused on water conservation and funding water conservation improvements with irrigation districts. And ***even*** some urban areas, we've done the Water 2025 with one of the districts in southern California. And, the Water Management Conservation Program we've done, you know, pretty extensively, you know, with a lot of our entities in southern California. So, water conservation's a big deal. We push it. We continue to give water conservation awards every year. If there's somebody that's doing a particularly good job we submit it. Reclamationwide

45. See footnote on page 300.

has a program where the Commissioner gives awards. In fact, I'm going to the Metropolitan Water District board meeting in two weeks to present one of the Commissioner's Water Conservation Awards to Metropolitan and some of its member agencies. We gave one to Lake Havasu. We went down and presented one to the Lake Havasu City Council here, oh I don't know, a few months ago. So, I guess I would just say water conservation is a huge issue. It's just as big as it was when Dan Beard was there, and I think it's pushed just as hard by us as it was when Dan was Commissioner. I don't think ***anybody*** thinks water conservation isn't a good thing. And, we do everything we can.

"We try to do water conservation in a friendly incentive-based way, not through a enforced regulatory way. . . ."

We try to do water conservation in a friendly incentive-based way, not through a enforced regulatory way.

Dan Beard's ". . . approach to water conservation was a *regulatory* approach rather than an *incentive*-based approach. Now, *in this region* we *have* taken the regulatory approach when we got involved with the reducing of California's water supplies under our 417 regulations that I mentioned. We actually imposed regulatory reductions on Imperial Irrigation District for non-beneficial use of water . . ."

And, I think one of the things that concerned Dan, the folks when Dan was Commissioner was that his approach to water conservation was a ***regulatory*** approach rather than an ***incentive***-based approach. Now, ***in this region*** we ***have*** taken the regulatory approach when we got involved with the reducing of California's water supplies under our 417 regulations that I mentioned. We actually imposed regulatory reductions on Imperial Irrigation District for non-beneficial use of water, so I think we're probably the only region in Reclamation, we're probably the only ***Federal*** entity in the United States, and not even many state entities have ever taken on a regulatory action related to misuse of water. And, we actually did that against Imperial Irrigation District in 2003. We had litigation. They didn't like what we did and they sued us, and we ended up ***settling*** it. That was part of the Quantification Settlement Agreement was settling that litigation. But, we have the authority to do regulatory requirements of conservation. And, that's a unique authority in this region. That's really under the Secretary's watermaster authority. It's not under general Reclamation law. And, but that's the ***only*** time we've used our regulatory authority, and it's a very rare instance, and for the most part all of our water conservation is incentive-based, you know, giving awards and making money available on a cost share basis and that sort of thing.

Storey: And, as I recall this was because the amount of water that Imperial claimed, we had to verify beneficial use for the quantification?

Reclamation Studied Imperial Irrigation District's Use of Water for Years

Johnson: Right. And, we just have an obligation under these regulations to do that every year for everybody's water order to ensure that it's going to be used for beneficial use.

We studied–this was an issue with Imperial Irrigation District for fifty years, the accusations against them that they were misusing water. And, in the 1990s, early 1990s I asked our staff to take a hard look at Imperial and their use of water, and were they wasting water or not wasting water.

Reclamation Hired Marvin Jensen to Assist in Looking at IID

We hired some of the ***best technical*** consultants in the world to work with us to take a look at Imperial Irrigation District's use. Marvin Jensen, who is the famed–there's the Consumptive Use Model of how you calculate the consumptive use of crops. The commonly used method of doing that is the Jensen-Haise Technique of the–well, that's, Marv Jensen is the Jensen-Haise of the very, you know, highly respected in the world of, you know, agricultural science and water management, and those sorts of things. We hired him and he worked with us.

". . . what we found with Imperial was, basically, that probably about a third of the water that . . . is delivered for use in Imperial Valley runs off the end of the fields. About . . . 800,000 to a million acre feet of water . . . *It's cheap*, doesn't cost them anything, and they get all they want. It's cheaper to waste the water than it is to hire an irrigator to watch the water. . . ."

But, what we found with Imperial was, basically, that probably about a third of the water that delivered, that is delivered for use in Imperial Valley runs off the end of the fields. About a million acre feet or 800,000 to a million acre feet of water delivered to Imperial Valley runs off the ends of those fields and it's not being used for efficient use, you know, for growing crops. They're just flat out, they were just flat-out sloppy in their use of water. Farmers would, when they irrigated their crops they get all the water they want for ten bucks an acre foot. ***It's cheap***, doesn't cost them anything, and they get all they want. It's cheaper to waste the water than it is to hire an irrigator to watch the water. And so, what do the farmers do? They get the water, they turn it in their ditch, they open the gate, they leave it run. If it runs off the end of the field and into the drainage ditch it's no big deal. And so, a ***third*** of their water supply is running off the end of the fields. All they've got to do is hire an irrigator to manage the water. And, when the water gets down to the end of the field you go cut it off and you move it over to another part of the field that hasn't been irrigated. I grew up on a farm. That's the way we did ***our*** irrigation. We had a limited water supply and by golly you watched your water real close, you know, (Storey: Um-hmm.) and you managed it. And, there was a guy, we worked twelve hour shifts. You know, one guy would work the day shift, one guy would work the night shift. You stayed out there with that water twenty-four hours a day making sure that it was, you know, getting applied and wasn't getting wasted. Imperial Irrigation District, they don't do that. They don't even hire irrigators. You know, most of them, they might hire one but, you know, not one at night. They might hire one during the day but nobody out there to watch the water at night. So, they were just wasting water. I mean, it was blatant.

And, for all those years we never took them on on it because there was really no need to. Nobody was being harmed. There was plenty of water available. But, when push came to shove and we had to cut people's water use you can't sit there and let that kind of ***blatant*** waste and misuse of water occur when you're cutting other

people's water supplies back. And so anyway, that's what we did. I think it's very rare. I'm not aware of any other irrigation district in our region that operates that way. That was unique to Imperial.

". . . under the Quantification Settlement Agreement they had to . . . ultimately reduce their use from the three million acre feet down to about 2.7. . . ."

Now, under the Quantification Settlement Agreement they had to agree to a limited entitlement that sloped down over time. They have to ultimately reduce their use from the three million acre feet down to about 2.7. And so, what we did is we told them, "Look," this is the settlement for our, you know, of the litigation that we have, we told them that as ***long*** as they were meeting those benchmarks and that over time that was being achieved that we wouldn't challenge them on their use of water. But, if they don't meet those benchmarks then we'll be back, you know, with IID [Imperial Irrigation District], you know, on that issue trying to enforce or regulate their use of water, so that was how we resolved it.

Storey: But, that water that was flowing off the field, I presume going into Salton Sea?

Johnson: That's correct.

Storey: So, that's the other end of this problem, right?

The Salton Sea Issue as it Relates to Reclamation

Johnson: We don't recognize the Salton Sea as a beneficial use of water.

Storey: We're sure spending a lot of money on the Salton Sea (Johnson: We're not.) aren't we?

Johnson: We're not. We're spending some, but the state of California is spending money. We're doing, there's lots of studies going on looking to see if there are ways–we say "Salton Sea restoration," but I don't think the Salton Sea can ever be restored. The problem with the Salton Sea is it's a body of water that has no outlet. Water comes in. The water doesn't flow out. The water that comes in has salt. It's a ***shallow*** body of water. It has a ***huge*** area. And, it's in a hot part of the country and the water evaporates. Water comes in with salt, water evaporates. Salt gets left behind. It just gets saltier and saltier over time. It's a problem that can't be avoided no matter how much water flows into the Salton Sea. And, there's lots of effort to see if things can be done to ***preserve*** some of the resources of the Salton Sea, but ***ultimately*** the salinity of the sea is going to rise to a level where it will no longer support, you know, the fishery and some of the type of wildlife and habitat that use it.

". . . most of the sea is probably ultimately going to become hypersaline and won't be able to support the fishery and the habitat that's there today. . . ."

And, you can probably do some things around the edges of the sea where you use some of that drainage water that's coming in to maintain habitat, but most of the sea is probably ultimately going to become hypersaline and won't be able to support the

fishery and the habitat that's there today. And, there's studies going on to see how you manage that, but in terms of some big restoration program and/or us putting a lot of money into a big restoration program I don't think that's very likely. Now it, the Salton Sea definitely–I don't want to gloss over it. I mean, the Salton Sea definitely got wrapped into the settlement with . . .

END SIDE 1, TAPE 4. FEBRUARY 17, 2006.
BEGIN SIDE 2, TAPE 4. FEBRUARY 17, 2006.

Storey: Got wrapped into everything?

Johnson: Yeah, it got wrapped into the thing. And, basically, what happened is, you know, when you conserve water in Imperial you reduce the flow of water into the Salton Sea and with less volume going into the Salton Sea it gets saltier faster. Okay? So, it becomes hypersaline maybe a little sooner than it would otherwise become hypersaline, but it doesn't ***stop*** the deterioration of the sea. It just has a very small kind of an incremental effect. So, something had to be done as far as the QSA to address the impacts that the water transfer and the water conservation in Imperial would have on the sea. And, there were mitigation measures that were designed to do that in cooperation with the Fish and Wildlife Service and the California Fish & Game under the ESA and the California ESA Act. So, it did get linked and there were solutions to that worked out, but it's not–solving the problems of the Salton Sea are not part of the obligation that was associated with the transfer of water. The Salton Sea problem is so much bigger than any impact of, you know, reducing flows from Imperial Irrigation District. I mean, they're just there and they're so big that they're, you know, ultimately I think everybody's going to come to the conclusion that they're not manageable and that, you know, there will be limited environmental enhancement activities around the edges of the sea, but by in large most of the sea's going to become hypersaline, like the Great Salt Lake, in Utah.

Storey: Um-hmm. So, I guess the studies that are going on at the Service Center, for instance, they aren't being commissioned by the region?

Johnson: They are. Yeah, we're, I said we're doing studies. I didn't say we're, I just said I don't think we're spending a lot of money. (Laugh)

Storey: Oh, okay.

Johnson: Yeah.

Storey: I missed that, I guess.

Congress Directed Reclamation to Do Studies and Develop a Plan for Restoring the Salton Sea

Johnson: You said, yeah, no, we're doing studies. We're obligated. The Congress directed us to do studies and to submit a report at the end of '06 to Congress with a recommended plan for restoring the Salton Sea. And, that was put in there by the Mary Bono, who is the representative that represents the Palm Springs area on the north end of the sea. But then, that was also supported by other members of the

California delegation that have areas surrounding the Salton Sea. And so, we moved out on that study, and we have had the Denver Service Center doing designs and estimates, and helping us develop plans that would try to restore the sea. Most of the estimates are coming in in the ***billions*** of dollars, at levels that are just not realistic. The sea is so big and the effort to restore it or to save it is so big that it's just, it will exceed the ability of the Federal treasury or the state treasury, or anything else, and the value of it is just not so great. But, we're obligated by Congress to do the studies, and so we have been doing the studies. We've been cooperating with the state. It's really interesting.

They told us to do the studies. We went out and did the studies. We got the preliminary cost estimates. We went and–and we were directed to cooperate, to coordinate with the Salton Sea authority and the state of California. The state of California is doing their own study because the state legislature directed them to do their own study. Well, we went, we went out and we did our studies. We coordinated with the State. We got our initial cost estimates. We sat down with the state and we went over what we had done, and they thought what we had done was pretty good. And, we went, so then we went to meet with Mary Bono and the California congressional people that had requested us to do the studies, and we laid out for them the studies that we had done, and what it looked like, and the cost estimates, and that sort of thing.

"The Salton Sea Authority *did not like* what we had done because they have been doing their own estimates and their own program and *they've* got a plan that *they* say they can develop for about $500 million. Well, our estimates for the same plan were more like $5 billion . . ."

And then we went and talked to the Salton Sea Authority[46] to explain to them, you know, what we had done as well. The Salton Sea Authority ***did not like*** what we had done because they have been doing their own estimates and their own program and ***they've*** got a plan that ***they*** say they can develop for about $500 million. Well, our estimates for the same plan were more like $5 billion, instead of $500 million, $5 ***billion***. And, when they saw our estimates they got very upset and asked us ***not to release*** our estimates in a public forum. And in fact, John Keys and I ended up in a meeting with Congresswoman Bono, Congressman [Ken] Calvert, and Congressman

46. "The Salton Sea Authority is a joint powers agency chartered by the State of California by a Joint Powers Agreement on June 2, 1993 for the purpose of ensuring the beneficial uses of the Salton Sea.

"The Authority is comprised of the following cooperating agencies: The Coachella Valley Water District, The Imperial Irrigation District, Riverside County, Imperial County and the Torres Martinez Desert Cahuilla Indians. A number of federal, state, and tribal agencies are ex-officio members of the Authority.

"The Authority was formed to work with California state agencies, federal agencies, and the Republic of Mexico to develop programs that would continue beneficial use of the Salton Sea. In the agreement, "beneficial use" includes the primary purpose of the Sea as a depository for agricultural drainage, storm water and wastewater flows; for protection of endangered species, fisheries and waterfowl; and for recreational purposes.

"A Technical Advisory Committee, composed of an individual from each of the four member agencies, provides technical and administrative advice and support to both the Board of Directors and the Authority staff.

"The Salton Sea Authority has made a concerted effort to collect all known suggestions for remediation of the Salton Sea and has subjected these proposals to formal review against specified criteria. The Authority also is taking concrete steps in preparing for the detailed planning of a remediation project."

Source: http://www.saltonsea.ca.gov/salton-sea-authority.html on June 13, 2011, at about 2:30 P.M.

[Duncan Lee] Hunter from California, all of them ***asking*** us, in ***strong terms***, ***not to*** release our study and to just coordinate with the Salton Sea Authority.

"We did not put our studies out in public. But, . . . we're continuing . . . because we still have to submit a report to Congress . . . But what's interesting is . . . The state has now completed their own studies and they have gone public with their cost estimates and their cost estimates were higher than ours. . . ."

And so, as a result of that we did not release our studies. We did not put our studies out in public. But, the interesting thing is–and we're continuing now to do our studies because we still have to submit a report to Congress so we're continuing our studies and at the end of this year we will have to submit a report to Congress and we will. But what's interesting is, we held off on doing it. The state has now completed their own studies and they have gone public with their cost estimates and their cost estimates were higher than ours. (Laughter) So, I don't know where that puts the authority.

". . . the authority has this big plan to build this levee and to pump water, fresh water, around the sea and they built this huge levee in the middle of the sea and they create this fresh water area that's around the perimeter of the sea . . ."

You know, the authority has this big plan to build this levee and to pump water, fresh water, around the sea and they built this huge levee in the middle of the sea and they create this fresh water area that's around the perimeter of the sea, and the inside of the sea. I mean, it's a huge project any they're saying they can do the whole thing for like $500 million. And, the way they propose to finance it is to have developers come in and they float ***bond*** money, and they'll build this project and then that'll maintain the fresh water of the Salton Sea and developers can then come in and develop these, all these homes and communities around the Salton Sea and the value of those, of that commerce and that economic development will pay for the restoration activities on the sea. And you know, $500 million is a lot of money, but if you're doing to do a five hundred, if you're going to be able to restore the sea, you know, you're going to have to make it pay. You know what I'm saying? I mean if it's gonna–you can probably get bonding for $500 million. You probably can't get bonding for $5 billion. So, the Salton Sea doesn't, you know, wasn't very anxious to have us get those [estimates of] monies out there. Quite frankly, I think our technical people thought that the Salton Sea Authority was really low-balling the estimate, and they were just trying to, you know, move the ball ahead and maybe pay the piper later. I'm not sure. (Storey: Hmm.) But, realistically they're never going to get there. Those kinds of plans on the Salton Sea realistically will never get implemented. So, I don't know where we'll end up. Ask me at the end of the year. We're see where we're at with the (Laugh) report we send to Congress.

Storey: Let's see. What are your thoughts on the recent reorganization? Can you talk about that?

Recent Reorganization in Reclamation's SES Ranks

Johnson: Well, I don't know what it is yet. I mean, I think that there's–are you talking about the result of the National Academy of Science?

Storey: No. No. I'm talking about the . . .

Johnson: Oh. Oh. Oh. Oh. Denver?

Storey: Sure. Moving around of the SES [Senior Executive Service], some of the SESers.

". . . I think all that is the Commissioner wanted to set up a system where he had fewer people reporting to him. . . . with the Dan Beard change and all of that you ended up with just a whole bunch of people reporting directly to the Commissioner. I think John felt like in order to be effective he really needed fewer people. . . ."

Johnson: Right. Well, I, you know, I think all that is the Commissioner wanted to set up a system where he had fewer people reporting to him. I think he felt like he had like nine or ten people reporting to him and he felt like he wanted a–in fact, I think the reorganization is–in fact, I don't know that I want to say it was my idea but I certainly advised John [Keys] that he needed, that he ought to set it up so he has fewer people reporting to him. I harken back to the days many years ago when we had a Commissioner and then what we called an Assistant ~~Secretary for Administration and assistant, no.~~

Storey: An Assistant Commissioner?

Johnson: And Assistant Commissioner for Administration. We had an Assistant Commissioner for resources management, and we had a Assistant Commissioner for design & construction, and they all reported to the Commissioner. We didn't have ***Deputy*** Commissioners. And so, what John has done is he's kind of–what happened over the years, he ended up with, you now with the Dan Beard change and all of ***that*** you ended up with just a whole bunch of people reporting directly to the Commissioner. I think John felt like in order to be effective he really needed fewer people.

"He couldn't provide the kind of direct supervision that he liked, would have liked to, and so he established these three Deputy Commissioner positions so that he could limit his role. . . ."

He couldn't provide the kind of direct supervision that he liked, would have liked to, and so he established these three Deputy Commissioner positions so that he could limit his role. That's a model that ***I like***, and that's the way I operate here in the region. I limit the number of people that report to me. I have two deputies and an Executive Assistant, and I also have the Public Affairs Officer, although, but I don't feel like I would have to have him reporting. He could report to somebody else. But, I mean my own, my own management style is that, you know, if you're at the top of the organization you need to focus on the big picture, and you don't want to get drug into details, and you want just a small number of people reporting to you, and I think that's what John did here and I think it's the right thing to do.

Storey: It must have surprised some folks though?

Johnson: Well, I don't know. You know, (Laugh) it [Sigh], I don't know maybe it did and maybe the problem that I have is I'm a little bit, maybe, removed. You know, I think it probably had impacts in Denver and Washington, but in the regions, you know, it didn't really have a lot of impact on us. So, I don't think we were as probably caught up in the turmoil that you may have seen with the people that were directly affected by it. So I mean I, it may have caught some people by surprise, but in terms of having, you know, impacts on us, you know, I wouldn't say it caught me by surprise. I wasn't surprised to see it happen because I kind of knew where John was headed there in terms of wanting to reduce the number of people reporting to him. (Storey: Um-hmm. Hmm.) So, I think it was an okay change.

Storey: Good. Earlier you said that California was living within its 4.4 allocation?

Johnson: Um-hmm.

Storey: Did you mean to say that?

California Had Been Given a Fifteen Year Period to Stay Within Its 4.4 maf Allocation, but the Recent Drought Changed That

Johnson: Yeah.

Storey: I understood that they were going to have a fifteen-year grace period, (Johnson: They were.) or some such thing?

Johnson: They were, but the drought–the grace period was, as long as the reservoirs stayed above elevation 1,145, and above elevation 1,125 they could have extra water. Well, the drought drove the reservoir below that, so they had a grace period, but the grace period was dependent upon Lake Mead staying relatively full. And, the drought drove us down below those levels that we had established. When Lake Mead rises back up then they'll be able to go back to taking some surplus water for a while, but because of the drought it drove them to stay within their 4.4.

Storey: Oh, okay. Well, when I went down the bathtub ring didn't look as big as it has in the past to me.

"We had a decent water year last year, '05. We had five years of drought, 2000-2004, five years lowest in the 100-year record that we have, you know, the five-year total. . . ."

Johnson: Right. The lake rose back up again. We had a decent water year last year, '05. We had five years of drought, 2000-2004, five years lowest in the 100-year record that we have, you know, the five-year total. And, Mead dropped down by about 100 feet, close to 100 feet. But, last year the Upper Basin was 108% of normal. That was in '05. And the Lower Basin was 225 % of normal. And, as a result we gained some storage back in the reservoir. So, you're right. Now I think, instead of being a hundred feet down we're more like seventy feet down. So, we've probably gained another twenty to thirty feet of elevation in Lake Mead. Lake ***Powell*** gained, I think, forty or forty-five feet in elevation because of the–so, we've had a, we've had one year of recovery and the lakes are a little full. But, they're still only–our total system

capacity is still only 58 percent. So, we're ***still*** way down on our system capacity.

Storey: For the entire Basin?

Johnson: For the entire Basin, yeah. About 58 percent, I think, is the number where we're at right now. Now, we're hoping for another good year this year. Right now the last forecast, as of the fifteenth of February was 102 percent of average. And, if we get 102 percent we'll gain storage again this year. Powell will come up again by, I don't know, thirty or forty feet probably, again. And, Mead will probably drop a little because we're not having the kind of weather in the Lower Basin that we had last year. But, we'll gain storage and we'll probably get over 60 percent. And, if we get two or three more years of recovery and we get the reservoirs up high enough then California will be able to start taking more water again, (Storey: Oh.) under the agreement. (Storey: Okay.) But, because it dropped down ***so far, so fast***, they had to limit themselves more quickly than was anticipated.

Storey: Yeah. Well, I know that we're anticipating the bridge bypass for Hoover?

Bridge on U.S. Highway 93 Bypassing Hoover Dam

Johnson: Yes.

Storey: But, right now they're in construction. Is that causing any issues for us?

Once the Bridge Is Open All Through Traffic Will Have to Take Highway 93

Johnson: Not really. I mean, there's some traffic issues, you know, because all that construction's going on you get traffic slowed down over the dam. But yeah, I mean we, it's probably not any worse than it was before 9/11 when we had all those trucks. We've shut all the trucks off the top of Hoover for security reasons. And so, the bridge is a good thing for us because it's going to get 99 percent of the traffic off the top of Hoover Dam, and that will be a huge benefit to us from a lot of different perspectives.

Access to Hoover Dam Will Be from the Nevada Side, and Access to the Dam on the Arizona Side Will Be Completely Closed off

We'll probably–our plan is, once the bridge gets built, our plan right now is we'll ***shut*** access to the dam ***off*** on the Arizona side. So, on the Arizona side you will ***not*** be able to get off the freeway. There's an off ramp but you will not be able to get off that off ramp and drive down to Hoover Dam. The only access to Hoover Dam will be from the Nevada side. There will be an off ramp on the Nevada side of the bridge and you'll be able to drive down to the dam. You'll be able to drive over the ***top*** of the dam and up into the parking lots on the Arizona side, but then there'll be a barrier up there and you won't be able to go any farther than that.

Storey: No through traffic? (Laugh)

Johnson: So, there'll be ***no*** through traffic. There'll be no through traffic over Hoover Dam.

You'll still be able to drive down there, park, get out, look around, but you won't be, and that'll be a huge benefit. I mean, most of the visitors at Hoover come out on buses from Las Vegas anyway, and the traffic that we have down there is just a safety. I mean, you know, it's just a public safety issue for us because we have all those people with the visitors' center and, you know, going back and forth. So, it's going to be, getting that bridge in place is going to be a huge benefit.

The Arizona Checkpoint Will Close, but Security Will Still Be a Big Issue at Hoover

It'll also allow us, if we don't have access from the Arizona side, we won't have to have the checkpoint on the Arizona side any longer. We spend a ton of money. You know, every car that goes over Hoover gets ***stopped***. And, if you're a pickup or an RV, or if you're pulling a trailer, you get pulled over and inspected. And, it's a tremendous ***cost*** for us to do that. And, we do that on both sides of the dam. We get the bridge in place we'll only have to do, we'll still do that on the Nevada side, and it'll be much less traffic. I mean right now all the traffic that's going to go over the bridge has to go through that inspection point. (Storey: Um-hmm.) We'll set that inspection point, you know, off of the main road and we'll be able to really scale back the operation on the Nevada side as well. So, it's going to be, you know, from a security standpoint it's going to make things a lot better for us down at Hoover by having that bridge through there. It'll make, it'll really lighten our load significantly and that'll be a good thing. Security is a big issue for us at Hoover, ***and*** Parker and Davis, ***and***, you know, all over Reclamation since 9/11 and we put a lot of resources into that.

". . . the other big issue that's been front and center for us is the reimbursability of . . . security costs . . . by our power users. . . . OMB [Office of Management and Budget] initiated a policy that said that the power users had to pay the costs of guards and surveillance. . . ."

And, of course, the other big issue that's been front and center for us is the reimbursability of those costs because the last two years we have tried to make those security costs reimbursable by our power users. The first three years after 9/11, maybe four years after, they weren't, we paid them. They were paid by the Federal treasury. But, the last two years we initiated a policy, the Department, OMB [Office of Management and Budget] initiated a policy that said that the power users had to pay the costs of guards and surveillance. So, all the costs that we're incurring there now gets paid by our power users and that's a very big sore point for them. It's created quite a flap with them and the Administration, and members of Congress. And so, that's been a difficult issue for us. Not just us, but it's been an issue for the other dams that are, you know, national critical infrastructure that require a lot of guards and surveillance costs, because other power users in other parts of Reclamation had to pay as well, and it's been a controversial issue.

Storey: I wouldn't think it would cause the electric rates to go up much? Of course, it's still cutting into their profits, I guess?

". . . at Hoover, we spend about . . . 5 million bucks, and at Parker and Davis it's like another million. . . . six or seven million dollars . . . being reimbursed . . . a

significant add-on. . . . probably 10 or 15 percent of our costs at those facilities. . . . low reservoirs and the amount of water that we're releasing has been reduced. So, . . . the number of kilowatt hours that we're generating is less. So, . . . the impact of those costs on the rate actually gets magnified because you have fewer kilowatt hours to spread it over. . . . it's a big deal to the power customers, *although* . . . Hoover power and Parker-Davis power is still *very inexpensive*, in comparison to other sources of power, no question about it. . . ."

Johnson: Well, you know, the costs at Parker, and like at Hoover, we spend about, I think it was around, I think our guards and surveillance is like 5 million bucks, and at Parker and Davis it's like another million. (Storey: Um-hmm.) So, we've got like six or seven million dollars that was being reimbursed, and that's, you know, a significant add-on. I mean, that's probably 10 or 15 percent of our costs at those facilities. It's a higher percentage at Parker and Davis than it is at Hoover. And, when you throw on top of that the fact that our, the low reservoirs and the amount of water that we're releasing has been reduced. So, not only are we adding costs, but the reservoir is lowered and the number of kilowatt hours that we're generating is less. So, the rate actually gets, the impact of those costs on the rate actually gets magnified because you have fewer kilowatt hours to spread it over. (Storey: Um-hmm.) So, it's a big deal to the power customers, ***although*** I understand what you're saying. Hoover power and Parker-Davis power is still ***very*** *inexpensive*, (Storey: In comparison.) in comparison to other sources of power, no question about it.

Storey: Are they paying that up front the way they pay O-&-M?

Johnson: Um-hmm. Yes.

Storey: So, they're paying it? We don't have to do any budget and get reimbursed (Johnson: Right.) for anything?

". . . in this region we've taken all of our power O-&-M facilities, what we call 'off-budget' they're all paid directly by the power users. . . ."

Johnson: Right. Right. We've taken, in this region we've taken all of our power O-&-M facilities, what we call "off-budget" they're all paid directly by the power users.

Storey: I didn't know the security would be too.

Johnson: Well, security's treated the same way in this region. We treat security the same way in this region.

Storey: Well, the last thing I have in my list, Multi-Species Conservation Program.

The Multi-Species Conservation Program

Johnson: Um-hmm.

Storey: You talked about, last year when we did this, you talked about it being, the program had just been initiated, I believe?

Johnson: Um-hmm.

Storey: How are things going and what's going on? What kind of budget are we putting into it and how's it working?

Reclamation Plans to Spend $18 to $20 Million Dollars a Year Developing Habitat for the Program for Twenty Years

Johnson: It's going good. Our piece of that budget is around nine million bucks, I think, nine or ten million bucks. That was included in our '06–we're in '06 now–it was included in our '06 budget that Congress approved. We've got a similar amount next year. The partners are providing a similar amount of money so we're going to be spending around–and I'm ballparked. I'm not exact. But, we're spending around, be spending around, for the next twenty years or so, $18 to $20 million a year in developing habitat. We have a plan this year to do that. We develop an annual plan. We have a thirty-five member steering committee that represents the non-Federal partners. And, we develop a plan. We're the implementer of the program. We develop a plan every year of how we're going to spend the money. We submit that plan to the thirty-five member steering committee and they approve the plan and then we move forward and carry it out. And, so far so good. We submitted our first plan last fall and the steering committee approved it and our staff that Lorri Gray leads, our multi conservation staff are out there planting trees and creating habitat, and funding fish facilities, and doing research, and so I guess the bottom line is we're implementing it, and we're spending the money that we're supposed to, and we're taking the actions that we need to to get it implemented. We're buying land. We're getting water supplies. So, it's moving along well.

Storey: What species are we dealing with?

Species Affected by the Plan

Johnson: There's twenty-six of them. The ones that are listed are the Yuma clapper rail, the willow flycatcher, the Southwestern willow flycatcher. Two birds. The razorback sucker and the bony-tailed chub. So, we have two fish and two birds. So, there's four species that are listed as endangered. And then in addition to that we have this additional twenty-two species that are species that are not listed but have the ***potential*** to be listed. And, if for some reason they do get listed we will have coverage, under the plan, if they do get listed. They will be covered under the Conservation Plan. There's the yellow-billed cuckoo, there's (Laugh)–I mean, I don't know, I'm not a biologist and I don't know. But, there's a whole bunch, you know, twenty-two other species other than those four that are listed that will have habitat, you know, that will be enhanced, that will be enhanced, whose habitat will be enhanced by the program.

Storey: Hmm. What else should we be talking about?

Johnson: Well, gee. We've talked about C-A-P. We've talked about the Colorado River. We've talked about the Desalting Plant. We've talked about the Salton Sea. We've talked about M-S-C-P [Multi-Species Conservation Plan].

Storey: What's Temecula doing nowadays?

Southern California Area Office in Temecula, California

Johnson: Well, they're doing lots of planning. They do a lot of the Water conservation program that I talked about, in southern California, earlier. They do, they're doing a lot of assistance to water users in southern California on water planning. They're doing a planning program for Camp Pendleton and the City of Fallbrook on the Santa Margarita River, and developing a groundwater recharge program to provide water supply assistance for the city and the base.

Title XVI, Wastewater Reuse

We still have the Title XVI Program, the Wastewater Reuse Program.[47] That's being funded at much lower levels. The funding level for that program in the last ten years has gone from $50 million, and I would guess that our current, current funding for that program is somewhere around $7 or $8 million a year.

Storey: Is that the one Rick . . .

Johnson: Rick Martin, Um-hmm.

Storey: Was running?

Johnson: Right. Um-hmm. And still does. Still does run, but the amount of money that goes into it is ***much, much*** lower than it was . . .

Storey: What was the program about?

Johnson: Well, it's about reusing wastewater where you have–in southern California there's about two million acre feet of wastewater that gets dumped into the ocean, and that can be a significant source of water supply if you clean it up and put it to use. And so, what the Title XVI Program does is it provides cost shared money for projects to take wastewater, and ***not*** treat wastewater but to ***reuse*** wastewater. So, you take water that comes out of a treatment plant and develop facilities to take that water and deliver it to some place of use.

Storey: So, maybe a park or a golf course?

Johnson: A park or a golf course, or irrigation for agriculture or something like that. And then also, I mean, desalinization, reverse osmosis, you know, groundwater recharge. (Storey: Um-hmm.) So there's a, you know, a whole range of things that are done under the concept of wastewater reuse. And so, that program's still going on over in Temecula. It's still a small staff. There's like, we have like, I guess there's probably about six people over there so it's not a, it's not a big office. It's a small staff. But, they have a big impact. They do a great job. All of the water ' they're well known among all the water users in the Met service, and they basically take care of the

47. See footnote on page 91.

Metropolitan service. There's twenty-six water districts in southern California and they work with all of them, with our water conversation programs, and all of that. And, they have, they truly enhance the reputation of the Bureau of Reclamation in southern California. There's great, great working relationships. They're highly respected. There's lots of other–they're doing work for Indian tribes. They've, in fact, used our Denver designers to do some work on some Indian system improvements clear up in Inyo County. That's part of the southern California area that encompasses that office. They've done some, oh, Big Bear, the town of Big Bear, they've done some water/drought assistance measures in Big Bear, California. They've just done all kinds of things over there and they're just constantly–people are just constantly coming to them looking for help, and also funding. You know, I a lot of times I think they're looking for us to provide financial help, but they also want our technical help and our expertise. (Storey: Yeah.) We have a very good reputation in southern California.

Storey: Who's running that office.

Bill Steele

Johnson: Bill Steele.

Storey: Oh, he used to do budget and stuff in D.C.?

Johnson: Right. Right. Then he was our–Bill–he was doing budget in D.C. Bill was a Planner. Bill was a planner earlier in his career, worked in planning, and I knew–Bill and I were, know, go way back. We were friends, you know, early in our careers we knew one another and worked together on things, never worked in the same region. But, Bill left the Bureau and then he came back in the budget shop back in Washington, D.C. and he worked there for a number of years. And, when the Salton Sea became a hot and heavy issue for us out here, when Babbitt, when Sonny Bono got involved as the Congressman from Palm Springs area, we, Congress authorized us and told us to go do Salton Sea restoration studies. This was like '97-'98. Well, I asked Bill to come out here and see if he'd come out and manage those studies for us, the Salton Sea restoration studies. So, Bill came to work for me and did that for about three years, and then he went back to Washington, and instead of going back to the budget shop he worked as our liaison, the Lower Colorado liaison. And, he did that for, I don't know, a year or so, and then our, a job in Temecula opened up and he came out and took the Area Manager job in Temecula.

END SIDE 2, TAPE 4. FEBRUARY 17, 2006.
BEGIN SIDE 1, TAPE 5. FEBRUARY 17, 2006.

Storey: This is tape five of an interview by Brit Storey with Robert W. Johnson on February the 17th, 2006.

You were saying Bill Steele's energetic?

Johnson: Yeah. And he does a great job of working with all of the water users and constituents that we deal with, and that sort. He just does a great job for us.

Storey: Good. Anything else?

Johnson: I think we've done a pretty good job of covering most of the real hot, hot topics that we have going on in the region right now. I think we've covered most of them. So, that's good.

Storey: Well, oh, I just thought of something. Are we having a, we're having a lot of urbanization in the Phoenix area. Well, for instance my daughter's moving to Maricopa, (Laugh) where they're putting in 60,000 housing units, (Johnson: Right.) I guess. Is this ag water being transferred (Johnson: Yeah.) to urban?

Urbanization in the Phoenix Metropolitan Area

Johnson: Those were ag areas down there and there is water supplies that are set aside within the Central Arizona Project to satisfy those, that are part of the original ag allocation. There's some of that that was set aside to support that ultimate development down there. So yeah. C-A-P is accommodating that, those, that growth and all that that's going on there.

Storey: Well, do we become involved?

Johnson: No. Not, no, because we've already entered into the contracts. We don't, we have the contracts for the water and stuff but it's just a matter of, you know, continuing to deliver it to those irrigation districts down there and all that is done through the Central Arizona Water Conservation District. We don't O-&-M the project. We oversee it, but there is no–you know, if there, once in a while there's a need for the assignment of a water entitlement or a contract assignment or something (Storey: Uh-huh.) like that and we might get involved in that, but no, we don't have a lot of role. It's Bureau of Reclamation water that's allowing it to happen, and Bureau of Reclamation project, but in terms of actually doing studies or approving or anything like that we don't.

Storey: We don't get involved in that?

Johnson: No. No.

Storey: C-A-W-C-D has sort of a master contract?

Johnson: Right. But, and even they, even they don't get much involved in that. I mean, those are locally, local irrigation district, water district, county type decisions that get made.

Storey: But, it's still Federal water?

Johnson: Yeah. Yeah.

Storey: Okay. Well . . .

Johnson: Under an existing contract.

Storey: Yeah. But, would it be a contract with C-A-W-C-D or with, what is it, Maricopa-Stanfield?

Johnson: Both. We have a contract, a master contract, with C-A-W-C-D, and then there's subcontracts for the delivery of that water to individual water entities like Maricopa-Stanfield. And, we are a party to both types of agreements.

Storey: Oh, okay.

Johnson: We're a signatory on both types of–but it's just like Las, it's just like Las Vegas here. Las Vegas is growing like crazy.

Storey: Yeah.

Johnson: We don't get involved in that growth. The water is coming from Lake Mead under a contract that we signed with the Southern Nevada Water Authority and the Las Vegas Valley Water District. But, the growth is happening. We really don't have any–I mean it's–it's, the water from Lake Mead is supporting that growth, but once we've entered into the contract with the local community all of the decisions associated with the development and growth are really local decisions that we don't directly . . .

Storey: So, these contracts don't specify uses?

Johnson: No, they do. They specify uses and there's provisions in them for those types of uses.

Storey: Oh, I see. So, it's pretty much covered in the (Johnson: Um-hmm.) original contract (Johnson: Right. Um-hmm.) so we don't have to mess with it?

Johnson: Right.

Storey: Well, my time is up. Let me ask you if you're willing for the information on these tapes and the resulting transcripts to be used by researchers? And, maybe you would like to say one year after you leave Reclamation or something? Though, we haven't done that in the past.

Johnson: Yeah. (Laugh) What have we said in the past?

Storey: Just said it could be used. But, (Johnson: Yeah.) you know. You are getting into some fairly sensitive areas.

Johnson: Yeah, I am. Let's say one year after I leave Reclamation.

Storey: Okay.

Johnson: That's good. I like that.

Storey: I'll change the deed of gift, but let me have you sign the one that I have with me.

END SIDE 1, TAPE 5. FEBRUARY 17, 2006.
BEGIN SIDE 1, TAPE 1. FEBRUARY 14, 2007.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Commissioner Robert W. "Bob" Johnson in his offices in the main Interior Building in Washington D.C. on February the 14th, 2007. This is tape one.

Drop 2 Structure on the All-American Canal

Well Commissioner, there area few things in Lower Colorado I'd sort of like to finish up. One of the things that happened right after you became Commissioner, I think, was the Congress authorizing Las Vegas, I believe it is, to build a dam to capture the water that's being "wasted" (Johnson: Um-hmm.) down on the Colorado? Could you talk about that and whether we have any involvement and how that relates to our watermaster function and everything?

Litigation Regarding Lining of the All- American Canal and NEPA Compliance for the Project

Johnson: Um-hmm. Yeah, you know, that was a, a big breakthrough . . . and it was tied, it was much more than that, because what the Congress did is the Congress authorized, not only did not authorize but ***directed*** the, in that language the Congress directed two things. One, they directed that the Secretary move forward with the lining of the All-American Canal as expeditiously as possible. And two, the Congress directed the Secretary to build the regulatory storage facility, otherwise known as the Drop 2 Reservoir, to help regulate Colorado River flows. And, all of that really came about as a result of this litigation that we've had on the All-American Canal. We've had the, you know, the All-American Canal, the lining of the All-American Canal was ***authorized*** by Congress in 1988 and the ***idea*** was that the lining of the canal would conserve water that would allow California to begin to reduce its use and overuse of the Colorado River. And, by lining the canal they could conserve water, and that this water conserved by lining the All-American Canal could be used to meet the urban needs in southern California. And that Met [Metropolitan Water District of Southern California] or some local entity, you know, along the coastal plains of southern California would fund the lining of the canal and then they'd get the use of the water and it would help California reduce its, reduce its reliance on Colorado River water. (Storey: Um-hmm.) Well, we did an EIS [environmental impact statement] on that back in the '90s and filed a Record of Decision to move forward with that. All that kind of came to fruition as the Quantification Settlement Agreement was put in place, and the lining of the canal became a key component of the Quantification Settlement Agreement and it actually designated San Diego as the entity that would pay for and receive the water from lining the All-American Canal. Along with a piece of the water supply, about 12,000 acre feet from the All-American Canal would be used to meet the Indian Water Settlement with the San Luis Rey Indian tribe which is located down in San Diego, in San Diego County.

Well, what happened is, if we line the canal we're going to cut off seepage that's lost from the canal, but that seepage actually goes across the border into Mexico, and that seepage actually recharges the groundwater basin that Mexico uses to irrigate lands just below, just below the border. So, Mexico filed complaints through the State Department objecting to the lining of the canal. And we, through the I-B-W-C [International Boundary and Water Commission] process had a number

of meetings and discussions trying to see if there's ways that we could somehow satisfy Mexico's concerns about cutting off that water that's feeding their groundwater basin. And, quite frankly, we went through a lot of different options. We had a lot of discussions. We did a lot of technical studies. There were three or four areas that we were working at, but we never ever really came to any point with Mexico where they were saying, "Oh yeah, go ahead and line the canal. We're comfortable that we've defined things." It was still kind of a point of contention. Well, what happened was then we got litigation brought against us by environmental groups that were from the Imperial Valley in California, some of the local farmers down there, that don't want to see the water leaving the county. They filed suit. And then, there was another group that also filed suit that were ***really*** some, and they were really funded by interests in Mexico, Mexico business interests in Mexicali. And so, these two groups filed this. And really, they made a number of claims. One, they claimed the right to the water, that the seepage water was something that they had a right to. But beyond that they also claimed that they had a, that we had not completed our, we hadn't done proper environmental compliance and that we needed to do a supplemental EIS and that we needed to do further, further ESA [Endangered Species Act] compliance. And not only that, that we had to consider the impacts that lining the canal would have across the border in Mexico. And, that's a huge issue, legally, because now it starts suggesting that you got to take the ESA and evaluate it on a transboundary basis. And, I think that's a big concern, not just, you know, if there's an action taken in the United States that has an effect outside the United States do we have to do, you know, does NEPA [National Environmental Policy Act] compliance have to consider and mitigate those effects that occur outside the country?

Storey: This is the Ciénega de Santa Clara?

Johnson: No. This is not related to the ciénega.

Storey: This is something else?

Concerns over Mesa Andrade Wetlands Fed by Seepage from the All-American Canal

Johnson: This is something else. This is related, one point, one thing that they're arguing is that there's some wetlands just across the border. Oh, I'm losing the name of the wetlands. There's some wetlands right across the border. They're not much of a wetland. I mean, they're very, very limited, a very small number of acres, there's very little actual standing water. It's mostly scrub brush. (Storey: Um-hmm.) Mesa Andrade Wetlands. That's what they're called. And so, they were, when we lined the canal some of the water that's currently feeding that vegetation or that, those wetlands would be reduced, and so therefore we're having an impact across the border in Mexico and we've got to consider and mitigate for that impact under ESA and NEPA. That's basically what the (Storey: Um-hmm.) environmental argument is. Of course, our argument was that one, in our EIS we ***did do*** some evaluation of groundwater impacts in Mexico and it was presented in the original EIS. And so, we did do some evaluation of that and included that in one of the appendices of the EIS when we originally did the EIS. So, we did evaluate it and make it available to the public under NEPA. But, we never did any ESA compliance, and our view on the

ESA compliance was that it doesn't apply, you know, on a transboundary basis. And so (Storey: Um-hmm.) we can't mitigate for what happens in another country if there are, if there are any impacts. And, it's a real important issue because, I mean, not only the Mexican border but the Canada border, and every time something happens on one of those borders to what extent ~~is, do Federal environmental,~~ do U.S. environmental regulations affect what has, what goes on on the border. It's a ***huge*** issue for the State Department. You know, not just for Reclamation but for every public, you know, Federal entity that does things that are along the border of the two, of the three nations, actually.

Well anyway, that got argued in Federal district court in Las Vegas and the judge in Las Vegas ruled for us on every count, right down the line, agreed with everything, all of our arguments and basically–and then they appealed, the environmental groups appealed it to the Ninth Circuit and the Ninth Circuit issued an injunction. Because, we were ready. I mean, ***literally*** the canal was ready to be lined. The contracts had been, and the Notice to Proceed in Construction was ready to go. This is like last August. (Storey: Um-hmm.) And, when the Ninth Circuit got, without even reviewing what the district court had said, they just issued an injunction with no, with no explanation whatsoever as to why the construction should be stopped. And, and then they asked for oral, oral arguments. Well, what happened then was, you know, we began preparing oral arguments, construction was delayed ***at great expense*** because now we're not, you know, it's costing more, construction costs are going up, and the project, because of the delay, it's, the injunction still is there and we haven't started construction, but I think the cost of the delay is probably going to be somewhere in the fifty, to sixty, to seventy million dollar range. So, it's a huge impact, cost-wise, to lining the canal just because construction costs and there's so much inflation in construction right now. (Storey: Um-hmm.) But anyway, we got this injunction. Well, what happened is the California entities that were involved worked with the Congress and the Congress inserted language into the new, there was a new tax–was it a tax bill? I think it was a new tax bill that got passed by the Congress right at the end of the year in December, in the lame duck session of Congress there was a tax bill that got passed. And, one of the things that got attached to that tax bill, in the ***very wee hours*** of the morning, was language that said, "not withstanding any other provision of law, the Secretary shall move forward expeditiously to complete the lining of the All-American Canal." Now, the phrase "not withstanding any other provision of Federal law," what that means is without regard to NEPA, or ESA, or anything else. ***That*** language ***basically*** takes any discretion the Secretary has regarding the lining of the canal away from him, and the Secretary is now directed, irregardless of the requirements of those other laws, to move forward with the lining of the canal. In essence, that language makes the, in our view, made the lawsuit moot, because now it was clear that ESA no longer applies, or that NEPA no longer applies. And so, we ***immediately*** went to ~~the Ninth Circuit to~~ see the Ninth Circuit and asked the Ninth Circuit to dismiss the lawsuit, as soon as the President signed the act. Well, the Ninth Circuit did not just dismiss the lawsuit. They asked for written arguments from the plaintiffs, and now just yesterday I understand they have now scheduled oral argument and the Ninth Circuit is considering whether or not the Congress had the right to direct the Secretary (Laugh) to line the canal. So anyway, I'm telling you all that because then what happened, you know, your original question was about this regulatory storage reservoir. Well,

what happened is the, and it's really interesting. You know who, you know who was behind getting that language on the All-American Canal? Senator Feinstein, Senator Reid, Senator Kyl. And, on the house side, Congressman Duncan Hunter, Jerry Lewis, Ken Calvert. I'm not sure who else, but they had some pretty heavy hitters on both sides of the parts of Congress, both Republican and Democrat.

Storey: Both aisles too.

Johnson: Yeah.

Storey: Both sides of the aisle.

Johnson: Who had the interests of the Colorado river and, you know, understood the importance of lining the canal to all of these Colorado River agreements that were being put together, the Quantification Settlement Agreement within California getting California to reduce its use. So, there was a pretty good understanding of the need to move ahead with that canal lining at a, you know, on a bipartisan basis in Congress, and so they added that language. Now, it's still going to have to play out with the Ninth Circuit and we'll have to see, you know, what the Ninth Circuit does with it, but it's really interesting, interesting legislation.

The Colorado River Basin States Have Reached Consensus on Operating Criteria for the River

Well, what they also added in, as part, you know, so now to kind of get back to the, your question about building the reservoir, you know, the basin states came together last February on the Colorado River with a consensus approach to shortage criteria in the Lower Basin of the Colorado River, and for operating criteria that defines the releases of water from the Upper Basin to the Lower Basin, releases from Lake Powell down to Lake Mead. And it's different criteria than we've been using in the past, and in fact I don't know if in previous oral histories we talked about that or not. But, the basin states, you know, a couple of years ago were really at one another's throats over this issue, because of the drought, over this issue of how much water we should be releasing from Powell to Mead every year. (Storey: Um-hmm.) And, the Secretary got thrown in the middle of it as part of the annual operating plan every year, and so the Secretary, this was Secretary Norton, told the basin states, "You know what? You guys better sit down among yourselves and figure out how to solve this problem. And, oh by the way, ***if*** you don't figure out to solve it ***I'll*** solve it for you. And, I'm going to initiate a process, a NEPA process, to develop criteria for operating those two reservoirs and for implementing shortage criteria. And, we'd like to have your recommendation on how to do that, but absent your recommendation we're going to go ahead and do that." So basically, Secretary Norton really kind of put it on the states to say, "We've got a problem here and I'm going, the Federal Government's going to solve it for you, but if you guys could give us a recommendation that would certainly be helpful." Well, the basin states all sat down and started negotiating among themselves and last, just about a year ago now, last February, they actually reached a consensus on an approach to the shortage guidelines, to the operation of the two big reservoirs, but much, much more than that, in the Lower Basin, the Lower Basin states actually came to an agreement on water sharing. I mean, historically we've never, you know, the Lower Basin, you know,

Arizona, California, and Nevada have always fought over whether or not you could bank water, you know, in Lake Mead and save water in Lake Mead in individual accounts, you know, for future use.

Arizona Traditionally Argued That Any Water That Entered the Colorado River Became System Water and That No One State Could Individually Claim That Water as Theirs Nor Could You Build up a Credit by Not Using Your Entire Entitlement in Any Given Year

The argument was, under the decree, this was primarily Arizona's argument, was that all the water that was in storage was ***system*** water, it belonged to everybody collectively, and nobody could put water in the system and claim that as theirs, (Storey: Um-hmm.) if there was water in the system. And it was just an annual deal and if you didn't use your water on an annual basis, if you tried to save and leave some in storage, you know, tough. You know, if you didn't use it it's unused apportionment and it belongs to the system. Well, what happened is the Lower Basin states, because of the drought, and Arizona kind of softened its position and came around to the idea that maybe if somebody takes extraordinary steps to create some additional water, bring water in from a source that's unrelated to the Colorado River, then that water could be stored and delivered through the system separate from the entitlements that exist. ***Or***, if somebody could create some new water through a water conservation, extraordinary water conservation technique or something like that, that we could allow that entity to get, to use that water. In essence, what it does is it provides an incentive for entities to fund conservation on the river, because now they'll be able to benefit from that funding. Before, nobody would be willing to fund conservation because it just became system water. So, there was not much chance that they would benefit from it. If Nevada wanted to fund a conservation project on the system, they'd only get 4 percent of it, because that was their share of the Lower Basin entitlement and the rest of it was system water and would belong to the other two states. Well, they came together and said, "We're going to allow this concept," and what we call it is "intentionally created surplus water," and it fits under the decree. The decree allows surplus waters to be made available by the Secretary. So, the Secretary can declare surpluses and then direct these surpluses to entities and there's kind of this agreement that that can work. So, the states agreed that you could pay for it.

The Drop 2 Plan Is a Small Storage Facility to Capture Water Released at Davis That Isn't Needed When it Arrives at the Diversion Point on the Colorado River

So, what that did is we had this project that we'd been studying for the last three or four years, maybe longer than that, five or six years, that would allow us to build a storage facility, a fairly small storage facility, maybe six or eight thousand acre feet of storage on the lower end of the Colorado River. And, what happens on the lower end of the river, Parker Dam is the last storage facility on the lower river and then it's about a three-day travel time from Parker Dam down to Imperial Dam. Imperial Dam doesn't have any storage, but it's the diversion dam. So, it's where all the water from Mexico, Imperial, Coachella and all of the Yuma Valley gets diverted at Imperial Dam. Well, in order to make the system work you've got to release water from Parker Dam three days before the demand occurs down in, down at Imperial Dam.

And, what happens is many times you release the water based on projected water orders and projected demands and three days later those demands have changed. Maybe you've had big rainstorm, or the weather's been cooler than you anticipated and you've got all this water coming and you've got no place for it to go, and the demand has dissipated, and you end up spilling that water and you lose that water and the use of that water. If you had storage and you could capture that water and put it in storage then you would save and reduce those, and reduce those spills. So, this structure that you're talking about here, this Drop 2 structure, was identified. And, by building about six to eight thousand acre feet of storage along the All-American Canal we figured we could save about 60,000 acre feet of water a year on an annual basis. That's how much losses we could prevent. So, like most good water projects you can't, you know, there are some impacts. And, if you, if you, if you build that project there's some water that you would spill that won't get spilled now. And, that water that gets spilled, some of it, much of it gets diverted and used by Mexico, but some of it ends up getting spilled into the limnitrope [spelling??] section where nobody uses it and it kind of helps support some habitat. Well, we did some studies and we were, our studies would show that there's a relatively small impact on habitat in the limnitrope section from building that storage. Because, there's lots of other water sources that are feeding that habitat down there, and what's coming from those spills is really pretty, pretty insignificant. So there is some environmental impact but not a significant one, and we don't think any significant affect on endangered species or anything like that.

Nevertheless, there are some environmental issues and there were some environmental groups, and Environmental Defense, that was expressing concern and opposition to building the regulatory storage structure. Well, now with this new legal framework Nevada could, and the other basin states agreed, Nevada could now pay for this regulatory structure and get the water. Okay? So, while they were putting this language in there on the All-American Canal to make it litigation proof, you know, to direct the Secretary . . .

Storey: Line the canal?

Congress Directed Reclamation to Build the Drop 2 Structure Without Regard to Any Other Provision of Law

Johnson: Line the canal. Senator Reid inserted for Nevada this language that not only did that for the All-American Canal but also directs the Secretary to move forward and ***build*** that facility along the All-American Canal. So, in essence, what Senator Reid in Nevada achieved was we now are directed to go build that facility. We will use Nevada dollars to build it, and because we are directed without regard to any other provision of law the ESA and NEPA requirements no longer relate to that as well. Now, we may do mitigation, because it's a good thing to do, and we may see how we can address the impacts that are out there, but not because we're required to do it under NEPA or ESA. We won't be required to do that (Storey: Um-hmm.) under NEPA or ESA. So, that's what that, that's what that language was all about, directing the Secretary to do that will allow Nevada to fund and then also get the use of that water supply associated with that facility.

Storey: Okay. And the way they're going to get the use is it's an exchange, I assume?

(Johnson: Um-hmm.) They're taking the water out of Hoover (Johnson: Um-hmm.) yet Coachella or . . .

Johnson: No, it's water that would have otherwise spilled.

Storey: Imperial or Coachella?

Johnson: No. No.

Storey: Get to use that water out of the, out of the storage reservoir?

Johnson: Well, yeah. Ultimately that water will be delivered to them, but it, but they in essence will take no more water than they would have taken anyway. (Storey: Right.) So, it's really, it's really not an exchange. It ***saved*** water. What Nevada is really doing is they're getting the water that would have spilled.

Storey: Okay. Right.

Johnson: So, it's (Storey: Yeah.) water that would have spilled. It would have been lost to the system. The storage happens to be along the All-American Canal because that's a good site to put it. But, you could put that storage anywhere down there on the southern end of the river. You could enlarge Imperial Dam and use that to capture it. ***Anything*** that would capture that water (Storey: Um-hmm.) would work. So yeah, it is Coachella and Imperial that physically will get that water that's conserved, but it's only physically. In practice it's water that would have otherwise been lost. So, nobody's harmed. You know, the bottom line is ***new*** water is created (Storey: Right.) and there's more water in Lake Mead than would have otherwise been, and in storage in the system, and now Nevada is going to be able to take that.

Southern Nevada will ". . . have to leave, I think it's . . . 5 or 10 percent of the conserved water back to the system. So, they won't get all the water but they'll get like 90 or 95 percent . . ."

Now, they'll have to leave, I think it's 5 or 10 percent, they'll have to give 5 or 10 percent of the conserved water back to the system. So, they won't get all the water but they'll get like 90 or 95 percent of the water. I don't remember exactly.

Storey: And do we know the construction estimates and so on?

Johnson: It's pretty expensive. It's probably going to be over $100 million.

Storey: But since it's municipal water?

Johnson: Nevada will not blink at the cost. (Storey: Yeah.) It's southern Nevada, Las Vegas will not blink at the cost. It's a good . . .

Storey: And it'll be our dam?

Johnson: Yeah. It'll be our dam, on our property. We'll own it. Whether or not we'll

construct it, we've done the planning, whether or not we'll actually do the construction I don't know. We haven't worked that out yet.

Storey: And what about O-&-M [operation & maintenance]?

Johnson: They'll pay the O-&-M. I don't think there's a lot of O-&-M associated (Storey: Interesting.) with it. Well, the O-&-M will probably be done by Imperial Irrigation District because they do the O-&-M on the All-American Canal. They do the O-&-M even on Imperial Dam. So, you know, I think Imperial will take up, take on that responsibility under an agreement with us. But, it'll be just like all the other facilities. It'll be owned by us. It'll be a system facility that's owned by us, and Imperial will operate, operate and maintain it on our behalf. And, Nevada would provide the funding to do that O-&-M.

Storey: So now, who did–you know, it's a little complex because Imperial has its ***own ideas*** about water. So, was this something Nevada worked with Imperial over, (Johnson: Yeah.) or was Reclamation involved? How did all this work.

". . . we did the studies with . . . all the California entities. . . . consulted with all of the basin states . . . And then as part of this discussion with the basin states over shortage and conjunctive management of the two big reservoirs, Nevada laid this on the table and said, 'Gee, we'd like to be able to fund this and get this water.' Nobody else was willing to fund it, because it's still pretty expensive water. . . ."

Johnson: Yeah, you know. We were involved and it's something that, I mean, we did the studies with Imperial Irrigation District, and Coachella, and Metropolitan, and San Diego, all the California entities. And, we consulted with all of the basin states in the planning studies. And then as part of this discussion with the basin states over shortage and conjunctive management of the two big reservoirs, Nevada laid this on the table and [said,] ~~say,~~ "Gee, we'd like to be able to fund this and get this water." Nobody else was willing to fund it, because it's still pretty expensive water. But, Imperial, it's not worth it to Imperial to fund it. It's too expensive for them. (Storey: Um-hmm.) I mean, and they've got all the water they need, at least for now. Metropolitan or San Diego might have been willing to fund it, but I think out of the spirit of, you know, coming together they were willing to stand down and let Nevada fund it.

". . . Nevada will not get the water in perpetuity. They'll *only* get the water until their investment is repaid. . . . the deal is Nevada will pay $300 an acre foot for the water . . . then that'll revert to be a system facility and then it will benefit . . . everybody on the system as a whole. "

Now, Nevada will not get the water in perpetuity. They'll ***only*** get the water until their investment is repaid. So, whatever the cost is the deal is Nevada will pay $300 an acre foot for the water and they'll get, you know, so if they pay $100 million for the project, divide that by 300 and that'll tell you how many acre feet Nevada will get [333,333.33 acre feet]. Once they've gotten that water then that'll revert to be a system facility and then it will benefit, you know, everybody on the system as a whole. So, Nevada won't get the right to the water in perpetuity. But, the whole concept here is that those kinds of projects can be implemented ***on*** the river and

somebody can pay for them and somebody can get the benefit associated with those kinds of system improvements. So, this concept doesn't just apply to this Drop 2 structure. It could apply to phreatophyte control to [increase available] ~~reduce~~ water supplies, if you could verify it. It could apply . . .

Storey: Yeah, you mean to increase water supplies?

Johnson: Well, if, phreatophyte control may be a bad, but I mean phreatophytes are just plants that are growing along the banks of the river, (Storey: Yeah.) like salt cedar.

Storey: And, you control that in order to reduce the amount of water that's ***lost***?

Johnson: Exactly. (Storey: Right.) Exactly. (Storey: Yeah.) And so they could pay for that and the water, if you could get a good handle on it. Although, that's not a very good example because, quite frankly, that'll never happen because measuring the amount of water that's conserved would be, you know, more difficult.

Storey: Tough?

Johnson: ***But***, I mean, you could theoretically here have arrangements where Nevada would pay Imperial, or Coachella, or farmers along the river to implement conservation and allow Nevada to take and use that water. Under this arrangement those sorts of things will be possible to occur. It's a great management tool on, on the, on the Lower Colorado River and something that ***we*** have been, you know, Reclamation had been pushing to try to implement those kinds of ideas. We've been pushing to try to do those for the last fifteen years. (Storey: Um-hmm.) We've been on an interstate, on a kind of an interstate basis and we ***finally*** got a mechanism here that everybody has agreed to to allow those kinds of arrangements to be put in place. It'll significantly enhance Nevada's ability to, you know, Nevada's going to be able to get more water from the Colorado River through these agreements. And, you know, Phoenix, and Tucson, and Los Angeles, and San Diego, they can do similar things. You know, the opportunity will be there for all of them, you know, to do those kinds of things, to create new water supplies and take advantage of them.

Storey: They're getting more and more creative about this?

Johnson: Um-hmm. Right. So anyway, that's what all that was about.

Shortage Criteria on the Colorado River

Storey: That's very interesting. (Johnson: Um-hmm.) You know, I just saw a few press releases. I don't think we have ever talked about the shortage criteria before. (Johnson: Um-hmm.) We've talked about 4.4 and (Johnson: Um-hmm.) and the Quantification Settlement Agreement. Could you talk a little more about the shortage criteria and how that resolved out and everything?

Shortage Criteria in the Lower Basin on the Colorado River

Johnson: Um-hmm. Yeah, shortage criteria has always been a sore point–and when we say

shortage criteria, we're only talking about the Lower Basin and under what conditions the Secretary of Interior would declare that less than 7½ million acre feet is available for consumptive use in the three Lower Basin states of Arizona, Nevada, and California. And we've never had a shortage in the Lower Basin of the Colorado River.

Between 1999 and 2006, All but 2005 Was a below Normal Water Year on the Colorado River

We've always been able to deliver at least a normal water supply of 7½ million acre feet, and now we've had seven years of drought with the exception of 2005 where we got about 108 percent of the average inflow so we didn't have a drought year in '05, but the other six years from 1999 through '06 have been below normal years on the Colorado River system.

". . . everybody's kind of come to the realization that the *possibility* of having shortages in the Lower Basin are coming to fruition. . . . with the *drought* it . . . became apparent . . . maybe shortages *are* nearer than we thought, and we ought to have some criteria in place that says how low the reservoirs go before we start reducing deliveries in the Lower Basin. . . ."

Our storage is ***half*** of what it was in 2000. We're roughly a little over half full now on the Colorado River system in terms of our storage, and so everybody's kind of come to the realization that the ***possibility*** of having shortages in the Lower Basin are coming to fruition. I mean, for year and years everybody recognized that shortages would probably one day occur when full development and full use of the system came about, but people like myself were always hopeful that we would never have to deal with shortages because at least five or six years ago when our reservoirs were still relatively full, it looked like the probability of that occurring was pretty low. But anyway, with the ***drought*** it kind of became apparent that, you know, gee whiz, maybe shortages ***are*** nearer than we thought, and we ought to have some criteria in place that says how low the reservoirs go before we start reducing deliveries in the Lower Basin. And so that's just exactly what we're doing now is we are actually defining specifically within the Lower Basin . . .

END SIDE 1, TAPE 1. FEBRUARY 14, 2007.
BEGIN SIDE 2, TAPE 1. FEBRUARY 14, 2007.

Reclamation Is in the Process of NEPA Review Which Includes Four Alternative Approaches to Declaring Shortage in the Lower Basin

Johnson: Defining in the Lower Basin at what levels in Lake Mead we will reduce deliveries below 7½ million acre feet. And we've got, right now, we've got four alternatives that are being considered. They're going to be displayed in a draft environmental impact statement which is going to be published on February 28th. And so that'll go through a sixty day public review and then next fall we will take all those comments and respond appropriately and next fall we'll publish a final E-I-S that'll select a preferred alternative and say this is how we're going to declare shortages in the Lower Basin and here's how low Mead goes, and here's how much we'll cut deliveries to various folks in the Lower Basin.

Shortages Are Borne Disproportionately in the Lower Basin

And its so big because there's never been–you see, in the Lower Basin, shortages are borne disproportionately.

". . . Central Arizona Project uses a million and a half acre feet of water, and under the way that law is written, Arizona would have to reduce its use by a full million and a half acre feet before California ever takes a single reduction in delivery of its 4.4 million acre feet. . . ."

Arizona agreed to make their use by the Central Arizona Project subservient to California's use of Colorado River water. And so Central Arizona Project uses a million and a half acre feet of water, and under the way that law is written, Arizona would have to reduce its use by a full million and a half acre feet before California ever takes a single reduction in delivery of its 4.4 million acre feet.

"Arizona kind of wants to see the reservoirs drawn down *a lot* before you ever declare shortage. On the other hand, California would probably prefer to keep the reservoirs a little higher because, you know, that protects them and increases the probability that there may be extra water available at some time in the future. And, Nevada's kind of always been in the middle. . . ."

So Arizona doesn't necessarily want criteria that imposes significant shortages. Arizona kind of wants to see the reservoirs drawn down ***a lot*** before you ever declare shortage. On the other hand, California would probably prefer to keep the reservoirs a little higher because, you know, that protects them and increases the probability that there may be extra water available at some time in the future. And, Nevada's kind of always been in the middle. Nevada never got their priority. All the law said about Nevada was that they wouldn't incur shortages any different than they otherwise would have occurred.

". . . now all three states in the Lower Basin have actually come together and recommended to the Secretary some elevation levels and reduction amounts for shortages that they've said, you know, 'If you implement these we will not object,' to the Secretary. Now, the Secretary hasn't selected those. . . ."

Well, nobody really knew what that meant and, but the bottom line is now all three states in the Lower Basin have actually come together and recommended to the Secretary some elevation levels and reduction amounts for shortages that they've said, you know, "If you implement these we will not object," to the Secretary. Now, the Secretary hasn't selected those. Until we complete the EIS the Secretary will have to consider ***that*** alternative along with others and at the end of the year we'll see where we go with actually implementation of some criteria. But certainly, the recommendations of the basin states will be a significant consideration.

Storey: They suggested one alternative or four?

Johnson: One.

Storey: One of the four?

Johnson: One of the four.

Storey: I see.

In Addition to Looking at Shortages, a Lower Basin Issue, Reclamation Is Also Looking at Operation of Lake Powell and Lake Mead, an Issue Affecting Both the Upper Basin and Lower Basin

Johnson: We've included their alternative. We have to consider alternatives. (Storey: Uh-huh.) So, we've developed four alternatives for how we would impose shortages. But, there's much more here than just shortages. Also, our criteria for operating the two big reservoirs. That's a separate issue from shortage. That's how much water you release. Shortage just applies to the Lower Basin. The operating of the two reservoirs applies to both the Upper Basin ***and*** the Lower Basin. So, along in that EIS we're not just looking at shortage, we're also looking at alternatives on how we operate those two big reservoirs and under the Colorado River Compact how much– ***how*** we will implement the provisions of the Colorado River Compact where the Upper Basin is obliged to deliver 75 million acre feet over ten years to the Lower Basin. Well, how do you do that in an annual operating plan? How, do you do 7.5 million acre feet every year or do you, you actually, you know, how do you make those releases on an annual basis to meet that compact obligation and then how do you deal with deliveries to Mexico?

There Are Different Interpretations of Where the Water Supply to Meet the Mexican Treaty Obligation Comes from

And under the compact there's different interpretations as to where the water supply to meet deliveries to Mexico come from and whether or not the Upper Basin has to release water for that or whether or not the Lower Basin is obligated for that. There's a, there's a big argument among the states over what the compact says in that regard. So all, you know, we're not interpreting the compact but we are saying, "As a practical matter, here's how we're going to operate these two big reservoirs to deliver water under, ***under*** the compact." (Storey: Um-hmm.) Without, without interpreting what the law says we just said, "As a practical matter, here's a proposal." The basin states said, "As a practical matter, we're willing to live with this kind of an operational approach." And, they all preserved their legal arguments regarding interpretation of the compact and they still don't agree on exactly what the compact says. But, as a practical matter they've agreed on, on some operating criteria that'll allow water to move between the two basins. (Storey: Um-hmm.) And so, we've got in this EIS ***that*** as well as the shortage criteria, ***as well as*** these other things that I were talking about, like the Drop 2 structure, and the management framework in the Lower Basin to allow that water from Drop 2 or other extraordinary conservation measures to move to individual entities within, within the Lower Basin. So, this EIS encompasses ***all*** of those things on the Colorado River, all of those actions. So, it's shortage criteria, it's management activities in the Lower Basin, and it's the operation of the two big reservoirs on the system. So, this EIS is going to cover that ***whole*** range of activities, (Storey: Um-hmm.) which is huge. I mean, to have, to be able to put those kinds of operating criteria in place on the Colorado River system with these

kind of creative, innovative approaches to water management is what ***we*** have been trying to do, what we've been pushing the states to try to do, like I said, for the last fifteen years.

So, it's really exciting to see that we finally actually, that the states, after years and years of bickering and working through it, you know, I think we helped facilitate (Storey: Um-hmm.) and I think we've pushed the curve, you know, from time to time to try to move the ball forward by, by telling the states things like Secretary Norton did two years ago. "Look, I'm going to do it whether you guys agree how to do it or not." Secretary Babbitt used that same approach when we were arguing about the Q-S-A [Quantification Settlement Agreement] and the surplus criteria. "Look, I'm going to do it whether you guys agree to do it or not." Back in the mid-'90s we actually told the states that we were going to implement criteria to allow interstate transfers of Colorado River water. And, you know, that motivated the states to try to come together and find solutions that they could all agree to, (Storey: Um-hmm.) rather than to have the Federal Government make those decisions on how those things were. So, I think we really played a big role in pushing to kind of make these kinds of new arrangements work.

Storey: Yeah.

Johnson: So anyway, that's where we are.

Storey: Good. I'm afraid I'm going to get the name of this one wrong, the Multi-Species Conservation Plan, is that it?

Multi-Species Conservation Program

Johnson: That's it. Um-hmm. Sometimes . . .

Storey: How are we doing on that?

Johnson: Sometimes we substitute the word "program" for "plan." (Storey: Um-hmm.) And, to be real honest with you I don't know which one is right. (Laughter)

Storey: But, last year when we talked, about a year ago now, (Johnson: Uh-huh.) I think we had just gotten it adopted, (Johnson: Uh-huh.) you were looking forward to implementation, (Johnson: Um-hmm.) and so on? How are we doing?

Johnson: It's going very well. We created an office in Boulder City to implement it. Lorri Gray took on the responsibility for that office. She had been my Deputy Regional Director. And, we're out there planting trees, and creating habitat, and building, you know, marshes and vegetation, and obtaining land to develop the 8,000 acres of habitat along the lower river. We have a, I understand it's bigger now, we have a steering committee that we work with.

50 Percent of the Funding Is Federal

It's funded 50 percent Federal, 50 percent non-Federal. We've successfully gotten

the appropriations from Congress to carry out our 50 percent. We're getting the money from the non-Federal entities. And . . .

Storey: Those are mostly the states?

The three states pay the other 50 percent "California 50 percent, Nevada 25 percent, Arizona 25 percent . . . but the three states, *in turn*, are collecting money from the individual entities that benefit from the water and power on the river. . . ."

Johnson: The states. The–well, the three states are funding it. California 50 percent, Nevada 25 percent, Arizona 25 percent, and the states, we have our agreement for that funding with the three states but the three states, ***in turn***, are collecting money from the individual entities that benefit from the water and power on the river. So, in the state of Arizona, and I'm not sure exactly how they do it, but they collect ~~water from,~~ money from all the users along the river, the Central Arizona Project, everybody that gets hydropower from Hoover, or Parker, or Davis dams and they get their share of the money. And, Nevada does a similar thing and California does a similar thing. So, (Storey: Um-hmm.) the states gather the money and then they give it to us. We don't, we don't have to gather the money from all of the entities individually, separately.

Storey: And that's moving along?

Johnson: But, it's working. It's moving along. It's successful. We've got support and consensus. I'm not aware of any big issues that have developed in its implementation with all of the partners. As near as I can tell it's all moving along (Storey: Um-hmm.) just fine.

Storey: Good. Can you think of anything else we ought to talk about from your former life?

Johnson: Hmm.

Storey: Any big issues? Grand Canyon? You know, I don't know.

Johnson: You know, I don't know. I'd have to, I don't remember what all we've talked about, you know. I don't recall everything that we've talked about in Lower Colorado. My guess is we've probably covered about all the major stuff in– nothing's coming to mind for me that's (Storey: Okay.) really worth–I'd have to go back and maybe review all the oral histories to see if I really think we've covered it all. At some point in time it would be maybe worthwhile to do that.

Storey: How is, I guess it's Southern Nevada Water Authority, (Johnson: Um-hmm.) doing on, it's doing a new intake isn't it because of the low level of the lake?

Las Vegas's New Intake Structure at Lake Mead

Johnson: Right. Uh-huh.

Storey: How are they doing on that?

Johnson: I think they're doing fine. They're doing a–and I, and you know I'd have to go, I think us and the Park Service are jointly doing the NEPA analysis on that and we'll be the Federal agencies that ultimately approve it. And, I think, I don't think there's any controversy or any issues associated with it. I think basically Nevada's doing all the work. We don't, it becomes ours for purposes of approving it and we provide some oversight, you know, as they develop the documents, you know. But, for the most part that's really something that Southern Nevada does and they're pretty good at doing it, and we, we work really well with them. And, I don't think there's any big issues there.

Storey: Hmm. And, that brings to mind Glen, basically out of Lake Powell, we don't deliver much water. There's a straw from Page, I think, (Johnson: Um-hmm.) and now there's talking about a straw for St. George?

Johnson: Right. Um-hmm.

Storey: Do you know anything about that by chance?

St. George's Plans to Develop Water out of Lake Powell

Johnson: Well, yeah I do, and the reason I do, it's really not from being Regional Director in Lower Colorado, but of late I was invited by the Utah people to go out and take a look at it, and get briefed [by] ~~on~~ them on, on their plans. It actually would be a non-Federal project. They're looking at funding it. State of Utah will fund it (Storey: Um-hmm.) and it will get paid for by St. George and anybody else that takes water from the pipeline.

Storey: In between?

Johnson: Right.

Storey: It's a little ways over there?

Johnson: Yeah, it's a pretty good, it's a pretty good distance, you know. And, you know, the Bureau would approve the, because they've got to take it out of the lake and (Storey: Um-hmm.) and we'd have to approve it and grant a contract for the diversion and use of the water. It would be an Upper Basin. It would not be a Lower Basin (Storey: Yeah.) contract.

Storey: That's Upper Basin there.

"It would be part of Utah's *Upper Basin* entitlement, but actually where the water would get used is in the Lower Basin. . . ."

Johnson: And, well it's not Upper Basin. They would divert the water. It would be part of Utah's ***Upper Basin*** entitlement, (Storey: Uh-huh.) but actually where the water would get used is in the Lower Basin. St. George is . . .

Storey: Is on the Virgin, is it?

Southern Nevada Objects to the Transfer of Water into the Lower Basin for St. George Because Utah Objects to Southern Nevada's Proposed Groundwater Project in Central Nevada

Johnson: Is on the Virgin, which is a tributary in the Lower Basin. So, the water supply would come from the Upper Basin but ultimately, and it would stay within the state of Utah, but it would be used in the Lower Basin. And, that ***will be an issue*** that will have to get worked out. But actually, you know, I think it's a project that will probably have some controversy. Pat Mulroy made it real clear to me here a few weeks ago that they oppose it, that she ***objects*** to it. But, the reasons why she objects is because Utah is objecting to ***her*** groundwater project. They're going to, they're going to, Nevada–and, we're not involved in that.

". . . Utah has been successful in getting legislation through Congress that doesn't allow Nevada to develop that water supply until they've worked out an agreement with Utah, . . . according to Pat [Mulroy] . . . Utah is just flat out refusing to cooperate in negotiating any kind of an arrangement. . . ."

I mean, this is a groundwater, Nevada groundwater project where they're going to pump water from Central Nevada and pipe it down to Las Vegas, and it just so happens that that aquifer, unfortunately water flows and aquifers do not recognize the political divisions of state lines. And, when Pat pumps that water in northern Nevada it has an impact on the aquifer in Utah. (Storey: Um-hmm.)And, Utah has been successful in getting legislation through Congress, that doesn't allow Nevada to develop that water supply until they've worked out an agreement with Utah, (Storey: Um-hmm.) you know, some sort of a groundwater agreement with Utah on how much water Nevada pumps. And, according to Pat, Nevada's more than willing to do that but Utah is just flat out refusing to cooperate in negotiating any kind of an arrangement. So, Pat's position is that Utah, you know, that she's going to object and try to ***stop*** their Lake ***Powell*** pipeline for St. George as a quid pro quo for Utah's failure to cooperate on her groundwater project. (Storey: Um-hmm.) So, that's really what's going on there and she'll find all kinds of reasons why you can't build that. And politically, you know, whether or not she can stop them from doing it I'm not sure. Senator Reid is certainly in a very powerful position, and just how that gets worked out I don't know. It's leverage for her to resolve her–my guess is that they'll figure out a way to solve it to everybody's satisfaction. (Storey: Um-hmm.) And, Nevada will probably figure out the groundwater issue with Utah, and Utah will probably go ahead and build the pipeline. But, I think that pipeline's probably got a pretty good chance of getting built. And, we will play an administrative role. I don't think we'll get involved in funding or doing construction, but our job will be to, you know, grant the permit to put the intake in Lake Powell, and to, you know, make sure that proper NEPA and environmental compliance is done, (Storey: Um-hmm.) and then to enter into the agreement for the diversion and use of Colorado River water. Probably be a contract under the Colorado River Storage Project, which is the Upper Basin projects that were developed to provide (Storey: Yeah.) water supplies for the Upper Basin. So, but I think there's a reasonable chance that that'll happen.

Storey: Good. Well, if you haven't thought of anything else, why don't we move on and talk about how you became Commissioner?

Selection, Nomination, and Senate Approval for the Job of Commissioner

Johnson: Okay. Well, I guess it started, you know, I have to think back, ***probably*** in 2004, in, it was probably in November of 2004 and I was approached by Tom [F.] Donnelly, who is the Executive Director of the National Water Resources Association [NWRA]. And, about that time John Keys had told a number of people that his plan was to stay on as Commissioner for about a year. You know, if the President got reelected, if President Bush got reelected that he would stay on for about another year after, after the reelection and then it was his plan to leave as being Commissioner. And anticipating that, Tom Donnelly came to me and said, you know, "We know John's going to be leaving. If John leaves, we'd like to see a career Reclamation person be Commissioner, and N-W-R-A thinks that that ought to be you, that, you know, we would want to support Bob Johnson for being Commissioner. Would Bob Johnson consider being Commissioner?" And, as a result of that I, you know, I was very flattered, and surprised, and really hadn't thought, you know, quite frankly I hadn't thought in, in those kinds of terms. And, oh yeah, I, but anyway I went and talked to my wife and, to see if she would be willing to. And, I don't know, I must have caught her in a good mood or something because, (Laugh) she said, you know, she would be willing to do that.

And so then, you know, I thought, "Gee, you know, I don't want to be sitting here talking to Tom Donnelly about me being Commissioner, you know. It sounds like I'm plotting against John Keys. John Keys and I are great friends and I don't want to be undercutting him in any way." And so, I went to John and said, "John, I've been, you know, I know you've been saying you're going to leave, but I've been approached by N-W-R-A and they want to know, you know, they've indicated to me that they would support, would like me to, you know, they'd like to support me for being your successor." And, I was surprised at John's reaction. John's reaction was kind of like, "Why, those dirty, no good, son of a guns," you know. (Laugh) He says, "I tried to get them to support me for Commissioner when I was trying to get the job and I couldn't get them to support it and now they approach you, out of the blue, and ask, and want to support you, you know, when I'm leaving." (Laugh) So, it was kind of, I was a little surprised and I said, "Well, you know, John I don't know if I want to be, you know, I really don't want to get out ahead of you in any way, and I really don't want to, you know, rock the boat, and I just wanted to kind of see what your reaction was." And that was kind of the end of that conversation. I didn't, you know, I think John thought–well then the conversation with John is, "Well, yeah, you know, you might, you might be an okay, you know, you'd be a good person to be Commissioner," was kind of John's, you know, after he settled down. And so anyway, I just sat on it and I think in a later conversation, a month or two later, I told, I told Tom Donnelly that I would be open to the idea, you know, but I also made it real clear to him that I was not going to advocate for myself to be Commissioner. That, you know, when John left, you know, it's a political process. It's very likely that other candidates from outside might want it. It becomes fairly political. I'm a career person, and I didn't want to be out there promoting myself. (Storey: Um-hmm.) I mean I, if somebody else, if I got out there and started promoting myself and somebody else came into the job, you know, I'd probably be up a creek without a paddle. (Laugh) (Storey: Um-hmm. Yeah.) And I, you know, I'm a career person and, you know, if they want me I'm willing to consider it. If the President and the

Administration comes and says they want me to consider it then certainly I'll consider it, but I'm not going to, I'm not out advocating that I ought to be Commissioner. I made that real clear to Tom.

Well anyway, you know, so it just sat, never had any more discussions with anybody about it for maybe until about two or three months before John decided that he was leaving. And, he hadn't made an announcement but John approached me probably, he left in mid-April, and I think he approached me in January, and said, "I'm going to be leaving, you know. I'm not making an announcement, and they've asked us for recommendations on, you know, I've told the Secretary and others that I'm going to be leaving, and they've asked me for recommendations on ***who*** ought to be the next Commissioner." And he says, "I'd like to forward your name. Would you be okay with me forwarding your name?" And, and I said, "Yeah." I said, "That's fine." I said, "I'm not advocating myself but if you want to forward me I'm more than happy to be, to be considered." And so then, I think there were two other names that were forwarded–and I assume we're going to hold all this until sometime after . . .

Storey: Until a year after (Johnson: Yeah.) you leave (Johnson: Until, yeah.) Reclamation. Yeah.

Johnson: But, there were two other names that were also forwarded and one was Jason Peltier, who is now the Deputy Assistant Secretary, and he's been, he's been here. He's been the Deputy Assistant Secretary [For Water and Power] from the beginning of the Administration, and he worked for Bennett Raley and then he was working for Mark Limbaugh.

Storey: I thought Tom Weimer was the Deputy Assistant?

Johnson: Well, they had two Deputy Assistant Secretaries.

Storey: Oh, I see.

Johnson: Yeah. So, he was one of the Deputy Assistant Secretaries, (Storey: Okay.) and so his name was forwarded, and then also the state engineer from New Mexico, John D'Antonio, and his name was submitted. So, those were the three that I know of. Three names were forwarded by the Department of Interior to the White House, because this is really a White House appointment. But, those three names were forwarded to the White House for consideration to replace John. And so, that happened in January. I think in March John announced that he was leaving and I think John left then about April 15. (Storey: Right.) Well, I was, I was then contacted, and I mean I hadn't, I didn't have any more discussions with N-W-R-A or anybody. I mean that was, I had the N-W-R-A discussion and then I had this discussion with John, and then ***he*** told me the other names that had been forwarded. The next thing I know I got a call from a lady by the name of Jennifer Christie who's in the White House Office of Personnel, and she told me that my name had been submitted and they would like to set up an interview to have me come in and talk to them about being Commissioner. And, I said that was great. Well no, I should back off. I didn't get a call by Jennifer Christie first. I got a call from Doug Dominic [spelling?] who was, he is now the Deputy Chief of Staff for the Secretary, but at that

time he was the White House Liaison for the Department of Interior. That's who I got the first call from, (Storey: Um-hmm.) and he said, "We want to consider you. Are you willing to be considered?" And it's interesting, the first thing he wanted to know, he says, "Before we go any further," he says, "I got to ask a question, and we got to get this out of the way right away." He says, "Do you support the President?" (Laugh) And, I said, and I did. I voted for, I voted for Bush, and I said, "Yes. I support the President. ***But***," I told him, "you need to know I'm a registered Democrat." (Laugh) I've, you know what, my parents were Democrats. I registered as a democrat when I was twenty-one years old and became eligible to vote, and I've never changed my political affiliation. And quite frankly, I consider myself nonpartisan. And, the only reason I'm in a party is so that I can vote in the primary elections. So, I don't consider myself really strong partisan views, you know, one way. I mean, I agree with, you know, depending on the issue sometimes I'll agree with a Democratic perspective. Sometimes I'll agree with a Republican perspective. So, you know, it's a political position and I needed to make sure. Because, I figured they'd probably go check my (Storey: Um-hmm.) party affiliation, so I made it real clear to them that I was a Democrat.

Storey: The FBI will. (Laugh)

Johnson: Yeah, right. Exactly. So, you know, that was the first question out of the box and I said, "Yeah, I can support the President." So, with that question he says, "Well then the White House will be calling you." And so then I got the call from Jennifer, from Jennifer Christie and she said, "You're one of three that are being considered. We'd like to do an interview." And I said, "Great. I'd love to come and, you know, I'm more than happy to do that." Then separately I got, the, Doug Dominick separately said, "And, we would also like to interview you in the Department of the Interior." So, I, there was basically two interviews that were set up. One was with the Department and the other one was with the White House and, in fact, they both occurred on the same day and they were two separate interviews.

Storey: Interior first and then White House?

Johnson: No. It's interesting. It was the White House first and ***then*** it was Interior. (Storey: Okay.) One was in the morning and one was in the afternoon. But, what happened in that same period of time is Gale Norton announced her resignation. I think the interview would have been with her except she had announced her resignation. So, my interview in Interior ended up being with Tom Weimer, who was the Assistant Secretary for Policy, Management, and Budget, and who I knew well because he had worked with Bennett Raley. I had worked with him on a lot of stuff when he worked in the water, in the water and science, Assistant Secretary's office. (Storey: Um-hmm.) And, Mark Limbaugh, who was the new Assistant Secretary, and Lynn Scarlett, who was the–and then one of the Interior Department White House Liaison people sat in on that interview.

And then, in the White House it was just with Jennifer Christie and she's a White House personnelist. She was just a really nice person. It was really a very easy interview, interviewing with her. I mean, she asked, you know, "Gee, I don't know very much about the Bureau of Reclamation. Tell me about the Bureau of

Reclamation." So, I told her about the Bureau of Reclamation. She says, "Well, tell me about yourself, you know. What are . . ." and so I told her, you know, about myself. It was just a very, very easy kind of an interview, not a lot of, no hard questions about water, or policy, or I mean anything like that. It was just, she wanted to get a feel for me, you know. I think she's just trying to get a feel if I could walk and chew gum at the same time, and I think I probably barely passed. (Laughter)

Between the Interviews at the White House and the Department of the Interior, the Interior One Was the More Difficult

But ***the more difficult interview*** was with the Interior Department people, because those are people that really understood the issues and they really wanted to pick my brain on issues and, and you know, how we work, "What priorities are there with Reclamation? How would you take it? What's your views on this? What's your views on that?" Much more comprehensive, in-depth, the kind of interview that you would expect to have (Storey: Um-hmm.) came from them. And, a lot, yeah I think probably the most significant questions that I got from–and these didn't come from the White House. These came from the Department. And, the most significant thing that I got from them is, "Do you think that you can make the transition from being a career person to being a political person? Because ***now*** you're not ***any longer*** going to be Bob Johnson, Bureau of Reclamation guy. You're the President's appointee. You've got to carry the water for the President. You've got to line up with OMB [Office of Management and Budget] on budget issues. You've got to be a team player. Can you, can you make that transition? Can you go, if the President wants you to go, because you're now a presidential appointee, is if the President wants you to go do something political can you go do something political?" (Laugh) And, you know, I think my answer was, you know, "I think I know how to be a team player. I obviously have Reclamation's interests at heart, but yeah I think I can, you know, I think I can make that transition." I mean, basically that was my, that was my response.

Supporting the Budget Approved by OMB and the President Is a Difficult Task for Him

I haven't been in the job that long now. I'd been in the job about four months and I would say that I don't' know that I've seen any instances where that's really come into play, where I really found myself. I'm struggling a little bit on the budget stuff with OMB, where they've made some cuts, you know, our program that we didn't agree with. (Storey: Um-hmm.) And, now I'm going to go have to testify before Congress about our budget and I'm going to have to say, "I think we did it right." (Laugh) (Storey: Uh-huh.) And, that's going to be hard. (Storey: Yeah.) So, I haven't had to do that yet, but I think I can. I've done that with some individual congressmen on a couple of issues already.

But anyway, that was the harder interview, was the interview here in Interior. And, that interview occurred in the very, very early April and I didn't hear anything. I think they did interviews with Jason and John D'Antonio, and [I] didn't hear anything until early May. I got a call from Jennifer Christie at the White House again, and it was right, the first week of May, and her question was . . .

END SIDE 2, TAPE 1. FEBRUARY 14, 2007.
BEGIN SIDE 1, TAPE 2. FEBRUARY 14, 2007.

Storey: This is tape two of an interview by Brit Storey with Commissioner Robert W. Johnson on February 14th, 2007.

So, Jennifer Christie's question was?

President Decided to Nominate Him

Johnson: If the President decides to nominate you, would you accept? And, and I said, "Yes." And, the next day I got a call back from her saying that the President had decided to nominate me. And so, that was, you know, that early May.

"How that decision got made, how the Department interplayed with the White House I'm not sure. I *do understand* that it actually *goes* to the President with the list of the candidates and who they are, and he's the one that actually checks the name, and signs, and says, 'Yes, I want to nominate this person.'. . ."

How that decision got made, how the Department interplayed with the White House I'm not sure. I ***do understand*** that it actually ***goes*** to the President with the list of the candidates and who they are, and he's the one that actually checks the name, and signs, and says, "Yes, I want to nominate this person." I don't think there's that many people that actually get ***nominated*** formally. I don't know what it is, government wide, I don't know many presidential appointees. It's a couple–I don't know. Somebody said three or four hundred, something like that. So, it's actually not that many that the President actually signs off. So, it's ***really quite an honor***, (Storey: Um-hmm.) you know, to be–but ***how*** they made the decision, what kind of discussion they had back and forth, I just don't know.

It Was Rumored That Jason Peltier Really Wanted to Be Commissioner of Reclamation

I ***heard***, and I don't know, this is just a rumor that I heard, and I don't know if it was a rumor or how, but I had heard that after I had gotten nominated that Jason Peltier found out that I had been nominated and he made quite an effort to undo the decision and he marshaled his forces to try to, to try to get the decision undone. And, I don't know if that happened or not. I heard that. You know, I think Jason really wanted the job, (Storey: Um-hmm.) you know, very, ***very***, ***very*** badly, and so I, and ***why*** Jason didn't get selected I'm not sure. I think that about that time there was a very critical news article about the California Central Valley Project and all the issues out there and Jason's role in the Department of Interior ***on*** those issues, and Jason's background. He came from the Central Valley Project. He represented the Central Valley Project water users.[48] That's an organization. He was kind of their Executive Director, and the newspaper article was very critical. Whether or not that came into play in the White House's decision, you know–Jason ***was*** a political person to begin with and, you know, so he brought that perspective to the table. So, I'm not sure

48. Referring to the Central Valley Project Water Association.

what, what might have occurred there. But, I heard that from a pretty good source, (Storey: Um-hmm.) that he made, that he made a pretty significant effort to undo it. I didn't tell Jason that I got selected, and how Jason knew I got selected, I ***think***, came from Mark. I think Mark Limbaugh told him that I'd been selected. This is I've been selected but I haven't been announced. (Storey: Um-hmm.) And, I'm not sure I was supposed to have done it, but I called up ***Mark*** when the White House told me that I had the job, because Mark was the Assistant Secretary, and I assumed that the White House and the Department were working together to . . .

Storey: Well, that they talked to one another at least.

The Investigation Took over Two Months Once the President Had Decided to Nominate

Johnson: And that they talked to one another. And so, I called up Mark and said, "Well, the White House called and said I got the job." And, I'm not sure, I don't think Mark knew that I had the job until I called him up and (Storey: Hmm.) told him. (Laugh) But, I'm not sure about that. So, I'm not just, I'm just not clear on exactly, on exactly how that worked. So anyway, in May, in early May I knew I had the job. They initiated then the, the investigation, you know, the background checks and all that thing. They do a ***very thorough*** investigation. It took them about, over two months to do it. It was like two and a half months to do the background investigation in, you know, if you have a checkered past like I've had I can understand why it would take so long. (Laughter) I'm just kidding. I, but they leave very ***few*** stones unturned in checking out your background for something like that. And . . .

Storey: And then that would have been late July?

In July They Announced the Nomination

Johnson: So, in July they announced my nomination.

Storey: The intention to nominate?

Johnson: Right. The President made that in late July, and then Congress adjourns in, for the month of August. So, I got nominated and announced in July and then, at that point, once you're announced the direction that you get is "Don't do anything. (Laugh) Don't go give any speeches. Don't talk to anybody. Don't get involved in anything controversial. Don't make any decisions, because you're going to have to be–don't, don't start acting like you're Commissioner. Don't start trying to gather data and information about the job or get prepared. Don't do any of those things, because, you know, you're going to have to go before Congress." One, you might stir up controversy and create a reason why a senator might object to your nomination. And, two, they don't want, you know, they think it's a bad idea if you start acting like you're Commissioner before the Congress has, because that's a congressional right. You really don't want to get crosswise with the process that's set up for confirmation of political appointees or presidential appointees. And so, basically I sat tight for the whole month of August. Actually, I took a nice vacation in August and, because I figured once I got in the job it would be very, very time-consuming. Put together all the paperwork, and that got, that actually got forward, my nomination actually got

forwarded to Congress in ***late*** August.

The Senate Scheduled the Hearing for September 14, 2006

They came back into session after Labor Day, and then they scheduled a hearing for September 14, was the date, I think, that they scheduled a hearing.

Preparing for the Senate Hearing

So then, the week prior to September 14, I came back to Washington and basically what you do at that point is they give you this big old briefing book that's about eighteen feet–no, I'm exaggerating–but I mean it's . . .

Storey: Eighteen inches?

Johnson: Eighteen inches high, (Storey: Uh-huh.) you know, with every issue that's ever come up in the history of Interior or Reclamation, and a lot of information about the senators and the process, and that sort of thing. And, it was really very well done. I mean they, they really leave no stone unturned in preparing somebody for their confirmation hearing. They also then make, the nominee gets made available to meet with senators that are on the committee, ahead of the, ***ahead or after*** the confirmation hearing. (Storey: Um-hmm.) And, many of them want to meet nominees. They want to make sure that, you know, this is their opportunity to get their mark in for their state or their project, or, and then also just to see if, you know, if they like the person that's been nominated, (Storey: Yeah.) if there's any reasons that they should ~~or, should~~ support the nomination or object to the nomination. So, I did a lot of meetings with a number of the Senators on the committee. I met with [Wayne] Allard from [Colorado.] ~~Wyoming.~~ I met with [Jeff] Bingaman from New Mexico. I met with the committee staff. I never did meet with [Pete] Domenici. I don't think his health was good in that period of time, and he's the chairman of the committee. I met with Senator [Tim] Johnson from South Dakota, wanted to meet. Senator [Byron] Dorgan from North Dakota wanted to meet, but we never were able to get it scheduled. He kept changing his schedule, basically is what happened, (Storey: Yeah.) and I think he finally, I think he finally gave up. And, committee staff. I can't, I can't, I'm just trying to remember who else. There were others. There were three or four others and they're not coming to mind. ***All*** of the meetings were very congenial. Nobody pressed. None of the senators pressed hard on any particular issue. Very friendly. I got great support from all of the water users. They ***all*** weighed in. I got ***all kinds*** of letters, sent to the committee, urging my confirmation. I'm not aware of anybody that sent any objections to my nomination. And, that was really nice. That made me feel really good. I got just lots of, (Storey: Um-hmm.) N-W-R-A, lots of water users organizations, ***all*** the districts that I'd worked with in Lower Colorado were all very supportive, and water districts from New Mexico, particularly. I had the New Mexico Water users Association, and that's so critical because Domenici and Bingaman were the chairman and the ranking member of the committee that was going to be doing the confirmation hearing. And so, to have the New Mexico Water users Association, I had the Animas-La Plata people write a letter supporting my nomination. So . . .

Storey: Did you seek these letters or (Johnson: No. I didn't.) were they spontaneous?

"I *never ever* sought anybody's support. I never, I never campaigned for the job or anything. . . ."

Johnson: They, I did not seek them. I did not seek them. (Storey: Um-hmm.) It was inappropriate for me to do that, so I didn't seek. Now, I don't know if anybody sought them on my behalf or not. Like Tom Donnelly, I'm not sure. (Storey: Yeah.) I ***never ever*** sought anybody's support. I never, I never campaigned for the job or anything.

Storey: Interesting.

Seeking the Sponsorship of His Nevada Senators

Johnson: Yeah. It was just, everybody–and it was just fantastic. Now, one of the things that they told me that I needed to do was I needed to get the senators from my home state to agree to support my nomination, and ***sponsor*** my nomination. The idea being that the senators from your home state ***actually*** come to your hearing and sit down before the committee members and say, "I'm sponsoring this person from my home state for this position." And so, of course, I'm from Nevada. I grew up in Nevada. And so, I had Senator [Harry] Reid and Senator [John] Ensign, and at the beginning I was a little nervous about asking, you know, I'm, here I am nominated by a, even though I'm a career person, consider myself non, you know, nonpartisan, but you know Senator Reid, who was the minority leader at the time, and now he's the majority leader, and he's a democrat and, in fact, he'd been–I was a little nervous about asking him to sponsor me when I'm nominated by President [George W.] Bush. (Storey: Um-hmm.) And, it, it's probably naive on my part but I was just a little bit nervous about it. But nevertheless, so I approached the Congressional Affairs Office in the Department and said, you know, "I'd like to invite Senator Reid to sponsor me, you know. What do you think?" And basically what they said was, "Well, yeah, it's probably okay to sponsor Reid, but you ought to ask Ensign too, and you ought to see if you can't get them both. And, oh by the way, you ought to call Ensign first and ask him first before you, before you ask Reid." So, I took that advice and I, I didn't know, I'd met both of them but I don't, I didn't know them well personally. But, who I did know quite well personally was Senator [Richard] Bryan, who was the former Senator of Nevada. And, I knew him pretty well. So, what I did is I called him up for advice and he was aware that I'd been nominated. He was the former senator, Senator Ensign replaced him when he got elected. (Storey: Um-hmm.) But, I called up Senator Bryan. I said, "Look," I said, you know, "I've been nominated. I'd like to get the two Nevada Senators to sponsor me. You know, one's democrat. One's republican. I said, "How would you advise that I go about doing that?" And he said, "Okay," he says, "Here's what . . ." and he gave me the names on the staff. So, he gave me Reid's staff person's name to call and he gave me Ensign's staff person name to call. And then, his advice was, "You should call Senator Reid first." (Seney: Ah.) (Laughter) (Storey: Uh-huh.) He said, "Because, because Senator Reid is the senior senator and if you don't call Senator Reid first he might get mad at you." (Laugh) So, I wasn't sure, I wasn't sure what to do. And so, what I did was I called Ensign's staff guy first and said who I am, "I'd like to, I'd like to see if I could get Senator Ensign to sponsor me." And then what he did is he didn't know me. His

chief of staff didn't know me and he wanted to meet me before. And so he says, "Well, can you meet with me?" And, he and I set a date for me to just go meet with him. And so, I hung up on him and I called Reid (Laughter) just as quick as I could.

Storey: I haven't spoken to Senator Ensign?

Johnson: You know, I'm not telling them. I didn't tell them I didn't speak to him. I just called him, you know, right away. (Storey: Yeah.) I called his staff person that Senator Bryan had given me. And so, I got a hold of his staff person and said what I'd like to do. And, in that case, that, the lady there, Senator Reid's chief of staff, in the state, not back here in Washington, but his staff chief within the state of Nevada.

Storey: Back in the state, yeah.

Johnson: Yeah. And, she was just the nicest person. And, in fact, when my nomination had been announced she had already . . .

Storey: That's Mary ~~McConnell isn't it~~?

Johnson: It's Mary–it's not McConnell [spelling?]. Something like that. Really nice (Storey: Um-hmm.) person. Just absolutely a very nice person. But, it's Mary . . .

~~Storey: I've forgotten it.~~

Johnson: Conelly.

Storey: Conelly?

Johnson: It's not ***Mc***Connell it's Conelly. Mary Conelly.[49]

Storey: Oh, okay.

Johnson: And, but I, she had already, before I had even called her she had seen my nomination and she had ***already*** checked me out, and she had talked to a *lot* of people about me, Pat Mulroy, and Betsy Rieke, ~~who,~~ Betsy works very closely with them. And, I don't [know] who else she had talked to but she had talked to everybody about me so when I called her up I said, you know, "I'd like to see if I could get Senator Reid's . . ." and her reaction was, "Ah, no problem. I'm sure he'd be glad to support you." And Senator Ensign's staff chief he wanted to meet me. So, what happened was, she set up an appointment and it was during the August recess. She set up an appointment for me to go see Senator Reid. So I went to see Senator Reid in Las Vegas at his office there. And, great meeting. Sat down. We probably talked for a half hour. He never asked me a single question about, you know, water issues or, I mean, anything of substance whatsoever. The whole time we talked about where he's from, which is Searchlight, and where ***I'm from***, which is Lovelock, and all the people in the state. You know, if you've lived in Nevada all your life it's not that big a state and you

49. Professor Donald B. Seney interviewed Mary Conelly for Reclamation's oral history project on the Newlands Project.

have a lot of people in common. So, I mean we had a great conversation about, "Oh, I know that guy. He's from Lovelock. And, I know this guy over here." I mean, we, it was just a kind of a discussion about Nevada and, you know, all these small towns, you know, all of that sort of thing. (Storey: Yeah.) And then after I interviewed with Ensign's chief of staff I had a meeting set up with Senator Ensign and Senator Ensign was very nice, but he had, he actually was a little more businesslike and he had a couple of things that, that he actually had questions about related to the Desert Terminal Lakes Program in northern Nevada, and then some issues we had at Hoover Dam on security. So, Senator Ensign actually kind of had two or three things that he wanted to, but then he certainly supported, said, "I'll be glad to support your nomination and come and speak on your behalf at the hearing." So, the bottom line is both Nevada senators came to the hearing and they both spoke on my behalf. So, I had a bipartisan [support] from my home state come and they were both, you know, came and said a lot of things about me that, you know, probably stretched the truth a little bit, (Laugh) but it was really, it was very, it was very nice of them to be willing to do that.

Storey: That's great. Well, our time is up for today, I'm afraid. (Johnson: Yeah.) Let me ask you my normal question, whether you're willing for researchers within and outside Reclamation to use these interviews with the understanding it'll be, the interviews will not be released until one year after you leave Reclamation?

Johnson: Yes.

Storey: Great. Thank you.

END SIDE 1, TAPE 2. FEBRUARY 14, 2007
BEGIN SIDE 1, TAPE 1. FEBRUARY 15, 2007.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation interviewing Commissioner Robert W. "Bob" Johnson, the Commissioner of the Bureau of Reclamation, in his offices in the Main Interior Building in Washington, D.C., on February 15, 2007. This is tape one.

Yesterday I think we were to the point of maybe your hearings?

The Hearing Before the Senate Committee

Johnson: Yes. So, we did all the visits prior to the hearings and then the hearing itself really went pretty well. There was two of us that had the hearing at the same time, myself and Steve Allred, and he had just been appointed at Assistant Secretary for lands and minerals and so they scheduled a hearing to do both of us at the same time. And, Senator [Larry] Craig from Idaho, who was–Senator Domenici was the chairman of the committee and, but he wasn't there and so Senator Craig, who was the next ranking member, the next ranking Republican that chaired the committee, and one of the things about Senator Craig is he was the national vice-president of the Future Farmers of America back when I was going to high school, and I was very active in Future Farmers of America. In fact, I was the Nevada state president. But, I had attended a summer youth camp in northern Nevada with the senator, you know, when he was the national vice-president, so I had gotten to know him a little bit as a young

person. (Storey: Um-hmm.) And, when he came in to chair the hearing I was able, I went up to him and told him of our previous, you know, encounter. And, there were a lot of kids there. I was only one of a lot of kids and he didn't remember me specifically, but he did remember the camp, and the time, and where we were, and all that sort of thing. But anyway, it was a nice connection because we immediately, you know, there was a commonality there with he and I that I think made for a very positive kind of a relationship that we, there was a common bond automatically. And, you know, I've met with him two or three times since and, you know, we reminisce, (Laugh) (Storey: Um-hmm.) you know, talk about that. We have a little bit of a common background there. So, he's the chair of the committee and I think that kind of set a nice tone. Yeah, chairman of the hearing. And then we had Senator Bingaman, we had senator, from Colorado . . .

Storey: Well, there's, let's see, Udall's congressman I think.

Johnson: There's two brothers. I can't remember.

Storey: Oh, Salazar.

Johnson: Salazar. Senator [Ken] Salazar was there. I think it's, is it Senator [Craig] Thomas from Wyoming was there. There weren't too many. There were, you know, like, there might have been a couple of others, maybe four or five, and ***for me*** the questions were fairly easy. I don't think, and because of my background on the Colorado River and because there were several senators on the committee that were from Colorado River Basin states I got several questions about the Colorado River. There were some issues that were stirring among the basin states, Colorado River Basin states at the time, (Storey: Um-hmm.) and so they were asking me some questions about some of those things. And, which were ***easy questions*** for me because I had such an intimate knowledge and I knew a lot more than any of them would probably ever know about the subject, so I was able to give a pretty thorough response. (Storey: Um-hmm.) You know, just all in all, I didn't feel like I got any difficult, real difficult questions that I couldn't handle. I thought the questions of ~~Steve Allard, or no not Steve Allard [spelling?], Steve,~~ the Assistant Secretary for lands and minerals, Steve Allred, yeah, I thought he got some tougher questions than I did. There were some. They were zeroing in on ethics within the Department of the Interior and there were some more political kinds of questions. Or, I don't know if "political" is the right word, but some of the democratic members were asking some more antagonistic questions of him than they did of ***me.*** (Storey: Um-hmm.) And, I think that's probably because they knew I was a career person and I think that, that may have made some difference in their approach to asking me questions. I'm not sure.

Both Senator Reid, and I think I mentioned this, and Senator Ensign from Nevada both came and spoke on my behalf. Senator Reid first, and then when he left Senator Ensign came in. They were both very, you know, very, very gracious and said some really nice things. And, had a lot of, you know, a few of the water folks that are, you know, some of the lobbyists that are involved in water issues there at the hearing and they were all very supportive. And, some of the Reclamation staff, and I had my wife with me. So, it was, it was, turned out to be a really nice hearing and it

went well and didn't really feel–I mean, sometimes those hearings can be very, very difficult. (Storey: Um-hmm.) I know you sent me the transcripts of Dennis Underwood and Eluid Martinez when they had their hearings, and Dennis in particular had a very difficult time. And, his timing got drug out over very, very, I mean, it took him seven or eight ***months*** to get confirmed. And, he was kind of held in this limbo status for quite a period of time between his nomination, and his hearing, and his confirmation. That didn't happen to me. I mean, my nomination was, I mean my nomination didn't get sent over until August when, when the Congress was out of session. Within their second week of being back in session they scheduled a hearing for me and ***then*** by the end of the September session, I think it was like on September 29th or 30th, I was confirmed. So, it went very smoothly and it was not, did not get drug out over a long period of time, and many times it does.

Storey: Do you remember the date of the hearing by chance?

Johnson: The date of the hearing was September 14th, and then the confirmation came . . .

Storey: Two weeks later?

Johnson: Two weeks later. Yeah. And, I think Senator Reid helped a lot in, in getting it through on the, on the Senate floor. (Storey: Um-hmm.) It was one of the last actions that they took before they recessed for the whole month of October, you know, prior to the election.

Storey: For the elections?

Johnson: And so, I think Senator Reid was probably very helpful in getting my nomination. But, there were a whole bunch of nominations that went through at the same time. There were a ***whole*** bunch of them that were pending and that finally got through the process at that point too.

Storey: Well, you mentioned that they told you what not to do. Were they also paying you? Were you still drawing salary as Regional Director and everything?

Johnson: Oh yeah. Right. Yeah. No, I . . .

Storey: Because, like Dennis (Johnson: Right.) he had ***nothing*** coming in while he was cooling his heels waiting.

Johnson: Right. Yeah. No. I kept my salary. I continued to be the Regional Director, although I kept my profile very low. But yeah, I never, I never took a, I never took any leave of absence or anything like that. (Storey: Uh-huh.) Yeah.

Storey: Well, let's talk about the, we were talking earlier about the choices you had to make when you became Commissioner about (Johnson: Um-hmm.) salary and status, (Johnson: Um-hmm.) and all that kind of thing. (Johnson: Um-hmm.) If you could talk about that I'd appreciate it.

Making Decisions about Coming into a Political Appointment from Federal Career Status

Johnson: Yeah. Yeah, as a nominee, or as a political appointee and, but coming from the Federal career status, I had some choices that other political appointees don't usually get. There is an ***executive level*** pay schedule for political appointees that is quite a bit lower than the pay schedule that exists for senior, career senior executives. I mean, 10-, 20-, $30,000 a year less than what senior executives in the Federal service receive.

". . . because I was already in the career Federal service I had the option of either moving over to the executive level pay schedule *or* staying as a senior executive and continuing to draw the pay at the same levels that I had as a Regional Director. And, obviously, I opted for that because the pay was quite a bit higher. . . ."

So, because I was already in the career Federal service I had the option of either moving over to the executive level pay schedule ***or*** staying as a senior executive and continuing to draw the pay at the same levels that I had as a Regional Director. And, obviously, I opted for that because the pay was quite a bit higher. (Laugh) (Storey: Yeah.) There's a lot of stories about people, when people convert to what–for instance, Mark Limbaugh and also David Bernhardt, who's the solicitor, and he was just confirmed at the same time I was. When both of those folks became confirmed as presidential appointees they took ***significant*** cuts in pay, because they were, they were political appointees, but for political appointees in the senior level they've got a pay scale that comes closer to the senior executive service pay scale. But ***once*** you become a presidential appointee, and if you haven't already been a career service person like ***me***, you fall under the executive pay scale. So, both Mark and David Bernhardt took ***significant*** reductions in pay to step into the presidentially appointed position. And, I didn't have to do that because under the rules, under the law, the way the law works I had the choice of keeping my career.

". . . I would have an option of falling back as a career senior executive again. So, I wouldn't necessarily have to leave if a new Commissioner came along . . ."

The other thing that I, that I did, is I, I could, at the end of the Administration, if a new Commissioner is appointed, I would have an option of falling back as a career senior executive again. So, I wouldn't necessarily have to leave if a new Commissioner came along, although I can't imagine that I would ***do*** that. I imagine that, you know, when my tenure as Commissioner comes to an end I'll retire. (Storey: Um-hmm.)

"I'm also entitled to . . . relocation back . . . I got my moving expenses paid coming here. All the benefits that accrue to normal Federal career people continue to apply to me as Commissioner, which is unique. . . ."

I'm also entitled to payment for a move back, as senior executives are. Any senior executive that moves to a final location, within five years of that move, senior executives have the right to a relocation back to the area that they came from. So, I could actually, I can, when I leave I could actually get a relocation. I got my moving expenses paid coming here. All the benefits that accrue to normal Federal career

people continue to apply to me as Commissioner, which is unique. If you come from the outside you're going to fall under this executive. The retirement under the executive system, they pay, they pay social security. I maintain my CSRS [Civil Service Retirement System] benefits. I do fall under, now, I have to fall under a category called CSRS Offset. And, I'm told that the only difference, I still get my CSRS retirement as I would have always gotten it. I still get, my Commissioner's time counts as service time towards my retirement, but I understand that if I ever opted for a social security, a double, you know, my CSRS plus a social security retirement, if I accrued enough quarters to get a social security, it would be reduced over what it would have otherwise been because I've fallen into this unique category. (Storey: Yeah.) So anyway, I fared, you know, I feel like I've fared pretty, pretty well.

". . . the downside, moving here from Nevada where we have no state income tax, taxes are a lot higher back here. So, financially I took a fairly significant reduction in pay just because of the tax provisions that are back here. . . ."

The, you know, I suppose the downside, moving here from Nevada where we have no state income tax, taxes are a lot higher back here. So, financially I took a fairly significant reduction in pay just because of the the tax provisions that are back here. So I didn't, it wasn't, it wasn't ***without cost*** that I moved back here, but certainly I don't have anything to complain about. I'm much better off than most of the political appointees that come into these jobs.

Storey: So, you're paying a state income tax?

Johnson: Right.

Storey: For Maryland?

Johnson: For Maryland, yeah. I'm living in ***Rockville***, Maryland so I pay a state income tax. And it's, it's substantial.

Storey: Uh-huh. Interesting.

Johnson: Yeah. But, but it's, it's been interesting and fun, and so far I've, you know, enjoyed everything about it. It's all worked out (Storey: Yeah.) very well, the confirmation, the hearing, my personal move in terms of coming back here. Moving is always a headache. I rented my house in Las Vegas and then I rented an apartment back here. My wife and I both moved back. It's much smaller and much more expensive from a housing perspective, but it really worked out, I mean, you know, in terms of timing. I didn't end up with two house payments, you know. I got my house rented quickly, you know. Our move back here was very smooth, no complications, the moving company did a great job. So, I mean, just all in all it really went ~~, it really went~~ about as smooth as a move could. (Storey: Um-hmm.)

". . . my wife is enjoying it. She's a school teacher and she actually got a job within a month as a school teacher here in Montgomery County . . ."

And, my wife is enjoying it. ~~She got a,~~ She's a school teacher and she

actually got a job within a month as a school teacher here in Montgomery County, and at a school that's just a mile and a half from where we live. So, you know, from that standpoint it all worked out quite well too. I feel like I've probably had an easier transition than most Commissioners have had, you know, coming into the job.

Storey: Um-hmm. Well, before we talk about things that have been going on since you moved, let's talk about the former Commissioners. You were appointed by Dan Beard, I believe?

Johnson: As regional?

Storey: As Regional Director. I'm sorry.

Johnson: No, actually Dan Beard left just before I became Regional Director, and actually when I got appointed there was not a Commissioner. Eluid Martinez had been appointed, not appointed, but he had been announced but he had not yet been confirmed when I became Regional Director.

Storey: So, Bill McDonald was acting?

Johnson: Actually, Steve Magnussen was acting Commissioner (Storey: Steve? Okay.) then. Yeah.

Storey: Bill was later, I guess?

Johnson: Yes. Bill, Bill acted when, between Eluid and John Keys.

Storey: Right. Oh, okay.

Appointed Regional Director as Litigation over the Central Arizona Project Developed

Johnson: Bill McDonald acted as Commissioner. Yeah. So yeah, we had an acting Commissioner and in fact we had an acting Assistant Secretary when I became Regional Director. Patty Beneke, Betsy Rieke had left (Storey: Um-hmm.) and Patty Beneke was the acting Assistant Secretary. So, I didn't have a permanent Commissioner or a permanent Assistant Secretary. I, you know, when I became Regional Director there was a lot of turmoil in the, going on in the Lower Colorado Region. We'd had some very difficult times on the Central Arizona Project with–and I don't now if I told this in a previous (Storey: Go ahead.) or not.

Storey: Tell me.

Johnson: But, we had gotten into some very difficult litigation over the Central Arizona Project over the repayment obligation and the water supplies. The irrigation districts couldn't afford to pay their loans, their loans [from] ~~to~~ the Bureau that had been made for their distribution systems. They couldn't afford to pay the O-M-&-R [operations, maintenance & replacement] of the project. The cost allocation and the obligation of the big water district, Central Arizona Water Conservation District, as a result, was

changing substantially. And, it was a mess. We worked for about four years and I was involved in all that as the, as the Deputy Regional Director to try to resolve those disputes and were unsuccessful.

Hoover Visitor's Center Was Causing Issues with the Power Users

And, the whole thing blew up in about June, and they filed litigation. And then also, at that time, we were having some very difficult times with our power users. We'd built the Hoover visitor's center. The visitor's center was much more expensive than anybody anticipated. The power users were responsible for repaying those costs, so they were very upset. On top of that, ***we weren't*** doing a very good job of coordinating with the power users on our O-&-M activities at the powerplants, and they were very upset, and they were actively pursuing legislation to take over the powerplants, take them away, take Hoover, and Parker, and Davis powerplants that the Bureau operates on the Lower Colorado River and take over the operation and maintenance of those facilities on their own. So, there was a ***lot*** of turmoil going on.

Dan Beard and Ed Osann Tried to Resolve the Issues on the Central Arizona Project, but Didn't See Eye to Eye with the Secretary and Assistant Secretary, Both of Whom Were from Arizona

And, Betsy Rieke who had been the Assistant Secretary, and I knew her here when she was the Director of the Department of Water Resources in Arizona, and I'd worked pretty closely with her, (Storey: Um-hmm.) and I had also worked pretty closely with her on the Central Arizona Project problems. And, of course, Secretary Babbitt was very interested in the Central Arizona Project problems as well, because both of them were from Arizona. And so, I had worked very closely with both of them and trying to put all those, you know, trying to solve that problem, and it was a ***very difficult*** problem. And, Dan Beard did not see eye to eye with Secretary Babbitt and with Betsy over how the Central Arizona Project should be resolved. And, for a period of time Dan took the lead on trying to resolve that. And, there was quite a ***stir*** politically within Arizona, and Dan had a guy, by the name of Ed Osann that worked with him, who kind of stepped in and on Dan's behalf and started working the issues and trying to negotiate a resolution.

Secretary Babbitt Asked Assistant Secretary Betsy Rieke to Take the Lead for the Department

And, Secretary Babbitt wasn't happy with the way they were handling it, and so he asked Betsy to take on that responsibility rather than having Dan deal with it. So, Betsy took on the lead for the Department in trying to resolve the C-A-P [Central Arizona Project] problems. And, of course, I was involved in it when Dan was there, and I was also involved in it when, then when Betsy took over. (Storey: Um-hmm.) And, as we moved forward we came very close to negotiating a resolution with, with the water district. And, we were, actually had a memorandum of understanding that laid out the framework for a settlement. This is all before the litigation occurred.

In 1995 Reclamation Almost Had an Agreement with CAWCD to Settle the Repayment Issues for the CAP

And, in fact, it was, today's the fifteenth, but yesterday was February 14, Valentines Day. It was on Valentines Day of 1995, I remember it very well, that we actually came together, a final negotiating session on this memorandum of agreement. Now, we had to go back and write it down in more detail in a formal agreement, and we started doing that then over the next three or four months, and we had scheduled a, a signing date. We were going to do a big public signing ceremony with Secretary Babbitt out in Arizona, you know, to bring it all together. And, I think I probably told you this in previous, in previous interviews? I haven't? (Laugh)

Storey: We haven't discussed this before. (Laughter) I'm delighted to be discussing it.

Indians Did Not like the 1995 Settlement with CAWCD

Johnson: Yeah, I'm not sure. I'm not sure. I thought we talked about this. Anyway, as we came down towards the end of that we found ourselves in a predicament with C-A-W-C-D [Central Arizona Water Conservation District]. We were having, a lot of the issues that we were having were related to the Indian tribes. The Indian tribes were very upset because none of their distribution systems for delivery of C-A-P water had been built yet. Now, there are some good reasons why they hadn't, but a significant amount of them have not been built and the tribes were very upset. So, in the course of this negotiation we were trying to take the concerns of the tribes into consideration as we structured this settlement.

The 1995 Agreement Allocated a Lot More Water to Indian Tribes

And, part of the deal was we were going to get a ***lot*** more water allocated for use by Indian tribes as ***part*** of the settlement. Irrigation districts were failing. They couldn't pay their loans, and therefore they couldn't use the water. So, the water that was going to go to irrigation we were going to take and give to Indian tribes. And then, in addition to that, we were going to set up a fund in the revolving fund of the lower, of the C-A-P repayment stream, to pay the O-M-&-R costs, or at least part of the O-M-&-R costs for Indian tribes, and that was all part of the framework. ***Despite*** the fact that we had significant benefits for tribes in that framework–this was the framework that we all put together with ~~Betsy, with~~ Betsy's involvement. Despite the fact that we had all that together the tribes were not happy with the resolution that we reached, that the Secretary was going to go sign in June. The tribes weren't happy. And, we were putting the final arrangements together, the final agreement together with C-A-W-C-D, and I remember this, it was about a week before the Secretary was scheduled to come and sign, and we had an all-night negotiating session with C-A-W-C-D, ***literally*** we started at eight o'clock in the morning and we didn't finish the negotiating session until five o'clock the next morning. And, it was us. We had B-I-A involved, some representatives from the Bureau of Indian Affairs to represent the interest of the tribes, and then we had C-A-W-C-D.

". . . the biggest stumbling block . . . at points in the future if there was market transactions for sale of C-A-P water within the C-A-P service area . . . tribes could participate in those market transactions. The tribes could buy . . . water just like anybody else could to meet their needs. . . ."

And, the biggest stumbling block, I mean we had a million of details that, that, this was the agreement that the Secretary was going to sign, and we had resolved most of them but there was one issue where we had put language in the agreement that said that the tribes, we were getting this block of water for tribes, but at points in the future if there was market transactions for sale of C-A-P water within the C-A-P service area, that tribes could participate in those market transactions. The tribes could buy, could buy water just like anybody else could to meet their needs. And, C-A-W-C-D did ***not*** like that provision.

***". . . reason* why they didn't like that provision is they were concerned, because the tribes were now getting, like 47 percent of the total C-A-P water supply under this agreement . . . . And, it was very important to C-A-W-C-D that at least something *more* than 50 percent of the C-A-P water be non-Indian water. . . . they were nervous that if somehow the tribes got a right to more than 50 percent the tribes could invoke the P.L. 638 law . . . and actually take over operation of the C-A-P. . . ."**

And, the ***reason*** why they didn't like that provision is they were concerned, because the tribes were now getting, like 47 percent of the total C-A-P water supply under this agreement was actually going to become tribal water. So, almost half, part of the negotiation of this deal is almost half of the water was going to go to tribes, but ***not*** more than half. And, it was very important to C-A-W-C-D that at least something ***more*** than 50 percent of the C-A-P water be non-Indian water. And, the reason why it was important to them is that they were nervous that if somehow the tribes got a right to more than 50 percent the tribes could invoke the P.L. 638[50] law, which says that if there's an activity that a Federal agency is carrying out on behalf of a tribe, that the Federal agency has an obligation to ***offer*** to the tribe to carry out that obligation ***for*** that agency themselves. So, if the tribes had more than 50 percent of the water supply C-A-W-C-D was concerned that the tribes would be able to invoke that provision of law and actually take over operation of the C-A-P. And if the, they were getting 47 percent of the water. If they also got the right to ***buy*** more water they could actually ***buy*** enough water to get past the 50 percent, and then they could try to claim and take over operation of the project and that was just totally objectionable to C-A-W-C-D. You know, I could see why they would have some concerns about that. So anyway, what we, what we did in the course of that all-night negotiation is, I couldn't get, I mean, from my perspective I was willing to take the, I was willing to, you know, I had some sympathy for C-A-W-C-D's concern and I was willing to, you know, limit what the tribes could, to get to something less than 50 percent. But, B-I-A was there in the negotiations and the B-I-A representatives just were ***absolutely*** *unwilling* to compromise on that issue. And so, what we finally did is we worked out a compromise where we all agreed to just be silent. We'd take it out all together. We'd not say whether they could buy water or they couldn't buy water. We would just be silent on the issue, rather than trying to put a positive or negative statement in the agreement. And, that was the compromise that we worked out in this all-night negotiating session.

CAWCD Board Changed the Agreement and Ratified it to Their Liking

50. The Indian Self-Determination and Education Assistance Act, of January 4, 1975. (Public Law 93–638; 88 Stat. 2203).

Well, C-A-W-C-D then took the final agreement to their board and two days later their board refused to approve the agreement. But, what the board ***did*** is they inserted their language that said, "Tribes couldn't," you know, in the negative, (Storey: Um-hmm.) and then the board approved that. And then the board sent that to us and said, "We've approved it." (Laugh) And yet, it still had this very controversial provision in it. The Secretary was, in fact, getting ready to fly out to sign the agreement. The agreement was going to be signed the next day. He was actually flying out. In the ***meantime***, during this period of time, we had been doing ***separate*** negotiations on the Colorado River between Nevada, Arizona, and California, trying to develop some new strategies for how the river would be operated to allow interstate cooperation for water marketing, and water exchanges, and transfers, and those sorts of things. And, we had made quite a bit of progress on that with the three states. And, in fact, we're very close to having some sort of an agreement that we could move forward on that. And all of a sudden, and this is, but it was a separate issue and it was moving parallel (Storey: Um-hmm.) with, it was moving parallel with these C-A-P negotiations. And, I was involved in both. I mean, I was right in the middle of both of them. But anyway, at the very last minute Arizona decided, just crashed the whole Colorado River discussions. They said, "No, we're finished. We're not going to agree to any of it, you know. Discussion over."

Nevada Objected to the Settlement Proposed by CAWCD

Well, that really upset Pat Mulroy from Nevada and she knew that this other agreement was going on.

Thinks Dan Beard Likely Talked to Pat Mulroy about Collapsed Negotiations on the Colorado River and the Proposed Settlement of CAP Repayment Issues

In fact, I'm pretty sure and, well I don't ***know*** this but I would speculate that Dan Beard probably, who didn't like the C-A-P deal, my guess is that Dan Beard called up Pat Mulroy and told her, "You know, they're taking advantage of you over here on the Colorado River and yet they're getting everything they want in this deal over here on their own project." Well, what happened is, Pat Mulroy got the two Senators from Nevada, Senator [Harry] Reid and Senator [Richard] Bryan to start pressuring the Secretary about the C-A-P agreement, and she also got the governor of Nevada, who was Governor Miller, to call President Clinton and complain to President Clinton about the C-A-P deal, that basically, you know, you had a Secretary and Assistant Secretary for Arizona and they were cutting a fat deal for the state of Arizona and Nevada was getting left out in the cold. And so, yeah, the governor–in fact, the reason why I know all this is because it was headlines in the *Arizona Republic* the morning after the call occurred. It was, you know, it was not a secret that Nevada did that. I think that as a result of that call to the President, I think the White House probably talked to Secretary Babbitt and expressed some concern about the agreement. But at the same time, C-A-W-C-D reneged on the deal that was negotiated by the negotiating teams by inserting the language that was objectionable to tribes. Well, as Secretary Babbitt was leaving in the car to go to the airport to go to Phoenix, he called me up on the phone and at this point Betsy Rieke had left, and it was just me and Dan Beard was no longer involved although Dan was the

Commissioner at the time, and it was just me talking directly to the Secretary on these things. And the Secretary calls me up and wants to know, you know, where are we, what's the status of the agreement. I says, "Well," I said, "you know we've worked really hard on this, and," I said, "we have ***one*** issue that, you know, C-A-W-C-D board refused to approve, and they've approved it with language in there that's objectionable to the tribes, and I don't know if you want to come and sign this still with those objections. I think you could if you wanted to. Or, you know, I think we could go back and try to negotiate more with them, you know, but we'd have to delay the signing ceremony."

The Secretary Refused to Proceed with the Agreement as Altered by CAWCD

The Secretary said to me, "Well, I guess we don't have a deal." And he turned around and came back to the office here. So I called C-A-W-C-D and told them we didn't have a deal. And why. And the next day in the Arizona press, on television, in all the newspapers–big headlines–I don't remember the exact words, but it was the equivalent of "Babbitt Double-Crosses Arizona." It was just not pretty at all, and it wasn't fair. They accused us of dealing in bad faith. You know, we negotiated a deal and then backed away from it. Well, it wasn't true at all. Because they had actually made changes to ***a*** provision that was ***significant*** at the last minute without agreement among the negotiating teams and then they're out claiming that we dealt in bad faith. And it was just–the way they treated ***us*** and the Secretary in that whole thing was very, I thought, unethical and . . .

END SIDE 1, TAPE 1. FEBRUARY 15, 2007.
BEGIN SIDE 2, TAPE 1. FEBRUARY 15, 2007.

Storey: Unethical and unprofessional.

Johnson: Yeah. I think that would be the way I would put it. But I think the combination of ***them*** doing that along with all the pressure that the Secretary was getting, probably from the White House, and the two Nevada senators, I think that probably came into play to some extent, as well.

How Bob Johnson Became Regional Director

But anyway, the reason that I'm telling you all this in the first place–because your original question was how I became Regional Director. Well I'd worked pretty closely with the Secretary and Betsy [Rieke], both, and about that time we had a Regional Director, Larry Hancock, was Regional Director of the Lower Colorado Region. I was his Deputy Regional Director, and Larry had only been there about a year or less, and he was not familiar so I'd really carried the ball on all of these negotiations because I'd been there for a long time and I had a pretty intimate knowledge of them.

". . . Larry and *Dan* were pretty close, and Larry didn't like, just like Dan didn't like the CAP agreement . . . Larry had come to me, and this is why I say I think Dan Beard may have conspired with Pat Mulroy. Well, Larry came to me a couple of weeks earlier and said 'Bob, Dan and I have talked, and we want you to blow up the C-A-P negotiation.'. . ."

But Larry and ***Dan*** were pretty close, and Larry didn't like, just like Dan didn't like the CAP agreement, ***Larry*** did not like the CAP agreement. And Larry actually came to me as we were doing these final negotiations before the problem with the Indian issue, but maybe a few weeks before that. Larry had come to me, and this is why I say I think Dan Beard may have conspired with Pat Mulroy. Well, Larry came to me a couple of weeks earlier and said "Bob, Dan and I have talked, and we want you to blow up the C-A-P negotiation." So here I am, Deputy Regional Director, and I'm pretty **much–*Dan's*** been taken out of the loop. Larry's pretty much been out of the loop. I've been working, you know, for the Secretary pretty directly, and for Betsy Rieke pretty directly, on trying to negotiate this agreement. And now I've got my two bosses in between me and them coming to me and saying "Bob we want you to blow this whole thing up. You need to do something here to make this whole thing fall apart." So I was really–felt like I was in a very tough position. And what I told Larry was, "You know, I was working directly with the Secretary. I'd been personally involved with C-A-W-C-D. I just felt like it would be bad faith on my part to try to do that. That if he or Dan wanted to blow it up, you know, I guess they could do . . ." I don't think I put it exactly that way, but I mean, obviously, if they had concerns, it was up to them to express their concerns to the Secretary and to others, and you know, and make that. But, I didn't feel like I could try to do something to make it fall apart.

". . . I think what happened is I think Dan subsequently conspired with Pat Mulroy because these other things were going on in another forum to try to help put pressure to keep that deal from coming to fruition. . . ."

So, I think what happened is I think Dan subsequently conspired with Pat Mulroy because these other things were going ~~over,~~ on in another forum to try to help put pressure to keep that deal from coming to fruition. I think that (Storey: Um-hmm.) very well might have been what happened.

". . . what happened in that same time frame . . . Larry Hancock went to a national water meeting and he gave a speech, and basically his speech was–and I think he may have done this at Dan's urging, I'm not sure–but his speech was, 'I hate Arizona.' I mean, he got up and *literally* lambasted the state of Arizona and C-A-W-C-D in front of this national audience that included, you know, all the people from Arizona. And, it upset them quite, quite bad . . . Betsy and the Secretary decided that Larry should step aside as Regional Director. . . ."

So, what happened in that same time frame then, all in about that same time frame is Larry Hancock–and I don't know that I have the time sequence exactly, but Larry Hancock went to a national water meeting and he gave a speech, and basically his speech was–and I think he may have done this at Dan's urging, I'm not sure–but his speech was, "I hate Arizona." (Laugh) I mean, he got up and ***literally*** lambasted the state of Arizona and C-A-W-C-D in front of this national audience that included, you know, all the people from Arizona. And, it upset them quite, quite bad, and what happened, I think, as a result of that is that Betsy and the Secretary decided that Larry should step aside as Regional Director. Now, they didn't fire him but they asked him to step aside and take another, another position other than, other than Regional

Director. And so, Larry was moved out of the Regional Director job.

". . . Larry Hancock came to me and said, 'Bob, you're not going to get the Regional Director's job. You just as well know it right now. Dan doesn't want you. And, what he told me is he wanted, he was going to put Maryanne Bach in the job.'. . ."

Well, I was the Deputy Regional Director and obviously I then was interested in having an opportunity to be the Regional Director. And, in the meantime Larry Hancock came to me and said, "Bob, you're not going to get the Regional Director's job. You just as well know it right now. Dan doesn't want you. And, what he told me is he wanted, he was going to put Maryanne Bach in the job. And, you know, I just wouldn't, you know, I shouldn't get my hopes up or anything like that."

". . . I was a little disappointed because I'd been there for a long time and I knew everything that was going on and felt like I had a pretty good sense of the people, and the region, and what needed to be done, what the problems were, and how to fix them. I felt like I had a really good handle on that. I thought I could do probably a pretty good job as Regional Director. . . ."

And, I was a little disappointed because I'd been there for a long time and I knew everything that was going on and felt like I had a pretty good sense of the people, and the region, and what needed to be done, what the problems were, and how to fix them. I felt like I had a really good handle on that. I thought I could do probably a pretty good job as Regional Director.

As Larry Hancock Left as Regional Director, Dan Beard and Betsy Rieke Announced They Were Leaving Also

So, I called Dan. Actually, I think I wrote–I may have sent an email to Dan. I'm not sure. And, what I said to Dan was, I said, "Dan," I said, "You know, I'd really like a chance. I've got great respect for Maryanne Bach," and I did. I had great respect. She's a very capable person. I said, "I have great respect for Maryanne but I feel like I know, and I'd just like an opportunity to compete for the job, to apply and be considered." And Dan's answer to me was, "Of course, we'll consider you." And despite that my guess is Dan was probably not inclined because of all these things that had gone on on C-A-P. My guess is, Dan was probably not inclined to select me as Regional Director. And anyway, what happened is Betsy left as Assistant Secretary. Oh, I also called up Betsy and I told Betsy the same thing I told Dan. I said, ~~"You know Dan," or~~ "You know Betsy, I, I know that ~~Dan would like to have Betsy Rieke. I just want you to know that I'm interested."~~

~~Storey: "Would like to have Maryanne"?~~

~~Johnson: Yeah, that~~ "Dan would like to have Maryanne," (Storey: Right.) and I, oh I told Betsy, I said, "You know, Betsy, I, I'd just like to have a shot at the job, to be considered." And so, Betsy, Betsy took that, you know, said, "I appreciate that. I'll, I'll take that, you know, into consideration." Well, Betsy announced that she's leaving just about that time. And so, she, so she leaves and the job comes out. And, Larry's still there and Larry's still the Regional Director but Larry's getting ready to

leave, and they advertise the job. And so, I put my application together and I don't remember exactly the sequence, but all of a sudden Dan Beard announced that he's leaving. So, Dan Beard is no longer going to be Commissioner of Reclamation, and he made that announcement at, at that point in time. So, Dan left.

Thinks Secretary of the Interior Bruce Babbitt Influenced His Selection as Regional Director

I applied for the Regional Director's job. I think before Betsy ***left*** she probably put a good word in for me with Secretary Babbitt to be [Regional Director], and I had worked with Secretary Babbitt on, you know, on some of these issues ~~, you know,~~ pretty directly, so he knew me. And so then, you know, the job was open, and [I] applied, and I got selected for it. And, I'm assuming that Betsy probably had some influence and that probably Secretary–we had an acting Commissioner. We didn't have an Assistant Secretary in place yet. And, I'm ***guessing*** that, based on Betsy's recommendation and his interaction with me that Secretary Babbitt probably played a direct role in hiring me for the Regional Director's job. So. Thanks.

So, it was kind of an interesting point in time, and I was kind of betwixt and between. I think, if Dan Beard would have stayed on as Commissioner, I don't think I would have gotten selected as Regional Director. I think if all of those problems with Arizona and on the Colorado River hadn't been going on that Larry Hancock probably would have stayed as Regional Director. So, it was just kind of a real funny sequence (Storey: Yeah.) of events that occurred in there and I kind of got selected between Commissioners and Assistant Secretaries.

Storey: Tell me how you assess Dan Beard as Commissioner.

Dan Beard as Commissioner

Johnson: ***I think*** that Dan Beard was both good and bad.

Dan Beard Focused Reclamation on its Water Management Mission

I think Dan Beard was really good in that he got Reclamation to really focus on its water management mission.

Though Reclamation Changed in the Late 1980s, its Old Organizational Structure Worked Against Evolution into a Water Management Organization

In the late 1980s we made significant changes to say that we're no longer primarily a construction organization, but we're a water management organization. But, we ***never really made*** the changes in the organization to make that come about. We kept our organization. We still had the ***old organizational*** structure. That was Planning, Design and Construction, Operation and Maintenance, and the ***whole*** organization was geared towards evaluating new projects, putting them into construction, which was really the bread and butter, and then doing the O-&-M and turning them over to local districts and that sort of thing.

". . . even though we had decided that our mission was different we really hadn't made the organizational changes to make that work. . . ."

So, I think that, I think that even though we had decided that our mission was different we really hadn't made the organizational changes to make that work. And so, when Dan Beard came in as Commissioner he actually made the substantive changes in the organization to make us focus on water management. And ***all*** the regions reorganized. ***Washington*** reorganized. And, he used some very interesting techniques to do that. He wanted to downsize, to use buyouts to get, he wanted to change. He wanted to bring ***new*** people in who had ***new*** perspectives, so he put a lot of pressure on all the older folks to leave. He did major reorganizations. He had ***buyout*** programs, and we lost a lot of people that had been with the Bureau for a long, long period of time. People took early retirements and we reshuffled. I mean, every, Denver, Washington, the regions, they ***all*** really refocused their organizations to be more focused on resource management and water management, and our engineering focus was really changed in that reorganization. And, I think that was a good thing for Reclamation, and I think Dan did a very masterful job of orchestrating that, and changing, and actually changing the mindset and changing the focus, and the organization itself into that, into that new redefined mission.

Dan Beard Alienated Reclamation's Water and Power Customers

Where I think Dan was bad is he ***completely alienated all*** of our water and power customers. He was not willing to–first of all, he was associated with George Miller who was the biggest enemy of the Bureau in Congress, and George had tried time and time again to make major changes and changes that were all detrimental to the traditional water and power constituency of Reclamation. And so, Dan was, was George Miller's staff chief on the Energy and Water Subcommittee in the House [of Representatives]. And so, Dan comes in as Commissioner and he had, he was already the arch enemy of all the water and power users, which is the primary constituency of Reclamation. So, ***right off the bat*** everybody is alienated towards the Bureau because Dan is the Commissioner. And, Dan started making policy changes that were less favorable to our water and power constituents, more environmental in their orientation. Dan was unwilling to reach out to the water and power customers. The tradition of the National Water Resources Association where the Commissioner goes and spends time and has meetings with all the water users, Dan refused to do that. And so, Dan just absolutely alienated our traditional constituency. They did not ***trust*** him. They did not ***trust*** the Bureau. And, if you'll recall, back during that period of time there became a lot of, every year in the appropriation process the committee reports would come back and say, "We question whether or not the Bureau of Reclamation ought to continue to exist." And all that was coming from our water and power constituency. (Storey: Um-hmm.) So, so from that standpoint I think Dan was probably very bad for the Bureau. He put us in a difficult spot with our traditional constituency, and ***without*** *them*, quite frankly, the Bureau will not be a viable organization on a long-term basis. We're not–there is no other constituency out there that is, that will, that is interested in what Reclamation does. Environmental groups will never really be a powerful constituency to support the Reclamation program. Just, it's just not, it's not the way they're organized. It's not the way they think. It just, it just won't ever, (Storey: Um-hmm.) it just won't ever work.

Eluid Martinez Deserves Credit for Rebuilding Ties to the Water and Power Users

And, I think one of the big things that Eluid Martinez did that he doesn't get credit for, is Eluid tried to move the Bureau back to reestablish those relationships with the water and power folks. And, as we did that then those calls for doing away with the Bureau and all those things kind of started to subside and go away. So.

Storey: Yeah, that was one of his major goals.

Johnson: Yeah.

Storey: Before we close, one last question. O-M-&-R, what's the "R"?

Johnson: Replacement.

Storey: Okay.

Johnson: So, you know, you have capital investment and as the capital investment wears out over time it has to be replaced.

Storey: Okay.

Johnson: Yeah.

Storey: I just hadn't ever heard that term before, I guess.

Johnson: Yeah.

Storey: Well, I appreciate you taking time. Once again, are you willing for the information on these tapes to be used by researchers inside and outside Reclamation once you've been gone from Reclamation for a year?

Johnson: Yes.

Storey: Great. Thank you.

END SIDE 2, TAPE 1. FEBRUARY 15, 2007.
BEGIN SIDE 1, TAPE 1. AUGUST 21, 2007.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Robert W. Johnson, Commissioner of the Bureau of Reclamation, in his offices in the main Interior Building in Washington, D.C., on August the 21st, 2007, at about three o'clock in the afternoon. This is tape one.

(Gap in recording.) I'm sorry. We better start over.

Dan Beard as Commissioner

Johnson: Oh, okay. (Laugh) I think that Dan Beard came as Commissioner of Reclamation

with the intent of changing the organization and moving it away from its traditional water and power, construction kind of a focus into more of an environmental focus. And, I think that's kind of it. And, I think the truth of the matter is is that was already happening to Reclamation. I think Reclamation had been going through that transformation for a number of years. We did ***major*** reorganization in '88. We had redefined our mission as a water management organization in the mission statement. And, in fact, Dan didn't change the mission statement, ***I don't think***. I think the mission statement stayed, stayed the same. So, I think Dan kind of came in with a pretty clear sense of what he wanted to, what he wanted to do with the organization. And, I think that one of the other things about Dan is, having worked for George Miller, who was chairman of the [House] resources committee and had previously had been Chairman of Reclamation's Water and Power Subcommittee, he had established a clear reputation as a–I don't know if "enemy", "enemy" may be too strong of a word, but they certainly weren't trusted by our traditional water and power community. And so, Dan brought that with him, having formerly worked for George Miller as George Miller's chief of staff on the committee for water matters. Dan was, in essence, being viewed as an arm of George Miller and that he was going to bring all the George Miller philosophies to his role as Reclamation Commissioner. And immediately, there's this strong reaction from Reclamation's traditional constituents that, "Oh my gosh, Dan Beard is going to be Commissioner and, you know, this is going to be an awful thing." So I think Dan was, as a result, was probably a very controversial Commissioner. I ***will say*** that I think Dan did a masterful job of bringing his vision and bringing change to the organization. I think he did an excellent job. And while I don't think I agree with everything that Dan did, I think a lot of the changes that we made under Dan were very good changes. And, in fact, we ***were moving*** away from being a construction organization and we'd never really made all the organizational changes to reflect that. So, we did major reorganizations throughout Reclamation and I think they did streamline. Dan used the buyout to try to push as many of the traditional Reclamation people out the door. The early retirement incentive program to give people money to leave at an earlier stage in their career than they might have otherwise done. And, I think that was all part of Dan's effort to try to change the organization. And, he wasn't Commissioner for very long. He was only Commissioner for a couple of years, really. (Storey: Um-hmm.) I don't think much longer than that. And, he really did make a lot of changes. We went through a major reorganization and a major kind of new way of thinking about things.

Dan Beard Decentralized Power in Reclamation and Empowered the Field–Regions and Area Offices

One of the other things that Dan did, which I really agree with, was he decentralized power and empowered the field, and probably downplayed the central role of the Denver Office more, and left, you know, empowerment to the regions, and particularly the Area Offices. He established the Area Office concept. Prior to Dan coming along we only had, we had what we called project offices, but we didn't have defined geographic areas for them to comport to. And, under Dan we defined Area Offices and kind of assigned out, assigned out the geography of Reclamation in a little different way. We didn't change regions, but we kind of redefined the Area Offices. So, all that happened under Dan and I think some of it was good and probably some of it wasn't as good.

Sunsetting All Reclamation Instructions May Have Gone a Little Too Far

I think the complete sunsetting of all of Reclamation instructions may have gone a little too far, you know. We probably should have been a little more selective in, in how we did that. And I think the other, the other problem, I think, with Dan was that he was so distrusted by the water and power community that it, he made, he made it very difficult. I mean Reclamation, quite frankly, was in trouble as an organization as a result of the, the poor relationship between Dan and the water and power community. I think we, we got away from our roots and quite frankly there aren't any other supporters of the Reclamation program out there in the long-term ***other than*** those water and power roots that we have. And every year, you know, when Dan Beard was Commissioner, and for several years after, we would get language in the Appropriation Reports asking Reclamation to explain why it ought to continue to be an agency, that maybe the time for Reclamation had sunsetted. And we had a ***lot*** of our water and power constituents who were so distrustful of Dan Beard that they became distrustful of the Bureau of Reclamation, and there was a lot of thinking out there was, "Well, maybe we don't need the Bureau of Reclamation anymore." And, I think that from that standpoint Dan, Dan was, that was not good for the Bureau to have that.

So, I think some of the things that Dan did were good. I think it got the agency organized in a way that fit its newer mission, even though it had already defined its, its newer mission as water management. And, you know, I think those made us more efficient. I really liked the idea of empowering the Area Offices and the regions to do more of the work. I think that was great. I think he probably went too far with the sunsetting of all the regulations, and I think he drove this, a wedge between Reclamation and its traditional constituents, and I think that created real political problems for the organization. (Storey: Hmm.) So, that's my take on Dan. I think he was good and bad.

Storey: You know we, I remember you had me come to that N-W-R-A [National Water Resources Association] meeting in Salt Lake, where the Commissioner went from room to room meeting the different constituents. Did Dan do that too?

Johnson: No, Dan didn't do that. Dan did not even ***attend, I don't think***. He broke that tradition. For years, and years, and years the tradition of Commissioners was to meet with, at the National Water Resources Association meeting, to meet with anybody that wanted to meet, just to give them an ear, and if they had issues or concerns to hear them out. That had been going on, I think, probably for a hundred years. (Laugh) I don't know how long, but for a very long period of time. And, you know, I think basically Dan just didn't do that, and I think that was viewed as a real snub on Dan's part to the water and power community. (Storey: Hmm.) And, there were a lot of policies, you know, quite frankly, that Dan was bringing to the table, shortening the terms for water service contracts. You know, Reclamation's law and tradition was a forty or fifty-year contract. Dan wanted to cut those back to twenty-five years. I think that was very controversial. You know, other policies that he implemented that tended to be more environmental in their orientation. I think all of those things, to some extent . . . caused our traditional constituents to not trust us anymore.

Storey: Um-hmm. What about international affairs with Dan?

Johnson: Well, you know, one of the things that–I mean, I don't know a ***lot***. I wasn't involved in any of that in any detail while Dan was Commissioner. I do know that he would not support Reclamation's involvement in the Three Gorges Dam. I think China was interested in having us come and provide some engineering support for that, and I think Dan, because of, I think it was kind of an environmental statement. I think because it ***was*** an environmentally sensitive project I think Dan did not want Reclamation engineers, you know, involved in, in the project. So, certainly from ***that*** standpoint he kind of cut off Reclamation's traditional role in providing engineering support and assistance in other countries when other countries were asking for it.

Storey: And, do you see any effects of that as Commissioner now?

Johnson: Well, I don't know. I don't know that I would say that what we have today is a carryover from, from Dan Beard. Certainly, we had Eluid Martinez and John Keys between Dan and now, and what, eight or ten years now since Dan? Maybe more than that.

Storey: Yeah. Thirteen, I think.

Johnson: To say that Dan had a permanent forever impact on our Foreign Activities, I don't think that's the case.

Storey: What about Eluid Martinez?

Eluid Martinez Helped Rebuild Reclamation's Traditional Constituency

Johnson: Well, let me tell you what I think about Eluid. I think that Eluid brought Reclamation back to its roots, and I think that Eluid took very seriously the reaction of the Reclamation constituency to Dan. I think Eluid sensed that Reclamation ***was*** in trouble. I think Eluid was very concerned about what the appropriation reports were saying every year about Reclamation. And, I think Eluid felt like it was his job to reestablish the relationship between Reclamation and the water and power community. And, I think Eluid performed a tremendous service for the Bureau of Reclamation by doing that. He ***immediately*** went out. He began interacting with the N-W-R-A. He reinstituted the Commissioner's meetings with the N-W-R-A and all of the water users that wanted to meet with him. He went to all the N-W-R-A activities, made presentations, reached out, got out to ***all*** the regions, visited with water users, and drew on his background as a state engineer, a state water engineer, to help build some trust back. (Storey: Um-hmm.) To say, "Hey, look, I'm from the West. I'm a water, state water engineer. I understand western water issues and, you know, we understand the importance of the relationship between Reclamation and the water and power community." So, I think Eluid did a really good job of rebuilding the relationship between, between Reclamation and its constituents.

Eluid Martinez Tells a Folk Tale about a Tree That Wanted to Travel

I remember the first meeting that Eluid had with the–I can't remember what we called ourselves back then, but the senior management team of Reclamation.

Eluid told a story to the group and he said–and this was a story that came from his Spanish heritage in New Mexico. And, there was a story about a tree that was stuck in one place and he saw other people traveling around the world and going here and there, and because he was a tree with roots deep in the ground he couldn't move around. He was just in one place all the time. And his wish, the tree's wish, was to be able to travel around and see the world. And so, the tree's wish was granted and it was able to travel around and see the world and the tree started to do that and the tree died. And the reason why the tree died was because it no longer had its roots. It lost its roots and without its roots it couldn't live. And, the message that Eluid was giving was that Reclamation wouldn't survive if it didn't keep its roots. And so, and that, I remember very vividly him telling that story. And, I think he very much set a tone then. I mean, you know, an organization reacts to the tone of its leader, and certainly I think that there were, you know, a lot of Reclamation staff that were reacting to the tone of Dan Beard when he was Commissioner and that relationship with our constituents was being strained and amplified, you know, with our own staff through Dan. And, Eluid came in and set this new tone that said, "Hey look, we got to, these people are important, and we need to work with them." And so, I think Eluid set a tone that helped get Reclamation back on the right foot with its, with its roots.

Storey: Hmm. What about John Keys?

John Keys as Commissioner

Johnson: I think John Keys was a great Commissioner. I really have been friends with John for a long period of time, and I was–I think everybody in Reclamation was thrilled when he, when it was announced that he was going to be the new Commissioner of Reclamation when the Bush Administration came in. To be real frank, I think that John's time as Commissioner was probably less enjoyable for him than he would have liked it to be. There were some real difficult problems there for John. (Storey: Um-hmm.) But John, ***I think***, did, provide good leadership for Reclamation and supported the traditional role of Reclamation. He understood the people in, in the organization and the organization itself. And so, it was just instinctive for him to rely on the right people and to know where to go when he needed to get something done in the organization. So, I think John was a good Commissioner.

Storey: Good. He had a lot of issues, though? He had Klamath?

Johnson: Um-hmm.

Storey: And the fish die off, pretty much, almost his first year, (Johnson: Um-hmm.) or his second year (Johnson: Um-hmm.) on Klamath, (Johnson: Um-hmm.) and Middle Rio Grande, (Johnson: Um-hmm.) and a lot of those things? (Johnson: Um-hmm.) Do you think he made progress on these?

Difficult Issues like Klamath and the Middle Rio Grande During John Keys's Term as Commissioner

Johnson: Yeah, I do. I think those things got a lot of publicity at the time and created a lot of perception, because they got a lot of press and a lot of interest, and those sorts of

things. But, I think that ***John*** did everything he could to manage those issues in a proactive way. I mean, it was a difficult situation. It was a clash, traditional clash. I mean, you know, a significant drought and not enough water to go around, and he had a conflict between two endangered species. One species needed water held in a lake. Another species needed water released from the lake to go to the downstream salmon. So, there's a conflict just between the species. And then, throw the fact that there's an irrigation district and a lot of farmers in between that also needed water released but they needed to divert it and use it for irrigation rather than sending it downstream to the salmon. And you, there's just a classic clash between the Endangered Species Act and water use, and, you know, traditional water uses. And, you know, I think it was just kind of handed to him. I don't think they had, you know, what happened, they had no ability to control because it was pretty much, it just happened. (Storey: Um-hmm.) I mean, they were just in office when that came, when that came to light. In fact, it was really under a biological opinion that had been put in place by, by the previous Administration. So, it got lots of publicity. I think Reclamation got some, a bad rap over it and I don't think it was, had anything to do with the Commissioner, or how he handled it, or how anybody else handled it. Same thing on Middle Rio Grande. I mean, a drought, very significant drought, and endangered species, and traditional water users. Same kind of conflict.

I think they deserve kudos for trying to get it back on track. I mean, if you look at Middle Rio Grande today, and if you look at Klamath today, we have gotten it back on track. There's been a significant effort, a ***lot*** of ***dollars*** have gone into both of those projects to do things on the ground to protect the species. I mean, in Klamath we've bought a bunch of water rights. We've retired some land so that we can create more water going into the lake. We're removing a dam so we can recreate spawning activity, you know, in the river. (Storey: Um-hmm.) We've done a lot more science to figure out exactly what's happening to the species. The science shows that the fish die off wasn't caused by the operations of Klamath Reservoir. It was coincident. The project got blamed for it in the press and the public, but the science seems to be pretty clear that the releases of water from, from the project had very little to do. The die off occurred right down where the river entered the ocean, and most of the flow there comes from the Trinity River ***not*** from the Klamath River. And, it was a dry cycle on the Klamath River, which had nothing to do with Reclamation, and a series of events, natural events that were occurring, a ***bigger*** than normal influx of salmon and the development of some disease. And, the science that I've heard says that the die off would have occurred anyway and that the releases from the Reclamation project represented less, somewhere around 10 percent of the flows (Storey: Um-hmm.) that were associated with the die off. So, you know, a lot of, a lot of those things were public perception but not facts, (Laugh) (Storey: Um-hmm.) you know, as it related to what Reclamation's doing. I certainly don't think John, John Keys, deserves any credit or any blame, or certainly any blame for what happened there. It happened to occur on his watch, but he doesn't, I mean it was something he really had no control over. And, I think he worked very proactively along with Bennett Raley and everybody else to try to figure out all these other things that you can do to solve the problem and make it go away.

Storey: Now, I know we've talked a lot about the Colorado [River], Imperial, you know, Met and all of that, but what about John Keys's part in all of that, Commissioner Keys's part?

Johnson: Well, I think John was very supportive of that effort, understood its importance, and was supportive of what we were doing. Now, I don't think he was involved in the details of it, because it was something that was being managed in the field and quite frankly it was something that Bennett Raley, the Assistant Secretary, (Storey: Took away?) took a very direct interest in. And so, John did not play a real central role there, but certainly he was supportive of it and deserves, I think, some of the credit for whatever success occurred there.

Storey: Good. Well, last time, in February, in those two interviews, we managed to get ***almost*** this far, where you became Commissioner. (Laugh)

Johnson: Yeah. Yeah.

Storey: So, let's start on my list of questions for being Commissioner.

Johnson: Okay.

Storey: How are relations between Reclamation and the Department of Homeland Security? I mean, let's talk about this whole big issue of [September 11 or, popularly, 9/11] 2001 we had zero budget for security and law enforcement, except at Hoover, basically. Now, we have a big budget, Assistant Commissioner, a Deputy Commissioner, and so on. Could you talk about that whole complex of things, as Commissioner?

Security and Law Enforcement at Reclamation

Johnson: Well, I mean, security has become a very significant concern for Reclamation since 9/11 and we have put a tremendous amount of resources into making sure that we have the proper hardware in place to protect our facilities. We've spent a lot of time and effort to identify their vulnerabilities and to take actions to make sure that those, you know, if they have vulnerabilities, to take actions to ensure that those vulnerabilities are, are eliminated, reduced or eliminated. And, I think we've done a pretty darn good job of doing that, I think. And like I said, we've put a lot, and ***continue*** to put a lot of resources into that. We've spent a lot of money on, not just on hardware on our facilities, but also in terms of guards and surveillance, actually hiring people and security firms to, you know, vigilantly guard our facilities, in many cases, on a twenty-four-hour-a-day basis. And, how that relates to Homeland Security, I mean it's in a very general way. I don't, I don't think I can say I've had a single meeting with anybody from Homeland Security since I became Commissioner. I think we've got an ongoing security program, and we're doing a good job of implementing it, and we're going to continue to do that.

"We do have a controversy with our customers over who pays the bills for the surveillance. John Keys, and I think probably being pushed by the Office of Management and Budget, established a policy that said that, 'We're going to require our project beneficiaries to pay the guards and surveillance component of our security budget as an O-&-M cost.'. . ."

We do have a controversy with our customers over who pays the bills (Laugh)

(Storey: Um-hmm.) for the surveillance. John Keys, and I think probably being pushed by the Office of Management and Budget, established a policy that said that, "We're going to require our project beneficiaries to pay the guards and surveillance component of our security budget as an O-&-M cost." So, it would become just like any other part of operation and maintenance of our Bureau facilities. Those additional costs that we've incurred since 9/11 would become reimbursable (Storey: Um-hmm.) by our water and power customers. And . . .

Storey: As O-&-M costs?

Johnson: As an O-&-M cost.

Storey: So, every year they have to pay the full costs?

Johnson: Right. Right.

Storey: Yeah.

". . . amounts to about $10-$12 million a year. That's just the guards and surveillance costs. And so, that's become a real controversy with our customers. They have very aggressively pursued legislation from Congress to try to get legislation in place that would make those nonreimbursable, or mostly nonreimbursable. . . ."

Johnson: And it amounts to about $10-$12 million a year. That's just the guards and surveillance costs. And so, that's become a real controversy with our customers. They have very aggressively pursued legislation from Congress to try to get legislation in place that would make those nonreimbursable, or mostly nonreimbursable. They have legislation that I think is pending now, and there have been hearings, I think in both the House and the Senate. Basically, it models the reimbursability after the [Reclamation] Safety of Dams Act[51] that basically says ***15*** percent of those costs would be, would be reimbursable. That's the way the safety of dams act is, is written. So, they've been pushing that legislation. I'm sure that we will continue to resist that. It's our, it will continue to be our view that those should be like any other normal O-&-M costs and it should be reimbursable. And that's ~~; that's driven, that's~~ created a conflict between us and the water and power [useers]. There's much ado about it.

Storey: So that's Administration policy?

Johnson: That's Administration policy, (Storey: Yeah.) yes. So, I mean that's kind of been one of the outfalls. But, you know, ***certainly*** security is a bigger, it's a bigger part of Reclamation's mindset, and appropriately so, and I think that'll continue to be the case.

Storey: Hmm. Interesting. One of the projects that's out there that . . . seems to be stalled or something is the Navajo Indian Irrigation Project?

51. Referring to the Reclamation Safety of Dams Act of 1978". (92 Stat. 2471; 43 U.S.C. §506)

Navajo Indian Irrigation Project

Johnson: Um-hmm.

Storey: Have you had any contact with that project and what's going on there?

Johnson: This is the, that's actually a Bureau of Indian Affairs project that Reclamation has done the construction for, (Storey: Right.) and that, construction on that has been going on since the 1970s. And, I think it calls for somewhere in the neighborhood of ~~a hundred to a hundred and ten thousand acres of developing,~~ developing a hundred to a hundred and ten thousand acres of farmland on the Navajo Indian Reservation. That's water supply that would be served out of Navajo Dam on the [San Juan River.] . . .

END SIDE 1, TAPE 1. AUGUST 21, 2007.
BEGIN SIDE 2, TAPE 1. AUGUST 21, 2007.

Storey: That would be served by Navajo Dam?

Johnson: Yeah, Navajo Dam. And, you know, quite frankly we have been, I think, very successful with B-I-A [Bureau of Indian Affairs] at getting that project constructed. My understanding is that there's about 70,000 acres that are now under production on the Navajo Reservation because of that project. There's about 30,000 left to be developed. Those are just ballpark numbers. It's really a B-I-A project. Reclamation provides no funding for that project. Our Farmington Construction Office has done the construction ***for*** B-I-A. So, all of the engineering and construction has been done by us but it's not something that we funded. I think we've done a very good job of providing an engineering service to see that that project gets constructed based on the funding that B-I-A provides. Now, the B-I-A funding has been diminished and the O-&-M of the project continues to be paid by B-I-A, rather than the Navajos, and that eats into the money that's available to develop more construction. So, construction is moving at a very slow pace at this point in time. But, but I still put that back on B-I-A, you know. That's a B-I-A issue, and completing that project is really a B-I-A responsibility. And, I think Reclamation would be more than happy to continue its role in helping construct the project for B-I-A, but we really, I think, fall back on B-I-A (Storey: Um-hmm.) to make all the decisions and decide how they move forward with that. I don't think that's Reclamation's role.

Storey: So this is, in terms of the O-&-M costs and so on, this would be similar to the Indian water on C-A-P [Central Arizona Project] I guess? That's the responsibility of the Secretary of the Interior?

Indian Tribes and O&M Costs on the CAP

Johnson: In . . . now it is. It, or a portion of it is. Not all of the C-A-P O-&-M is on the, on the Federal Government.

Storey: No, but the Indian part of it?

Johnson: Not ***all*** of the Indian part.

Storey: Oh really?

Johnson: Yeah. (Storey: Interesting.) It depends on, it depends on what Indian tribe and what Indian Settlement Act may have been passed, and what that settlement act provided for. For instance, the Ak-Chin Indian community, which was the ***first*** Indian community to, to get a settlement act got ***all*** of their O-&-M costs paid by the United States. And then ***subsequently***, we, there was a, you know, then came the Tohono O'odham, and then the Salt River Pima-Maricopa, and then the Fort McDowell, and each one of those had a different arrangement, which had lesser and lesser of the O-&-M costs of the project paid by the government. (Storey: Hmm.) Now, the most recent act is the ***Arizona*** Settlements Act that does make a funding source available to pay O-&-M for Indian tribes, but the payment of that O-&-M is only for a component of the O-&-M costs and, and it's the, I think it's just the fixed O-M-&-R costs. The variable–well, I tell you what, I'm, I don't remember the, I'm forgetting the detail, but I mean they're still part of the O-&-M costs on C-A-P that'll be paid by the tribes. And I don't remember if the funding will pay the variable O-&-M or if it's fixed O-&-M. It's one, one or the other. I can't remember. (Storey: Um-hmm.) And then, the tribes will pay the O-&-M on their own distribution system. So, to the extent that there's distribution systems to bring water from the main C-A-P facilities to the tribe, the tribe will pay the O-&-M to maintain their own system. We'll provide ***construction*** dollars to ***construct*** the system, but once it's constructed they'll pay their own O-&-M. So it, and my understanding is on the Navajos that the B-I-A is paying ***all of*** the O-&-M on their facilities. I think it was intended that the Navajo would pay the O-&-M, but that hasn't occurred yet.

Storey: Oh, because it isn't complete?

Johnson: Because it isn't complete. I think that's probably the argument.

Storey: Hmm. Interesting.

Johnson: Yeah.

Storey: What about, I've forgotten the name of the facility, but there's a little dam, a medium sized dam, going in down at the lower end of the Colorado to capture water (Johnson: The Drop 2?) so it won't be wasted?

Drop 2 on the All-American Canal

Johnson: The Drop 2. It's called the Drop 2 Reservoir.

Storey: Yeah.

Johnson: I don't, you know, we ought to come up with a better name than that. (Laugh) But that's . . .

Storey: Floyd Dominy.

Johnson: Huh?

Storey: No. (Laugh)

". . . located . . . Just off Drop 2 of the All-American Canal and it would be a six to eight thousand acre foot regulatory reservoir that would . . . capture . . . spills and store them so they wouldn't be lost. So, it would allow you to regulate the river system more efficiently and save about 60,000 acre feet of water a year. . . ."

Johnson: The Floyd Dominy Reservoir? (Laugh) It's, it would be located at Drop 2 of the All-American Canal. Just off Drop 2 of the All-American Canal and it would be a six to eight thousand acre foot regulatory reservoir that would allow water, because there's occasionally ***spills*** on the Colorado River, whenever those ***spills*** occur this would be able to capture those spills and store them so they wouldn't be lost. So, it would allow you to regulate the river system more efficiently and save about 60,000 acre feet of water a year. Bottom line is, I think that, that project's going to get constructed. I think we're in developing final designs. At the end of '06 Congress put language in the tax bill that ***directed*** the Secretary to, not withstanding any other provision of law, to move forward and get that facility constructed. And, we're constructing it. It'll be funded by the Southern Nevada Water Authority and they will get the temporary use of water supplies created by the project, not a permanent use of the water but a temporary use of the water for a period of time. And, I think the way it's planned right now we'll actually do the construction. So, the water authority will give us the money. We won't appropriate any dollars for it. And, we'll actually construct a fairly long canal that'll take the water out, the spill water out of the All-American Canal at the location where the Coachella Canal branches off. And, I think that canal probably runs for, I don't know, ten or twelve miles, and then, before it drops it into this Drop 2 structure. And then the Drop 2 structure will be able to dump that back into the All-American Canal and be delivered for irrigation within the Imperial Valley.

Storey: So the, Las Vegas is doing a transfer, is that right?

The New Operating Criteria for the Colorado River Allow Southern Nevada to Use Water the Drop 2 Structure Saves from Spilling

Johnson: It's kind of a transfer, but the new, the new operating criteria on the Colorado River, for the ***first time***, is going to allow states and/or water users to fund projects that create new water and then be able to divert that new water and use it from the Colorado River without it being charged against their basic entitlement that's provided for under the law of the river. So, if you, basically what it does is it says, "If a state creates new water, that we will allow that state, we'll account for that water separately in the Colorado River system and allow it to be diverted and used outside of the entitlements that were created by the Supreme Court decree in *Arizona versus California*. And, that's a big breakthrough on the Colorado River, to have that happen. And so, Nevada would ***fund*** that and get that water supply under these new operating criteria that we're putting in place. (Storey: Um-hmm.) We're doing a big EIS [environmental impact statement]. It's the shortage and coordinated management EIS for the Colorado River, and that's one of the pieces, one of the

water management tools that's incorporated into that set of operating criteria.

Storey: And, and this is possible, as I understand it, because sometimes after they order water they have precipitation or something?

How Drop 2 Will Operate in the Colorado River System in the Lower Basin

Johnson: Right. There's no storage. Most of the water in the Lower Basin of the Colorado River is diverted at Imperial Dam. All of the big irrigation diversions, and the diversion for the country of Mexico, occurs there. So, there's somewhere in the neighborhood of four or five million acre feet of water that's diverted down at the very end of the river near Yuma. And, the ***last*** storage point on the Colorado River is Parker Dam. So, you have to release water from Parker Dam and it takes ***three*** days for water from Parker, to travel from Parker Dam to Imperial Dam where the water is diverted for use. Well, a lot of times you'll have an expected demand three days out at Imperial Dam and you'll release water from ***Parker*** Dam to meet that downstream event. Well, during that three-day period things happen. Maybe you'll get a big rainstorm and all of a sudden all of the irrigation demands are reduced. Or, you have side inflows into the Colorado River and you end up with a big slug of water coming down there that you didn't release because of a, a monsoon thunderstorm that occurs. And, what this facility will allow us to do is to capture and store that water, rather than have it be spilled. And so, that's kind of what the, what the facility would do. (Storey: Um-hmm.) You don't need a lot of storage to create quite a lot of water. Because, you'll fill the storage and then as soon as you get it full you'll draw it down so that when the next rainstorm occurs you're ready to capture the new water again.

Storey: You're just not releasing 6,000 acre feet from Parker, (Johnson: Right.) or whatever.

Johnson: And you end up conserving 60,000 acre feet from Parker Dam, that's right, that would have otherwise had to have been released.

Storey: Does this proposed project cause us any issues with Mexico? I know they're really upset about the All-American Canal being lined, and that kind of thing.

Johnson: We have had discussions with Mexico over this. We have Senator Wash Dam that was built for this very purpose (Storey: Um-hmm.) to regulate those flows, and that was built a number of years ago, back in, in fact, back in the 1960s. And, and Senator Wash Dam has dam safety issues with it and there's an operating restriction, and so we're not able to operate Senator Wash Dam at the level that– you know, we've lost about six or seven thousand acre feet of storage in Senator Wash Dam. And, this new storage that we're building really replaces that regulatory storage that we had at Senator Wash. (Storey: Um-hmm.) So our, our, our position with Mexico has been, really all we're doing is we're replacing the storage that we already had at Senator Wash Dam that we can no longer use because we've got these operating restrictions because of dam safety concerns. And, and while Mexico has not come back and said, "Yeah, we agree with that," they really haven't expressed strong opposition to it. I think that Mexico would probably say they're concerned, because to the extent that we ***don't*** make those ***spills***, those spills would go to Mexico. I mean, they would flow in past Morales Dam. Whether or not Mexico would put it to a traditional use or not is of some question, because when those spills occur it's

usually because there's a rainstorm. And, if it's raining in the United States it's probably raining across the border in Mexico. So, Mexico may not have any use for it at that time either. There are environmental issues, because if you don't spill, if you, if you spill the water and Mexico doesn't divert it it ends up in the river and it supports vegetation. So, from an environmental perspective there would be concern about the impacts on the vegetation. But, ***Congress*** directed us to build it, not withstanding any other provision of law. So while we will be sensitive environmentally and look at how we can provide proper mitigation for impacts and that sort of thing, I don't think that, because of that language in the Act, that we would be bound under the ESA [Endangered Species Act] or the NEPA [National Environmental Policy Act] to ***not*** build the dam because of environmental concerns. (Storey: Um-hmm.) So anyway, that's quite a project and it's, I think it's really exciting that we're going to construct it. I think it'll provide a big benefit and it won't require any Federal dollars. It'll be all non-Federally funded. So, it's a pretty interesting and, I think, will be a really very successful project for Reclamation.

Storey: So, tell me how we interact with Mexico on this issue. Is this the I-B-W-C [International Boundary and Water Commission] or . . .?

Reclamation Interaction with the International Boundary and Water Commission

Johnson: Yes. It's with the International Boundary and Water Commission. There's two Commissioners, a U.S. Commissioner and a Mexican Commissioner, and they provide the vehicle for discussion of issues related to the Colorado River. They also deal with ***all*** water and boundary issues on–so, they deal with the Rio Grande, and another river, and they also deal with boundary issues.

Storey: Tijuana?

Johnson: Yeah. And all of those sort, yeah, all, all of, all of the boundary issues they deal with.

Storey: So, how does Reclamation relate to the U.S. Commissioner?

Johnson: Well, any time we, we go through the U.S. Commissioner for any dialogue we have with Mexico on our Colorado River operations. So, each year when we develop the annual operating plan we inform the I-B-W-C Commissioner of what the conditions are on the river and Mexico will then provide, through their Commissioner to our Commissioner, their water order for the year and the schedule of deliveries. I-B-W-C will provide us with that and we will then deliver consistent with those delivery schedules that Mexico provides. If there's changes in delivery schedules needed, Mexico will again go through the Boundary and Water Commission and they will talk to us, and then we will make any modifications to the pattern of deliveries that they may request. So everything just kind of goes through them. They're kind of the diplomatic arm of dealing with the country of Mexico.

Storey: So is that like the International Affairs Office's responsibility? A regional responsibility? Who actually does it in Reclamation?

Johnson: In the case of the Colorado River it's the Regional Director of the Lower Colorado

Region that really serves in that interface.

Storey: So, he would be talking to the I-B-W-C Commissioner?

Johnson: Right.

Storey: Okay.

Johnson: And, through the staff in the Lower Colorado Region, the Yuma Office and the office in Boulder City that does all the river operation activities. Now, that's not to say there isn't, on a working level, direct communication with Mexico. Our Yuma Office has working meetings with Mexican water interests. I think they have a regular meeting every two weeks to talk about river operations and water deliveries, and, but I-B-W-C is present. There's also an I-B-W-C Office in Yuma, (Storey: Um-hmm.) so our staff with Yuma gets together with U.S. I-B-W-C staff in Yuma and ***Mexican*** I-B-W-C staff, and then also the National Water Commission, you know, our counterpart, the Reclamation counterpart in Mexico, to go over the practical details of managing the delivery of water to Mexico. So, I mean there's a, there's an informal framework there and then there's this more formal documented framework that occurs when you have to deal with big issues. (Storey: Um-hmm.) So, if you have to deal with big issues then you'll have the Regional Director and the Commissioner. Or, you may have the Commissioner of Reclamation occasionally. I know it was our practice with both Eluid and John Keys to periodically have meetings with the two I-B-W-C Commissioners and the Reclamation Commissioner to talk from a very broad kind of a operational perspective on issues.

Storey: Good. Well, we're sort of close to another issue that I keep looking at and that's Ciénega de Santa Clara. Has anything happened while you've been Commissioner?

Ciénega de Santa Clara and Test Operation of the Yuma Desalting Plant

Johnson: Yeah. We've done a, a test operation of the Yuma Desalting Plant. We operated the plant this past spring for ninety days at one-tenth capacity to test out how well the plant operates, and what it will cost, and then also to monitor the impacts that operation of the plant might have on the Ciénega de Santa Clara. The Ciénega de Santa Clara is the wetland that is created by the drainage bypass (Storey: Um-hmm.) from Wellton-Mohawk. And, the desalting plant, if you, was built to desalt the drainage bypass. And, if you desalt the drainage bypass and then instead of that water going down to Mexico into the ciénega, the wetland, you're desalting the water and putting it back in the river, and then you put the brine back in the drainage canal and you just send less and saltier water to the, to the wetland down in Mexico. And so, that issue is still there. And you know we have not made decisions on operating the plant. I mean, this was just a test operation to get a better handle on what it will cost and try to get a better, you know, monitor the ciénega during the operation and see if there are any impacts. We're doing a longer-term study that's looking at how we can replace that bypass flow. Operating the desalting plant is one option, but we're also looking at other options, like desalting groundwater rather than drainage water, not operating the desalting plant but buying water from farmers through forbearance agreements. And the plan is, in about a year to put together a report that would document the best way of replacing the bypass flows. So, that whole effort is

still underway.

Storey: Good. I understand there's quite, well I gather there's a, a bit of pressure being applied, because the Upper Basin states want to save the, whatever it is, [hundred] thousand acre feet, and the environmentalists, of course don't like it?

Johnson: Right. Well . . .

Storey: What's a forbearance agreement? Does that mean you forbear raising crops on your land?

Johnson: Right. Right. We would ***pay*** farmers to voluntarily ***not*** divert and use irrigation water. And that, in essence then, would leave more water in storage and would offset any losses that are occurring by the drainage bypass. Certainly, the Colorado River Basin states are all, have all pressed the Bureau to operate the plant. And, they think–and they're correct–that we have an obligation to replace that bypass flow. But, because of the environmental issue ***and*** because of the cost issues, because operating the plant is very expensive, we just haven't been able to operate it, and they're not happy with that. And, they've pressed back on us on that and want us to operate. We've initiated this study with the idea of trying to come up with an approach to seeing if we can't do something that's more economical. We think we can pay farmers to forebear in their water use at a considerably less cost than what it would cost to operate the desalting plant. And so this study, we've actually done a demo with Palo Verde Irrigation District over this last year to pay them to forbear, and we're going to do another one this coming year. So, we're trying to actually demonstrate, you know, can we do it, you know, how much will farmers accept? And, and my guess is when the study's all said and done we'll be showing that we can probably do forbearance less expensive than operating the plant, and ***certainly*** with less environmental impacts, because if you don't operate the plant you don't have any effect on the wetland. Nevertheless, there's a lot of interest.

". . . there's actually talk of having Southern Nevada and/or Metropolitan Water District in southern California pay to operate the [Yuma Desalting] plant in exchange for getting to use some of the water. . . ."

The states will still press (Laugh) to see the plant operated, and there's actually talk of having Southern Nevada and/or Metropolitan Water District in southern California pay to operate the plant in exchange for (Storey: Water?) getting to use some of the water. So, that's, that's actually being talked about. Certainly, if they're willing to pay the ***costs***, that takes away the cost part of the equation that ***we're concerned*** about, and then we're just left with the environmental concern about the ciénega. And, my guess is if they did pay they wouldn't, we would not operate it at full capacity. We would operate it at partial capacity. And, if you're only operating at partial capacity your impacts on the ciénega are certainly a lot less, (Storey: Um-hmm.) because there's still a lot of drainage flow that's going down there. So, if you operate it at a third, you'd be taking 30,000 acre feet out of 100,000 acre feet. So, you'd still have 70,000 acre feet going to the ciénega, and that may not be enough to have significant impacts.

Storey: I'm wondering if I have been operating under a misconception. Is the desalting plant to desalt just the drainage or is it also to be able to desalt the river?

The Desalting Plant Is Not Designed to Desalt the River, but it Could Be Used to Desalt Groundwater

Johnson: No, just the drainage. (Storey: Uh-huh.) It's not intended to desalt the river. What it could do, as an alternative–I mentioned groundwater earlier?

Storey: Yeah?

"There is a . . . *big* groundwater mound under Yuma, under the Yuma Valley, and we actually have to run drainage pumps because that groundwater basin actually will impact crops and even impact urban areas. . . ."

Johnson: There is a groundwater basin, a ***big*** groundwater mound under Yuma, under the Yuma Valley, and we actually have to run drainage pumps because that groundwater basin actually will impact crops and even impact urban areas. People get their basements filled with water. So, we have a fairly extensive drainage, groundwater drainage system in the Yuma Valley to pump that groundwater and put it back in, in the river. And, in addition to that, on the other side of the border, Mexico's pumping like crazy and they're sucking that water under the river and under the border for use in Mexico. And, there's no treaty that defines the, you know, pumping or limitations on pumping. So, so the thought is that that groundwater ~~is, does have, it is, it~~ does have some quality issues. It runs somewhere around 1,500 parts per million, and we can't put a lot of water with that quality back into the river. If we do, we won't be able to meet our delivery, our water quality delivery obligation to Mexico. But, what you could do is, you could pump that water, desalt it, and put it back into the river and, and then ***not*** do the drainage water from Wellton-Mohawk, but just do Yuma Valley groundwater. Because it is groundwater it doesn't have the same amount of–what's the right word–nutrients in it.

Storey: Mineralization? Whatever.

Johnson: Yeah, you know, the nitrogen, and algae, and all that that grows in that drainage water from Wellton-Mohawk.

Storey: Oh, I see. Yeah.

". . . Wellton-Mohawk drainage water . . . very expensive to treat that water *just* so you can run it through the desalting plant. That's one of the biggest expenses of the Yuma Desalting Plant, is buying the lime, and the chlorine, and everything else, and then running it through the filters in order to get that water in a good enough shape that you can even run it through the desalting plant. . . ."

Johnson: And, the Wellton-Mohawk drainage water, because all, there's all those nutrients in it, we got to treat, it's very expensive to treat that water ***just*** so you can run it through the desalting plant. That's one of the biggest expenses of the Yuma Desalting Plant, is buying the lime, and the chlorine, and everything else, and then running it through the filters in order to get that water in a good enough shape that you can even run it

through the desalting plant. Well, this groundwater that you pump is ***naturally*** filtered by the ground and it doesn't ***have*** any of that stuff in it that the Wellton-Mohawk drainage water (Storey: Um-hmm.) has. So, when you pump that out all you got to do is run it through. You might have to do a little treatment to it, but a ***minimal*** amount of treatment, and then you just run it through the desalting plant. So, it would be quite a bit less expensive to desalt than the drainage water would. The only problem is you've got to build an infrastructure to get it to the desalting plant. (Storey: Um-hmm.) So, you'd have to collect it and build the infrastructure to get it to the desalting plant, and that's, that's the downside of it. But, once you get it to the desalting plant it's a lot, it's a lot cheaper to clean up. And so, that's one of the options that's being looked at in this study.

Storey: That's very interesting.

Johnson: Um-hmm.

Storey: So, if I'm understanding this correctly, the Wellton, the drainage from Wellton-Mohawk was basically pushing the river over the salinity levels that were acceptable for Mexico?

Johnson: Right.

Storey: And, if I'm recalling correctly, we are title transferring Wellton-Mohawk, (Johnson: Yes.) or we already have?

Johnson: I think we're very close. We've done part of it and I think we're finishing the rest, yeah.

Storey: And so, do we have some mechanism in place to deal with the water quality issues off Wellton-Mohawk?

Johnson: Yeah. It's being bypassed. That's the whole thing, is the drainage water from Wellton-Mohawk no longer goes back in the river, so it doesn't have any impact on quality of water delivered to Mexico.

Storey: But if ultimately we are forced, for some reason, to treat that water, and Wellton-Mohawk is increasing the salinity somehow, then it just increases our problem?

Johnson: Yeah, not, not, not quite. Originally, the drainage water from Wellton-Mohawk, when the project was completed in the 1960s, it's very salty soil and so all the drainage water that came out of Wellton-Mohawk went into the Gila River, and the Gila River ***drained*** Wellton-Mohawk.

Storey: Into the Colorado?

Johnson: Yeah. And then the Gila River would bring that water down into the Colorado ***just*** above the point where we would deliver water to Mexico. So, all this salty drainage water came, and it ***got*** in the Colorado River and it fouled the quality that we were delivering to Mexico. (Storey: Uh-huh.) Mexico complained and we ***fixed*** that

problem. And the way we fixed that problem is we built a concrete drain that takes that drainage water and doesn't allow it to go into the Gila, but it's this drain ditch and it parallels the Gila. It's a lined drainage ditch that parallels the Gila River. It brings the water all the way down from Wellton-Mohawk, about thirty miles, to the Yuma Valley, then it parallels the Colorado River and it doesn't allow any of that drain water to get back into the river. It parallels. It goes all the way into Mexico, all the way down to ***almost*** the Gulf of California and it just dumps the water out down there in the Mexican desert. And, that Mexican desert, because we've been doing that for thirty years now, has become a (Storey: Um-hmm.) 14,000 acre foot wetland. (Laugh) (Storey: Yeah.)

"So, we *solved* the water quality problem with Mexico, but we did that at the expense of the water supply to the Colorado River Basin states. Because, that drainage water was *returning* to the river and it was being *used* to meet Mexico's million and a half acre foot obligation. . . . we now have to release another 100,000 acre feet from storage in order to meet our obligation to Mexico. . . ."

So, we ***solved*** the water quality problem with Mexico, but we did that at the expense of the water supply to the Colorado River Basin states. Because, that drainage water was ***returning*** to the river and it was being ***used*** to meet Mexico's million and a half acre foot obligation.

Storey: About 100,000 a year?

Johnson: About 100,000 acre feet a year. When we bypassed and no longer put that back in the river, we now have to release another 100,000 acre feet from storage in order to meet our obligation to Mexico. So, what happened is, when all that . . .

END SIDE 2, TAPE 1. AUGUST 21, 2007.
BEGIN SIDE 1, TAPE 2. AUGUST 21, 2007.

Storey: This is tape two of an interview by Brit Storey, with Commissioner Robert W. Johnson, Bob Johnson, on August the 21st, 2007.

Johnson: The Colorado.

Storey: The basin states?

". . . that's why the basin states are so interested in seeing the [Yuma Desalting] plant operated, is because it creates more water supply and leaves more water supply in storage on the Colorado River system. . . ."

Johnson: Yeah. The Colorado River Basin states objected to, to the plan, saying that, "It's going to cost us water." So, what happened then is, the result was that the United States said, "All right, we'll build a desalting plant to capture that drainage water and put it ***back*** in the river so that you don't have to release that extra water from storage." And so, that's what the desalting plant was built for, was to ***save*** that water for use in the United States. It's not built–the problem with Mexico was solved by the bypass, and the ***desalting*** plant was really built to ***recover*** that water, to put it back in the river to protect water uses in the United States. And so, that's why the

basin states are so interested in seeing the plant operated, is because it creates more water supply and leaves more water supply in storage on the Colorado River system.

Storey: Yeah. But if somehow Wellton-Mohawk increases the salinity or something, and as you've said the states are going to continue to press for treatment of that water, doesn't that increase our problems in dealing with the drainage water?

Johnson: Hmm. Not really. I mean, an increase in salinity probably wouldn't be that big of a problem. I don't think it's that much harder to clean up water that's a little more salty. Where Wellton-Mohawk could create more problems is if the volume of their drainage water went up. So if instead of 100,000 acre feet all of a sudden their drainage pumping went up to 150,000 acre feet, then we would be obligated to replace, to desalt 150,000 acre feet and that would be a lot more expensive. So, the salinity wouldn't so much be a problem as the volume of the drainage water. (Storey: Um-hmm.) As a ***practical matter***, I don't think that's going to happen. The drainage, I think that there's a, the, I think the soils in Wellton have reached a salt balance and the amount of water going through, and the amount of salt going through, and the amount of drainage water required to keep the salts at a level that you can grow crops, I mean I think all that's reached an equilibrium, (Storey: Um-hmm.) and so I don't think there's any anticipation that there's going to be any need. And, Wellton's limited on the number of acres it can serve. It's not going to expand its irrigation boundaries or its irrigation land. So, I don't think it's, I don't think it's a legitimate concern that they would increase the volume.

Storey: Oh. Okay.

Johnson: Uh-huh. I don't think that's a big issue. I think they'll be pretty stable on what their drainage water is.

Storey: Let's move to another river, the Rio Grande. (Johnson: Um-hmm.) A year or so ago, I think, maybe two years ago I was reading stories about Mexico not honoring its water obligations out of whatever that state is below the border there.

Issue about Mexico Not Meeting its Treaty Obligation to Deliver Tributary Water on the Lower Rio Grande

Johnson: Mexico, or out of (Storey: Yeah. Mexico.) the Mexican border? Yeah. There's a piece of the river that flows north from Mexico, on the Rio Grande.

Storey: Yeah, one of the tributaries?

Johnson: One of the tributaries. I forgot which one.

Storey: I think, though, that's below all of our dams. But, do you have any idea if it affects our operation of the dams upstream?

Johnson: No. I think that, that issue is independent of our operation of the Rio Grande. You know, (Storey: Um-hmm.) we have our dams and we have a treaty with Mexico on the delivery of Rio Grande water.

Storey: Yeah. Down near El Paso, I think.

The United States Has Always Met its Obligation to Mexico above El Paso on the Rio Grande

Johnson: Down near El Paso. And, we have ***always*** met our obligation to Mexico under that part of the treaty. Just like we've always met our obligation to Mexico on the Colorado River, we've always met our obligation to Mexico under that, under the treaty, that where we have Rio Grande water coming down. (Storey: Um-hmm.) The, on the other side of the river, one of the tributaries from, that originates in Mexico that flows into the Rio Grande, Mexico has control of, and Mexico is obligated to release a certain amount for water use in Texas. (Storey: Um-hmm.) And apparently, and I, I don't, I have not had any direct involvement in this issue at all so I'm not very knowledgeable.

". . . Mexico has not delivered water to Texas in amounts that the Texans feel meets Mexico's obligation to deliver water to them. So, there's been quite a controversy on the Rio Grande, on the piece of the Rio Grande River that originates in the country of Mexico. Because Mexico has not operated their reservoirs in a way that honors the treaty. . . ."

I do know that Mexico has not delivered water to Texas in amounts that the Texans feel meets Mexico's obligation to deliver water to them. So, there's been quite a controversy on the Rio Grande, on the piece of the Rio Grande River that originates in the country of Mexico. Because Mexico has not operated their reservoirs in a way that honors the treaty. (Storey: Right.) We ***have***, on our side of the border, always operated, operated our reservoirs on both the Rio Grande and the Colorado in a way that honors the treaty. We've always met our obligation. But, on this one piece of the river that Mexico controls, at least, the water users in the United States maintain that the obligation under the treaty has not been honored by Mexico. (Storey: Um-hmm.) And, that's been very controversial. And, what's happened is is that Texans have called for retaliation on the Colorado River and, I don't know, probably on the portion of the Rio Grande that ***we*** manage, and we've been very reluctant, you know, I mean, we have resisted that. It's been our view that it's not a good idea to let problems in one area somehow define what your actions are in another area are. (Storey: Um-hmm.) So, we've, we've resisted that pretty strongly, and I think I-B-W-C has too. So, there has been that issue down there, and I'm not intimately familiar with exactly what the details are on that controversy.

Storey: Hmm. Interesting. Well, one of the other foreign countries that we might talk about is Las Vegas reaching north into Nevada. (Laugh) I don't know whether you knew that I have a guy doing oral history on the Newlands Project?

Johnson: No, I didn't know that.

Storey: And, he's been working there for quite a while now, probably since '94 or something, trying to get an all-around picture of the project. And, what we've been waiting for is the completion of the Truckee River Operating Agreement. But, when I met with him in May he was telling me that the people on the Newlands Project are getting very nervous about Las Vegas' plans to the north, (Laugh) and I'm wondering if

we're involved in that at all, or if you as Commissioner are involved at all?

In Spite of Concerns Expressed on the Newlands Project, That Area Is Very Far North of the Area Where Southern Nevada Water Authority Is Hoping to Develop Groundwater

Johnson: No. Very minimally. And, there is a, you now, it's really interesting. That area, the Newlands Project and all of the, you know, the Truckee River, and the ***Humboldt*** River that flows out of eastern, northeastern Nevada, those are ***all very***, ***very*** far north of where Las Vegas is talking about getting groundwater from. (Storey: Um-hmm.) Las Vegas is focusing on Lincoln and White Pine counties, which is ***really southern*** Nevada, and maybe getting close to parts of Central Nevada. But, I would say that there's probably at least a couple of hundred miles of distance, maybe more, between the Newlands Project and the Humboldt Project in northern Nevada, and the points where southern Nevada is looking to develop groundwater supplies and pipe it down to southern Nevada. So, I think northern Nevada's concerns, at this point in time, are premature, that Las Vegas is not looking at water supplies that are that far north in Nevada.

Las Vegas (Southern Nevada Water Authority) is ". . . focusing primarily on groundwater that's been unappropriated by the state of Nevada. . . ."

They're, they're focusing primarily on groundwater that's been unappropriated by the state of Nevada. The state of Nevada has groundwater resources that are controlled by the state engineer.

". . . Nevada controls its groundwater about as good as most other states control their surface water. It's an appropriation, first-in-right, first-in-use, you know, traditional western water appropriation system under Nevada law. The state engineer very carefully *only* appropriates safe yield. . . ."

In fact, Nevada controls its groundwater about as good as most other states control their surface water. It's an appropriation, first-in-right, first-in-use, you know, traditional western water (Storey: Um-hmm.) appropriation system under Nevada law. The state engineer very carefully ***only*** appropriates safe yield.

". . . the water authority has basically applied for permits for safe yield in these areas of southern Nevada. . . ."

He doesn't allow anything more than safe yield to be tapped, and the water authority has basically applied for permits for safe yield in these areas of southern Nevada.

". . . it's very controversial. . . . The real controversy . . . has been the Federal agencies . . . Great Basin National Park . . . National Wildlife Refuge areas . . . So, they've got to deal with the Fish and Wildlife Service, the Park Service, and then they've got to get right of way from the Bureau of Land Management in order to move that water into Las Vegas. . . ."

Now, it's very controversial. It's not like they're putting rural communities

out of business, or anything like that. It's groundwater that's there that's not currently being used, and that southern Nevada has a ***right*** to apply to the state engineer for permits to put the water to use, and they have done that. They have entered into those agreements. Now obviously, it's controversial and those small communities up there say, you know, "You're stealing our lifeblood, you know. We may need that water at some point in the future." I think Las Vegas has said, "Look, we'll compensate you. We'll work with you to, you know, make water available if you do have growth." You know, I think Las Vegas has put out a friendly hand, but nevertheless it's just the fear factor and the emotion of it all. The real controversy with, with Las Vegas has been the Federal agencies, because you've got a national park that, the Great Basin National Park, that lies over some of this groundwater basin. That's up around Ely and White Pine County. You've got some National Wildlife Refuge areas where those groundwater basins, there's some concern that pumping that groundwater might affect springs that serve some wildlife refuge areas. And then, you've got Lake Mead National Recreation Area, which is also part of the Park Service, where that pumping could affect groundwater levels under the park. So, you've got the Fish and Wildlife Service and the National Park Service, actually objecting to the state engineer on issuing those permits because of the impact on Federal resources.

And ***then***, what Nevada's got to do in order to get that water is they got to build a pipeline to Las Vegas, and 95 percent of the land in Nevada is Federal land that's managed by the Bureau of Land Management. So, they've got to get right-of-way permission. So, they've got to deal with the Fish and Wildlife Service, the Park Service, and then they've got to get right of way from the Bureau of Land Management in order to move that water into Las Vegas. And, that's where all of the interaction between the Department of Interior and Las Vegas is on that groundwater. It's ***not*** Bureau of Reclamation water. It's not a Bureau of Reclamation project, and the Bureau of Reclamation does not have a direct role in, in that activity. Now, now if they went to the Newlands Project or they went to the Humboldt Project then we would have a role because it's a Federal project, and we'd have to get involved. But, at this point we really don't have a direct involvement.

Storey: Yeah. I guess it just goes to show, no matter where you touch water somebody's going to get upset and nervous. (Laugh)

". . . in White Pine County, there's an interstate issue because that groundwater basin . . . stretches over into Utah. So, you've got the state of Utah objecting, that if Nevada pumps that groundwater it's going to affect groundwater users in Utah . . ."

Johnson: Right. Well, and the issue, the one in White Pine County, there's an interstate issue because that groundwater basin, you know, stretches over into Utah. So, you've got the state of Utah objecting, that if Nevada pumps that groundwater it's going to affect groundwater users in Utah, and that's been a real sore point for southern Nevada to try to get that resolved. And, I think there's actually, Utah was successful in getting some language in an act somewhere that says that Nevada has to negotiate an agreement with Utah on the use of that groundwater in that basin before Nevada can move forward and start transporting the water. And so, that's created a real–and Utah has not been very forthcoming, I understand, in negotiating a resolution of that with

Las Vegas. (Storey: Right.) And so, that's created some real friction between Utah and Nevada.

Storey: Hmm. Good. What about Las Vegas? You know, you keep hearing these concepts like maybe they would build for Met a desalting plant and trade water out of the aqueduct, and that kind of thing. Is anything going on that you're aware of?

Issues Involved in Southern Nevada Desalting Seawater to Do a Water Exchange with California

Johnson: I think that concept, again, would be accommodated in this new management criteria that we're putting together for the Colorado River. (Storey: Um-hmm.) That rule, that set of guidelines is being written in a way that would accommodate those types of exchanges. It's certainly on everybody's mind. The problem with doing that in California, with Met, with Metropolitan Water District in Los Angeles, is that in California there's a ***huge*** hurdle to overcome to build large-scale desalinization plants, and that's called the California Coastal Commission, and they have to approve any activity on any of the California coasts. And building large desalinization plants carries with it quite a lot of environmental controversy, primarily around the discharge of the brine from the, from the desalinization process. And quite frankly, California has not gotten to the point where even California water agencies can do desalinization on the coast, let alone having California do desalinization on the coast for Nevada.

". . . water people in California . . . will tell you that . . . Desal . . . for southern California, *will* happen. It's just a matter of time. But *until* it starts happening, for California's own use, there's not much of an opportunity for Nevada to be doing that. . . ."

I think, you know, if you talk to the water people in California they will, they will tell you that it ***will*** happen. Desal in California, for southern California, ***will*** happen. It's just a matter of time. But ***until*** it starts happening, for California's own use, there's not much of an opportunity for Nevada to be doing that.

". . . where *I* think there may be more possibility would be for Nevada to do desalinization with the country of Mexico. . . ."

Now, where ***I*** think there may be more possibility would be for Nevada to do desalinization with the country of Mexico. You can do the same thing with Mexico that you just described with the Metropolitan Water District. We deliver a million and a half acre feet to Mexico every year on the Colorado River. Part of that water is delivered to Tijuana. You could build a desalinization plant in Tijuana and take the water that would otherwise go to Tijuana and let Las Vegas have it.

Storey: Part of the water from the Colorado River Aqueduct?

Johnson: No.

Storey: The San Diego Aqueduct?

Johnson: Nope. It's not San Diego.

Storey: Neither of those even?

Johnson: Mexico has its own water system that gets water all the way over to Tijuana. There's a, there's a, the . . .

Storey: Oh. Oh, from south of the . . .

Johnson: From south of the border.

Storey: Oh, part of the one and a half million?

Johnson: Right.

Storey: Oh, I see.

Johnson: Where that water crosses the border, (Storey: Right.) it delivers water to Mexicali, to the Mexicali Valley for irrigation, and then there's actually a pipeline that takes the water from Mexicali all the way over into Tijuana. So, you could build a desalting plant, ocean desalting plant in Tijuana. You don't have a California Coastal Commission to deal with. It would be ***very high quality*** water that would be a ***huge*** benefit to the City of Tijuana, and you could do an exchange. You could do the same thing in, in the Mexicali Valley.

"You could take drainage water in the Mexicali Valley that's too salty for irrigation, desalt it, deliver it back to irrigation or back to use in the city of Mexicali, and . . . reduce the delivery at the border and allow Nevada to have it upstream. . . ."

You could take drainage water in the Mexicali Valley that's too salty for irrigation, desalt it, deliver it back to irrigation or back to use in the city of Mexicali, and allow Nevada to divert that water, you know, and reduce the delivery at the border and allow Nevada to have it upstream. ***I think*** that there's a real possibility that those kinds of arrangements could, could be put in place, and in fact we're going to be negotiating discussions with Mexico in the very near future to talk about those kinds of concepts. In fact, there was a joint communiqué that was recently released by the two countries. I attended a meeting between Secretary [Dirk] Kempthorne and the ambassador, the U.S. Ambassador from Mexico, where we talked in very general terms about the two agencies cooperating in our management of the Colorado River system, and that's ***one*** of the things that's on the list to talk about. So, I think there's a possibility. So, the short answer to your question, after all that rambling around is (Storey: No, that's great.) yes, I think those kinds of solutions for Nevada are out there and probably will occur. Can they be implemented tomorrow? No. But, in time I think they will.

Storey: Good. Hmm. Was one of the other topics of discussion lining the All-American Canal, by chance? (Laugh)

Johnson: No.

Storey: Or is that something that's moved to a different arena?

Lining of the All-American Canal Is Progressing

Johnson: We have told Mexico that that is off the table. Congress has given us direction. Same language on the All-American Canal that I talked about on the Drop 2 storage facility. (Storey: Um-hmm.) Congress put language, last year, that said, "The Secretary ***is directed*** to line the All-American Canal without regard to any other provision of law." And, we were in court with . . .

Storey: Several times, I think?

Johnson: Yeah. With, with a Federal judge, with the Ninth Circuit. We had a judge in Nevada uphold our position, that we had complied with all the environmental laws, but it had been appealed to the Ninth Circuit. The Ninth Circuit had issued an injunction stopping us from lining the canal while they considered the case. And while they were considering the case, Congress passed this law directing the Secretary to line the canal without regard to any other provisions of law. When that was presented to the Ninth Circuit, the Ninth Circuit lifted the injunction and dismissed the case. Said, "Clear direction from Congress. Line the canal."

Construction on the canal was initiated about two months ago and they're moving dirt and lining the canal as we speak. So, that is no longer an option–to talk about not lining the canal. There was an effort, just before the construction actually started, on San Diego's part and to some degree on our part, to offer the alternative to Mexico that, that we would ***not*** line the canal if they would make the water available at the border. In other words, we would leave the canal unlined, the groundwater would continue to flow into the Mexicali Valley, they would still get that water from the seepage, but then they'd give it up at the north boundary so that it could meet the uses in the United States, and we would, and then we would give them money. The money that we would spend on lining the canal, since we wouldn't be lining, we could ***give*** to Mexico and then they could use that to develop water supplies to offset the loss. And, we actually did some outreach to Mexico to suggest an alternative along those lines and Mexico didn't really respond. They just kind of sat on it. And then, after the court ruled and we started construction Mexico came to us and said, "Oh gee, we would like to consider that idea." (Laugh) You know, we'd kind of offered it to them, they didn't take it, and then when the court ruled they came back and said–well at that point we had initiated construction, and to ***stop*** construction would have cost $50-, $60 million. And so, at that point we explained to Mexico, you know, "It's too late now. You know, that was an option that we could have considered a couple of months ago, but now that we've started construction it's, it's like a, you know," we started . . .

Storey: They wanted both?

Johnson: Uh-huh. Well they, I guess they probably thought that they might have some chance of prevailing in the court on stopping the project, but I don't know. So anyway, now in this meeting that occurred between the Secretary and the Ambassador of Mexico, one of the things the Secretary made very clear is, "Look, we're lining the canal. It's

a done deal. Can't do anything about that. Construction's started. We're doing it. That doesn't mean that there isn't opportunity for us to cooperate in lots of ways on the Colorado River, and we're willing to work with you on that and have that kind of discussion." (Storey: Um-hmm.) And, Mexico's agreed, "Let's have the discussion." Certainly, the All-American Canal is still a sore point for them but I think they've accepted the fact that it's going to be lined. And so, let's move on over here and see if there's something that we can find that can help them and help the United States too.

Storey: Yeah. Maybe get more water efficiency?

Johnson: Right. Exactly. You could pay for water efficiency in Mexico. Yeah.

Storey: One of the things that's been talked about a lot lately is the shortage criteria on the Colorado, and I think that's just, I think that's, agreement's been reached since we talked in February, hasn't it?

Shortage Criteria and Operation Criteria for the Colorado River Are Moving Through the Environmental Statement Process

Johnson: Right. And we put out a draft EIS for public, public comment, I believe in, at the end of February. Public comment's been received and we have, we are preparing the final EIS and the final EIS will be filed end of September, early October, and we expect that the Secretary will sign a Record of Decision probably in December of this year, and then that'll be a done deal. It'll be, we'll, which is a ***huge*** breakthrough and a ***huge*** success on the Colorado River. It solves a ***lot*** of ***longstanding***, very difficult issues.

Storey: I don't think we've . . .

Johnson: At least for twenty-five years.

Storey: Yeah. I don't think we've talked about it before.

Johnson: Okay.

Storey: Could you go through it and explain why it's needed and what the decision was, and all that kind of stuff?

Johnson: Yeah. The, it does several things.

Storey: And, of course, our role in it. (Laugh)

Johnson: Yeah. This criteria, I would break it into three really broad pieces. The criteria defines how we will ***operate*** the two big reservoirs on the Colorado River system, that's Lake Powell and Lake Mead, and how much water. There's a compact between the Upper Basin states and the Lower Basin states that says how much water the Upper Basin is obligated to release for use in the Lower Basin every year. (Storey: Um-hmm.) And, we've had a ***longstanding*** set of operating plans in place that says that we will operate Lake Powell to release a ***minimum objective release*** of

8.23 million acre feet every year from Lake Powell to Lake Mead. And then, in years when there's extra water available then you would release that extra water in a way that would equalize the storage between the two reservoirs. So, we have operating criteria in place that defines how we'll operate those two systems.

The Basin States' Interpretations Differ on How Much Water must Be Delivered to the Lower Basin and on How the 1.5 maf for Mexico Is to Be Delivered

Now, there's all sorts of complicated legal wrangling between the two basins over exactly what that 8.23 million minimum objective release is, what it constitutes, whether or not it can ever be less than that amount. I mean, it's just a, and I, I don't want to get into the legal arguments. The arguments stem from the interpretation of the compact on what the obligation of the two basins are to meet the Mexican Treaty obligation. Under the compact, and I'm way oversimplifying, but the compact said that, "The Lower Upper Basin will release to the Lower Basin every year seven and a half million acre feet." And then, the compact goes on to say that "The two basins will ***share*** the releases to meet whatever obligation there is to the country of Mexico." At the time the compact was put together we didn't have a treaty, but it was anticipated that there would eventually be a treaty with Mexico, and so the compact said, "If there's ever a treaty with Mexico, the two basins will share equally on how much water." Now, (Laugh) I say "share equally," it's not quite equally because there's this difference of opinion between the Upper Basin and the Lower Basin in what "equally" means. (Laugh) And, the Upper Basin maintains that they will share equally ***after*** the Lower Basin has contributed any water flow in the Lower Basin tributaries above a million acre feet. So, what the Upper Basin says is, "If there's any water in the Lower Basin tributaries that's greater than a million acre feet, the Lower Basin has to use that to meet the Mexican Treaty obligation and that water has to be used first." And only after that water has been used would the Upper Basin ever have to put an additional equal share into the Lower, you know, release to meet the Mexican Treaty obligation. Of course, the Lower Basin doesn't read it that way. They say that the compact just says that it's shared by the two basins and the Lower Basin tributaries belong to the Lower Basin states to appropriate under state law and use as they deem appropriate. So, there's this difference of opinion between the Upper Basin [and the Lower Basin]. So, there's always been this argument about, "Well, how much water should be released from the Upper Basin to the Lower Basin?" And, we put criteria in place in 1970 that basically said, "Look, we'll do a minimum objective release of 8.23 million acre feet, which is roughly seven and a half million acre feet, ***plus*** 750,000 acre feet, roughly, from the Upper, from the Upper Basin, and then the Lower Basin will have to throw in 750,000 to meet the one and a half million to Mexico." So, we put some criteria in place back in 1970 that says that's how we'll operate the river. Now, the basin states always interpreted that language in their own way. It was very carefully crafted. The Lower Basin focuses on the word "minimum" and the word "minimum" to the Lower Basin means that you can never, the Upper Basin always has to at least deliver 8.23 million acre feet. They can ***never*** deliver less. Now, the word that the Upper Basin focuses on is the word "objective." It's only an objective to release 8.23 million acre feet. There could be objectives that are less than 8.23 million acre feet. That would be the Upper Basin's interpretation. These are criteria that the Secretary developed.

Storey: So, the 8.23 ***includes*** the 750,000 acre feet for the Upper Basin's contribution (Johnson: It does.) to Mexico?

Johnson: It does. It does. Now, it's . . .

Storey: Not 8.23 plus an additional seven-fifty?

Johnson: No. The 8.23 includes . . .

Storey: Which is what I thought I heard you say before. Okay.

Because the Paria River Delivers about 20,000 Acre Feet of Upper Basin Water below Glen Canyon Dam Each year, the Upper Basin Has Traditionally Delivered 8.23 maf to Cover 7.5 maf for the Lower Basin and Half of Mexico's 1.5 maf

Johnson: It's seven and a half, plus (Storey: Plus?) seven-fifty. And, and we say 8-2-3. That should be, it should be eight, if it's a full seven-fifty it should be, if you add seven-fifty to seven and a half it should be eight million (Storey: 8.25?) two hundred and fifty thousand, (Storey: Yeah.) not eight million two hundred and thirty. The reason why it's eight million two hundred and thirty is there's a, the Paria River, which is an Upper Basin tributary, flows into the Colorado ***above*** the compact point, but ***below*** Glen Canyon Dam. And, the ***flow*** of the Paria River is roughly 20,000 acre feet a year. So, the 8.250 Upper Basin share is reduced by 20,000 acre feet.

Storey: Because it comes in below?

Johnson: Because it comes in below Glen Canyon Dam. So, that's why we have 8.23. But, it basically allows the sharing of the, of the Mexican obligation. And the states have been willing to accept that criteria for thirty-seven years now, given their varying interpretations of what the . . .

END SIDE 1, TAPE 2. AUGUST 21, 2007.
BEGIN SIDE 2, TAPE 2. AUGUST 21, 2007.

Storey: In 2004?

Past Operating Criteria Have Tended to Cause Lake Powell to Drop Faster than Lake Mead

Johnson: Yeah. That's correct. It came to a head in 2004 when we had about our fourth or fifth year of drought on the Colorado River and Lake Powell was getting dangerously low. And, the Upper Basin came to the Secretary and said, "Madam Secretary, we think in next year's Annual Operating Plan you ought to not release that full 8.23 million acre feet. We're having a big drought here and Lake Powell is getting ***very, very*** low, and Lake Mead is fuller." One of the effects that this minimum objective release has, the way we operate, is it causes Lake Powell to decline faster than Lake Mead does. Because, Lake Powell, in a dry cycle, is maybe only getting four, or five, or six million acre feet of inflow, and 8.23 million acre feet of outflow. (Storey: Um-hmm.) So, ***it's*** dropping. Now, Lake Mead will drop, but not quite as much because it gets 8.23 million, plus Lower Basin tributary flow, and the normal release out of,

out of Mead is about 9 million acre feet. So, Lake Mead doesn't come down very fast, as long as it's getting that 8.2–it comes down, but not as fast as Lake Powell does. So, Lake Powell, after four or five years of drought, is quite a bit lower than Lake Mead, (Storey: Um-hmm.) and the Upper Basin, with its interpretation of the compact and the Mexican Treaty obligation comes to the Secretary and says, "Madam Secretary," Gale Norton was the Secretary, "You shouldn't release 8.23 million acre feet this year. That's only an objective, and we've got some extraordinary conditions here that would dictate that you would reduce that flow." And, the Lower Basin came in and objected vehemently saying, "No, it's 'minimum.' It's got to be at least 8.23. The Criteria say that, and the Secretary doesn't have ***any*** authority to deviate from that 8.23 million acre feet." So, we really found ourselves in a dilemma, because we've got to operate this system to manage this water supply. And, we're going to have to make a release from Glen Canyon, and whatever we do somebody's not going to agree with. So, what the Secretary did is the Secretary came back to the basin states and said, "You know, I've reviewed the situation, and for ***this year*** I am going to go ahead and release 8.23 million acre feet." Because, it was turning out to be closer to a normal year and it looked like there was going to be more inflow than [there] had been over the last three or four years. We actually were getting close to a normal water supply year that year, and so the Secretary said, "I'm going to go ahead and release 8.23 million acre feet, ***but*** I want you to ***know***, you know," so she sided with the Lower Basin, but she went on and she says, "but, oh by the way, I want you to know that we think we ***do*** have the authority to reduce the release below 8.23 million acre feet. So, we ***will*** consider, in future years, if the drought continues, the possibility of reducing that release." Well, that was, the Upper Basin was really happy with that part of the decision. The Lower Basin was obviously very ***unhappy*** with that part of the decision. So, she kind of split the baby. She said, "All right. I'll go ahead and release the amount, but I've got the right to do it, and we'll consider it in future years." So, the Upper Basin was happy with part of the decision and the Lower Basin was happy with part of the decision.

Storey: And, I presume Reclamation wrote the decision?

Johnson: Oh sure. Sure. Yeah.

Storey: Okay. (Laugh)

Johnson: Yeah, that was something that we formulated and kind of came up with. I mean, all this, you know, Reclamation is acting on behalf of the Secretary. Now we go present this to the Secretary and she decides. I mean, we actually sit down with Gale Norton and describe this whole thing, and laid this out, and said, "Here's an idea. Here's some ideas on how." And, she decided. I mean I, (Storey: Um-hmm.) she decided. We did not decide.

In 2005 Secretary of the Interior Gale Norton, at Reclamation's Suggestion, Directed Reclamation to Develop New Criteria for Operation of the Colorado River and for Shortages

But, I mean, yeah we pretty much worked it out. But then, what the Secretary then said to the basin states is, "You know, I am directing the Bureau of Reclamation to

move forward and develop some new criteria on how this system should be operated. We're in a drought. We've got some significant issues here, and I'm telling the Bureau of Reclamation they need to move forward and get this done, so we're going to do that. Now, I would ***like*** to do that in cooperation with the basin states and I would like to have the basin states ***give us*** a comprehensive recommendation on what those criteria should provide, and here's a date by which we would like you to give us your recommendation. But rest assured, whether you give us a recommendation or not we're going to develop some criteria that'll define how we're going to solve this problem and how we're going to operate this river." So, that was kind of the marker that she laid down. This is like 2004. I think this was 2004-, 2005. (Storey: Um-hmm.) I don't remember exactly. I think it was probably 2005. I think it was 2005. That letter was written in May of 2005, I think. And, I think she gave them a deadline of like February of 2006.

By February of 2006 the Colorado River Basin States Proposed Shortage and Operating Criteria as well as Water Management Tools for the Colorado River

And, do you know, by February of 2006, and ***we*** participated, and ***we*** facilitated, and we worked with the states, but by February of 2006 they actually came together on a proposal and came back to us with a recommendation, and it was a comprehensive proposal and it addressed more than just this issue of releases from Glen Canyon to Lake Mead, but also the issues of, "If we don't have enough water to go around in the Lower Basin, when do we declare shortage and how much shortage do we declare, and who bears the shortage?"

So, there was a second part of these regulations related to shortage in the Lower Basin. So, that's the second part of these regulations. Remember, I said there were three parts. One is, how we release from Powell to Mead. And then, the other one is, "If we don't have enough water in Mead, when do we declare a shortage, how big is the shortage, and who takes the shortage?" That's the second, second piece.

And then the third piece are these water management tools that I was talking about a little bit earlier, and that is "Can somebody pay for new water and get it outside of the traditional legal framework of the Colorado River? Can Nevada pay for a regulatory reservoir and save 60,000 acre feet of water and get the use of that water? Can Phoenix or Nevada build desalinization plants and get to divert that water and do exchanges on Colorado River?" That's the other ***major*** component of these regulations, is to put criteria in place that allow those kinds of arrangements to be made. We've never been able to do those kinds of arrangements in the past because we've always had ***objections*** by some of the states over allowing water to be delivered outside a very strict interpretation of the decree in *Arizona versus California*. It requires a more open interpretation of that decree to allow those kinds of arrangements to be put in place, and we actually got a consensus on allowing that to occur. So, that's what those criteria are going to do, is going to do those three things.

So, we've actually now defined new criteria, and the two big reservoirs, the new criteria, and I'm really overly simplifying this, but the new criteria says that, "We're going to operate the two reservoirs so that they move up and down together, rather than having Powell come down first and then, and then Mead more slowly."

And then when you get wet years, Powell fills faster, okay? So, what we've done is we've developed some criteria that allows the two reservoirs to come down together and then to move back up together so that the system is more balanced in the way it operates, rather than having one drop while another one is relatively stable, and then another one come up fast while the other one is more stable coming up.

". . . a big breakthrough to get the Lower Basin states to agree on the shortage, and how much the shortage should be, and who should take it. . . ."

So, and that's a big breakthrough, I think, to get that, to get that agreement, and then also a big breakthrough to get the Lower Basin states to agree on the shortage, and how much the shortage should be, and who should take it. I think that's a really big breakthrough to have that as well.

Storey: And, all of these things, the desalinization, and the water transfers, and everything, was in their proposal?

Johnson: Yeah.

Storey: They were? All those things were (Johnson: Um-hmm.) in their proposal?

Johnson: Right. Right. All those things in their–got developed in their recommend, got developed in their recommendation to the Secretary.

Storey: So, they were thinking about solving problems they saw that were . . . (Laugh)

". . . we'd been nudging them for a long time. I mean, we have been advocating criteria along these lines for a long time. . . . criteria in the Lower Basin that allows water management tools to provide flexibility for use. We've been advocating that . . . since the early 1990s . . ."

Johnson: Well, we'd been nudging them for a long time. I mean, we have been advocating criteria along these lines for a long time. Not so much on shortage, but these criteria in the Lower Basin that allows water management tools to provide flexibility for use. We've been advocating that for, you know, since the early 1990s, (Storey: Right.) trying to put frameworks in place. So, we've been nudging, nudging and trying to be proactive on those issues. And, we played very much a role, I think, in getting the state, the basin states to "yes," here on this. I mean, the Secretary's strategic move to tell them, "We're going to do it anyway," but then also just our staff interacting with the basin states, and doing the analysis. And, we have some ***very competent hydrologists*** and ***staff*** in both regions that have great working relationships with the, with the state staffs, and I think play a very significant role in figuring out how to split the baby. I mean, we really do work very hard to try to facilitate finding middle ground among these states. And, I think if we weren't there playing that role, I don't think the states would ever come together. You know, we're kind of an impartial facilitator, and we can use the power that we have as the watermaster to say, "Look, we're going to do it whether you guys agree or not." And then we also, very delicately, you know, use our skills and our relationships with the states to try to help get them to something that they're comfortable with. And, so I think our staff

deserves a lot of credit for, for being able to do that.

Storey: Good.

END SIDE 2, TAPE 2. AUGUST 21, 2007.
BEGIN SIDE 1, TAPE 1. AUGUST 23, 2007.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Commissioner Robert W. Johnson of the Bureau of Reclamation in his offices in the main Interior Building on August 23rd, 2007, at about ten o'clock in the morning. This is tape one.

On Tuesday when we were talking, we were talking about the shortage criteria for the Colorado River and you had talked about the process and everything, but you didn't talk about ***how*** the states decided to try to deal with the shortage criteria in general terms. I know it's a pretty complex issue. So?

Johnson: Well, I think I talked about the three prongs that came together on that.

Storey: Yeah, you did, I believe.

Johnson: And, I mean, the criteria themselves are fairly complex. The shortage criteria itself is based on elevations in Lake Mead, and my recollection, when Lake Mead is full it has an elevation above sea level of 1,220 feet. We would, the way the guidelines are written we would begin declaring shortage when Lake Mead drops to elevation 1,075. And, under the regulations, or under the guidelines, or under the recommendation of the states, at 1,075 we would reduce water use in the Lower Basin by 400,000 acre feet, and that would get shared by Arizona and Nevada based on a formula that they negotiated. Most of that would go to Arizona because ***by far*** they have the largest allocation. So, a relatively small component goes to Nevada and a large component goes to Arizona. ~~Arizona takes the short,~~ California takes no shortage in the Lower Basin, unless the shortage is truly very, very, very extreme. But for shortages of ***less*** than a million and a half acre feet, Arizona takes shortages first, and before California would take any. And, that's a provision of the 1968 Colorado River Basin Project Act and it was a concession Arizona had to make to California in order to get their act passed that would authorize the construction of the Central Arizona Project. The criteria or the guidelines go on to say that if you drop to elevation 1,050 that you would reduce it by 600,000. And, I think it goes down one more tier, and I think it says if it goes to 1,025 you would reduce it by–well, I'm not sure. I would have to remember. But there's, it's based on lake elevations and it starts at 1,075, which is about a hundred and . . . about 155 feet below the maximum elevation of the lake. (Storey: Um-hmm.) And, at ***that*** point the lake would be well below being half full. So that, that's the specific criteria that the states agreed on and recommended to the Secretary. And, our proposed guidelines mimic that.

And then the, you know, the other two pieces, the short, the equalization or the management of releases between Lake Powell and Lake Mead was based on, on a line that was just a compromise that the states agreed to, that this would be the formula, or the, a line. I'm, that's kind of a, you know, funny way of saying it, but if the elevation of Lake Mead and Lake Powell, in relation to one another, is at some

certain sets of levels then that would define how much water gets released from one lake to the other, and all that criteria kind of allows the two lakes to move up and down together. And I, I don't remember it all in enough detail to give you a very specific explanation of exactly how it works.

Arizona Has Become Nervous about the Agreement Reclamation Is in the Process of Putting Through the NEPA Process, and They Have Requested an Extension of Time

It's interesting to note that just yesterday the, I got a call from Herb Guenther, the Director of the Department of Water Resources. Arizona is having second thoughts about the agreement that the basin states reached and is asking for a delay in our process of sixty days to try to work something out with the other states. So, it's not, that is not uncharacteristic of the kinds of things that goes on among the states with the Colorado River. As you know, folks get skittish about something, ***particularly Arizona***. I mean, that, that happens more often with Arizona than it does with anybody else, but particularly with Arizona. And so, they're nervous about some of the provisions and want some time to see if they can't work it out. And, I don't know what we're going to do, whether or not we'll grant them a delay, we'll, you know, slow our process down, or we may just give them a period of time to work it out but not promise any delay in our process. Just, I mean, they could sit down and work it out, and there's probably some wiggle room in our time frame, although I don't think there's sixty days, but some wiggle room in our time frame to allow some sort of accommodation of its request. So, we'll have to consider that. So, I mean, depending on how that goes, the basin states' consensus could, could fall apart, so I guess we'll just have to see how that unfolds over the next couple of weeks.

"I've gotten fairly philosophical about those kinds of things when they occur. I've seen them happen many times, and I've also always seen them resolved after discussions among the states. . . ."

I've gotten fairly philosophical about those kinds of things when they occur. I've seen them happen many times, and I've also always seen them resolved after discussions among the states. And, so my guess is this will probably get resolved also. (Storey: Hmm.) Although, it ***is*** a bit unusual for one of the states to come to us and take the, and ask us to delay a process to accommodate them. That's a little unique here. (Storey: Hmm.) So, it's just an example of things that happen in deals related to water.

". . . one of the things . . . all of the states probably struggle with too is, they're there representing the governor and the state that they work in, and the water users in that state that they work in. And, many times their water users may hold views strongly that may not necessarily represent the views of the state's representative. And, the state representative has to very carefully work with his constituents to make sure that he's got their concerns in mind when something is negotiated . . ."

You think you have one and then somebody starts to get cold feet, and one of the things that Herb probably struggles with, and I think with, and I think that all of the

states probably struggle with too is, they're there representing the governor and the state that they work in, and the water users in that state that they work in. And, many times their water users may hold views strongly that may not necessarily represent the views of the state's representative. And, the state representative has to very carefully work with his constituents to make sure that he's got their concerns in mind when something is negotiated so that he can take that back to them and get their support for moving forward with the process. My guess is is Herb has ***some*** constituents in Arizona that have decided that they don't like the deal. It's probably not Herb himself, but some constituent or group of constituents, or a water user in Arizona that's decided they don't like what's been done and they want to, they want to ask it to be revised.

Storey: Hmm. This reservoir, tying the reservoirs together, (Johnson: Um-hmm.) in terms of levels, are they doing that in terms of volumes, elevations? It's a combination, probably?

Johnson: I think it's volume. It's in terms of volume of storage, but the two lakes are very, very much the same size. They're very close in size. I think Mead is just ***slightly*** bigger, (Storey: Um-hmm.) so volumes and percentages are about the same.

Storey: But, it sounds to me as if that under this criteria it's possible that the Upper Basin might not be releasing its 8.23, or whatever it is, (Johnson: Oh yes.) to the Lower Basin for some years?

Releases from the Upper Basin to the Lower Basin Will Differ from Those That Would Have Been Made under the Old Criteria

Johnson: Yes. Um-hmm. Absolutely. Yeah, that's true. It will not ***always result*** in a release of 8.23, and it may release, may result in a release of greater than 8.23 at times, you know, (Storey: With lots of . . .) where, under the old criteria it would have been 8.23. (Storey: Um-hmm.) So, it really looks at both reservoirs and how, what the condition of them is, you know, in making that annual decision on how much water to release. And, you're absolutely right, the amounts released will be ***different*** than the criteria that's been in place for the last thirty-seven years. Because, that criteria has said, "A minimum objective release of 8.23 million acre feet, and a, an additional release when Lake Powell has more water than Lake Mead." And, the release is enough additional water in order to make the two reservoirs look roughly equal in the amount of, in the volume of storage that they have. And, the problem with that one is, and I think I said this the other day is, Lake Powell takes all the fluctuation, or most of the fluctuation, (Storey: Um-hmm.) because it drops down at a much faster rate than, than Lake Mead does. And now, the new criteria will basically allow Mead and Powell to move up and down together. Before, Powell moved down faster and it also filled faster. (Storey: Right.) Now, they'll come closer to going up and down together. That's a very simple way of explaining it. It's a fairly complicated set of criteria that defines how that happens. But the, that's the essence of, you know, that's the basic result that occurs.

Storey: But also, except in shortages, the Lower Basin states would still be getting their water?

Johnson: They would be getting 7.5 million acre feet, which is their basic apportionment. (Storey: Right.) And, you're right, they would be getting that as long as they're above those elevations that are established for shortage criteria. And so, there could be releases of less than seven and a half million, or less than 8.23 million acre feet and yet the Lower Basin will continue to get its full apportionment.

Storey: And, I think I've been reading news articles indicating that the Upper Basin wanted this kind of an arrangement where Lake Powell stayed fuller?

Johnson: Oh, absolutely. Sure. I mean, it's to their advantage. It's to the Upper Basin's advantage to keep as much water in Lake Powell as possible. Under the compact they have an absolute requirement to release 75 million acre feet to the Lower Basin every ten years.

Storey: Seven and a half, ***on average***, annually?

Dispute over the Upper Basin's Obligation to Release Water to Meet the Mexican Treaty Obligation

Johnson: Seventy-five million acre feet. (Storey: Yeah.) ***Plus***, they have an obligation to release some portion of the entitlement that Mexico has. (Storey: Right.) And, in fact, the 8.23 that we've had in place for the last thirty-seven years is based on releasing seven and a half million acre feet each year, plus half of the Mexican Treaty obligation. And then, the Lower Basin uses seven and a half million and throws another 750,000 into meeting the million and a half acre foot obligation to Mexico. ~~There is a big dispute over the states – I mean,~~ There's a big dispute ***among*** the states over what the Upper Basin's obligation is to release water for Mexico. The Upper Basin states maintain that before they released water for Mexico the Lower Basin has to ***use*** water flows in its tributaries to the Colorado to meet the Mexican–any tributary flow above a ~~million and a half, above a~~ million acre feet in the Lower Basin, according to the Upper Basin, should go to meet the Mexican Treaty obligation. (Storey: Um-hmm.) So that if you have more than a million ~~and a half~~ acre feet of–for instance, if you had two and a half million acre feet of flow in Lower Basin tributaries, the Lower Basin would have to contribute a million and a half towards meeting the Mexican obligation, and the Upper Basin would only be obliged to release seven and a half million acre feet. And, only if the tributary flow is equal or ***less than*** the million acre feet would the Upper Basin actually release water to meet the Mexican Treaty.

Storey: Interesting.

Johnson: That's the Upper Basin's ***interpretation***. The Lower Basin doesn't interpret the compact the same way. (Storey: Yeah.) Now one of the, what really makes that problematic is that the Lower Basin has developed much more than a million acre feet of ***use*** on the tributaries. Arizona, alone, has developed quite a bit more, and I don't know what Arizona's number is. In fact, Arizona has, most of the tributary flow in the Lower Basin is within their state. California has literally ***no*** tributary flow and Nevada has flows on the Muddy and Virgin Rivers into the Colorado River, which is really pretty small. (Storey: Um-hmm.) And Arizona's concern is that if

you followed the Upper Basin's approach they would have to short their water users that are using tributary water above the million acre feet to deliver that water to Mexico.

". . . there's the rub between the Upper Basin and the Lower Basin. In order to do what the Upper Basin wants, Arizona would have to impose significant hardship on its tributary water users to meet the Mexican obligation. . . . the issue has never come to a head in the past, because there's always been plenty of water in the reservoir system. And so, the Upper Basin has not had any basis to object to the 8.23 million acre feet. But now that we've had this long drought they've begun to raise their concern. . . ."

And so, you know, there's the rub between the Upper Basin and the Lower Basin. In order to do what the Upper Basin wants, Arizona would have to impose significant hardship on its tributary water users to meet the Mexican obligation. And ~~, the Upper,~~ the Lower Basin maintains that the Upper Basin is obligated to provide half of the Mexican Treaty obligation. Now, the issue has never come to a head in the past, because there's always been plenty of water in the reservoir system. And so, the Upper Basin has not had any basis to object to the 8.23 million acre feet. But now that we've had this long drought they've begun to raise their concern.

Storey: Let's take this one step further. If you could talk about ***why*** keeping Lake Powell high is important to the Upper Basin. Because basically, they don't get any water out of Lake Powell. They may get water for St. George if they do this new pipeline, and they do a little bit of water for Page, but basically it's below all of the Upper Basin diversions? (Johnson: Right.) So, why is it, why do they want that lake to be higher all the time?

Why the Upper Basin Wants to Keep Lake Powell as High as Possible

The Upper Basin has ". . . an absolute obligation under the [Supreme Court] decree to deliver 75 million acre feet over ten years. . . . the Lower Basin gets priority for the first seven and a half million acre feet, and if the Upper Basin can't meet that requirement they have to shut their water users down in order to . . . meet that obligation. . . ."

Johnson: Because, they have an ***obligation***, an ***absolute*** obligation under the decree to deliver 75 million acre feet over ten years. If they can't do that, if they are not making that ten-year delivery, and under an extended drought–in fact, my guess is, under the drought that we've had for the last seven years that it would, it, we're probably getting to the point where they may not be, if it was just based on natural flow, they may be getting to the point where the 75 million acre foot requirement is not being met. And, what that means is, if it's ***not*** being met then they have to go to ***their*** water users in the Upper Basin and begin reducing their use in order to meet that compact obligation. ~~So, the Lower Basin gets priority for the first seven and a half million acre feet.~~ Well, if you annualize it, (Storey: Um-hmm.) the Lower Basin gets priority for the first seven and a half million acre feet, and if the Upper Basin can't meet that requirement they have to ***shut*** their water users down in order to do it, in order to meet that obligation.

Storey: So, if they have this flexibility maybe they can delay the issue until they get good water years?

Johnson: Right. ***Exactly***. And, ***storage*** in Lake Powell is how they meet that obligation. If they ***did not*** have storage in Lake Powell they might be very hard pressed to meet their obligation and still deliver water to everybody in those four states that uses Colorado River water. (Storey: Um-hmm.) And, Lake Powell is the bank account that allows the Upper Basin to meet their obligation to the Lower Basin. So, the Upper Basin folks can't divert from Lake Powell. It's too far downstream. But, what Lake Powell does is allow them to save water so that they don't have to enforce priorities on water that's already being used in the Upper Basin.

Storey: They don't have to worry about getting a call from California or Arizona?

Johnson: Right.

Storey: Or Nevada?

Johnson: Exactly.

The Term of Water Contracts under Dan Beard and Subsequent Commissioners

Storey: Hmm. Interesting. Yesterday you mentioned the length of water contracts, (Johnson: Yes.) and how Dan Beard wanted to, as Commissioner, wanted to go back to, I believe it was twenty-five years? (Johnson: Um-hmm.) And, it had been previously, I think, forty?

Johnson: Um-hmm. That's correct.

Storey: What are we doing now?

Johnson: I think we've gone back to the longer-term contracts. I think the Dan Beard policy was rescinded by John Keys, and we ***are*** offering the longer-term contracts now.

Storey: So, what kinds of issues come up as, as the American West evolves, continues to be the most urbanized area of the country, what kinds of issues are coming up with those forty-year contracts, or are there any?

There Are Different Views about What the Term of Reclamation Water Contracts Should be

Johnson: Well, I think environmental groups, in general, think that that ties up resources that ought to be more flexible, and that over long periods of time the needs for water resources evolve and change, and forty years is a longer period of time than ***they*** think is necessary. And they, I think they prefer the flexibility of having a shorter period of time so that if there's changing needs, changing societal needs, i.e. urban or environmental needs, that those short-term contracts provide more flexibility to make changes to meet those needs in the future. So, I think that's probably the perspective that environmental groups would bring to the table. My sense is that probably both of

the irrigation and urban users prefer the longer-term period, and I think they would argue that it provides more certainty for their water supplies to support their economy and their economic growth. I think some would probably argue that a longer term, that adjustments can occur even with the longer-term contracts through water markets, that even though somebody holds a forty-year right to water from a Reclamation project, if there's really a high demand, particularly from an urban area, which would have the ability to generate financial resources, that you could see a transfer of the use of that water to a higher use in exchange for financial remuneration. (Storey: Um-hmm.) So, there's two sides of the argument.

Storey: Yeah. Well, you know, I can see if I were a municipality that I might argue municipalities ought to get forty-year contracts, or hundred-year contracts, (Laugh) (Johnson: Um-hmm.) even though I don't know if we can do that legally, and that maybe farmers shouldn't because we municipalities need more flexibility in terms of being able to obtain water sources. Right now in Colorado we're watching both Aurora and Colorado Springs trying to transfer Arkansas River water up, and they keep struggling with it. (Laugh) And, I know Colorado-Big Thompson is becoming increasingly urbanized now. Have you run across anything like that, as Commissioner?

A Contract Is in Process to Allow Aurora, Colorado, to Store Water Acquired from Ag Users in a Reclamation Facility to Be Used for its M&I Needs

Johnson: Oh, we're in the middle of that dispute as we speak, because we have a long-term contract currently very close to being ready for execution with the City of Aurora, to allow them to use excess storage in the Fryingpan-Arkansas Project so that they can store that and manage those agricultural rights that they've purchased. And, it's not a water transfer, per se, but it's a use of a storage facility, a Reclamation storage facility, to facilitate the ***use*** of water that was purchased from agriculture.

". . . water transfers are controversial. . . . not with farmers . . . urban areas are usually willing to pay more for the use of the water than the farmer can earn by growing crops. And so, the farmer has an incentive to sell water to urban areas. But, the objection comes from rural communities that are dependent on the agricultural base for their economy. . . ."

And, you know, that's, water transfers are controversial. ***Primarily***, not with farmers, a lot of people think it's with farmers, but quite frankly farmers are businessmen, and when urban areas come in looking for water, urban areas are usually willing to pay more for the use of the water than the farmer can earn by growing crops. And so, the farmer has an incentive to sell water to urban areas. But, the objection comes from rural communities that are dependent on the agricultural base for their economy. (Storey: Um-hmm.) And, while a farmer may make money by selling his water, it dries up farmland in the local community that's dependent on that farmland for, you know, economic activity. And, the fallowing of that land or the non-irrigation of that land results in less dollars flowing in the local ~~, in the local~~ community. The fertilizer salesman, the tractor implement dealer, you know, all of the businesses in and around the local community that support the agricultural sector are harmed by the transfers. So, we have these objections that come up when transfers are occurring. And, that is ***exactly*** what's happening in the Arkansas Valley. (Storey: Um-hmm. Ordway, and .

. .) And it's really controversial.

Storey: And, oh, what are some of those other towns down there?

". . . the community of Pueblo. The *Pueblo Chieftain* newspaper is very vocal about that issue. And, we're facing strong opposition and threats of litigation if we sign that contract with Aurora, because they see that as further facilitating the movement of water out of their valley. Now, is, in fact, their concerns correct or justified? . . ."

Johnson: I think it can be. And, the community of Pueblo. The *Pueblo Chieftain* newspaper is very vocal about that issue. (Storey: Um-hmm.) And, we're facing strong opposition and threats of litigation if we sign that contract with Aurora, because they see that as further facilitating the movement of water out of their valley. (Storey: Hmm.) Now, is, in fact, their concerns correct or justified? You know, certainly if farmland is idled there are some local community impacts. The extent of that, I don't think, is probably as severe as the rural community would say it is. Quite frankly, if water transfers are structured correctly so that farmers can't sell all of their water and leave the local area, say you only allow farmers to sell no more than a third of their water supply in any given year, the farmer has to stay, in the local community, and farm the remaining two-thirds of his land. And so, you still have an economic base there. The farmer's making more money because he sold the water for more than the profit he would make on his crops. The farmer's still living in the local community. The farmer probably spends a good portion of that money in the local economy to offset the loss from taking the land out of production. You know, my experience, I grew up on a farm, my experience is when farmers make money they go out and reinvest in their farm. They'll buy a new tractor, new farm implements. They'll invest in improvements in the land, land leveling, lining irrigation systems, maybe putting sprinkler systems in, and that generates economic activity.

". . . there doesn't have to be impacts. . . . there's *lots* of places where urban areas could give farmers enough money so that they could implement new irrigation practices that would save water and farmers don't fallow land at all. They just use the water more efficiently. . . ."

So, you know, if the transfer is structured, in a way, there doesn't have to be impacts. The other thing, if a, and transfers could come solely from conservation. I mean, there's ***lots*** of places where urban areas could give farmers enough money so that they could implement new irrigation practices that would save water and farmers don't fallow land at all. They just use the water more efficiently. And, there's no impacts at all. There's no, no, no land idled at all under a circumstance like that.

Storey: Now, when you . . .

"So, anyway, it's very controversial. No question about it, and rural areas are always concerned. . . ."

Johnson: So, anyway, it's very controversial. No question about it, (Storey: Yeah.) and rural areas are always concerned.

Storey: When you say "sell the water," are you really, are you saying "transferring the water right," or are you saying "leasing the water"?

Johnson: Well, I think both occur, and I was using the term generically. (Storey: Okay.) So, it could be, you know, either one.

Storey: Interesting. And I assume this is happening more places than the Arkansas River Valley?

Johnson: Oh, absolutely. Yeah. It's happening Westwide. Water transfers are, I think, a key tool . . .

END SIDE 1, TAPE 1. AUGUST 23, 2007.
BEGIN SIDE 2, TAPE 1. AUGUST 23, 2007.

". . . water transfers are a key tool that are meeting changes in water needs in the American West. Urban areas are growing and they're willing to pay farmers, and water is moving from one use to the other. . . ."

Johnson: I was saying that water transfers are a key tool that are meeting changes in water needs in the American West. (Storey: Um-hmm.) Urban areas are growing and they're willing to pay farmers, and water is moving from one use to the other. So, you don't need–I guess my point would be is, you don't need a twenty-five-year contract to provide flexibility.

". . . although you'll never have perfect markets in water because it's complicated . . . markets can exist and water does move from one use to the other . . ."

If you have market systems or, although you'll never have perfect markets in water because it's complicated, there's always complicated issues related to selling water, markets can exist and water does move from one use to the other, and in the West with adequate and appropriate and compensation to irrigation users.

". . . people say, 'Well, water is a public resource. Why should an irrigator be allowed to profit from the sale of water?' Well, that's why the project was built, was to provide water for economic growth. A *right* was provided to the farmer, or whoever got the contract for water. A *right* is created. An *economic* form of property right is created. Now, that issue itself can be debated *a lot* . . ."

I mean, if irrigation use, people say, "Well, water is a public resource. Why should an irrigator be allowed to profit from the sale of water?" Well, that's why the project was built, was to provide water for economic growth. A ***right*** was provided to the farmer, or whoever got the contract for water. A ***right*** is created. An ***economic*** form of property right is created. Now, that issue itself can be debated ***a lot***, and is, and is debated, whether or not the water is a property right, but certainly it has value and if somebody gives up value it seems to me like they have a right to be compensated for it. (Storey: Um-hmm.) And, there's a natural system there that can allow that transfer to occur without just taking the water.

". . . if you have a twenty-five-year contract, and at the end of twenty-five years

you just *take* the water away from one sector and give it to another, *without compensation*, you have one party that's significantly harmed. That creates conflict, you know, very strong conflict. And, if you can use a market mechanism you don't have that conflict to deal with. . . ."

I mean, if you have a twenty-five-year contract, and at the end of twenty-five years you just ***take*** the water away from one sector and give it to another, ***without compensation***, you have one party that's significantly harmed. (Storey: Um-hmm.) That creates conflict, you know, very strong conflict. (Storey: Yeah.) And, if you can use a market mechanism you don't have that conflict to deal with.

Storey: Good. I suppose I ought to point out that you are an ag economist at this point? (Laugh)

Johnson: Yeah. Well, that's my training.

Storey: Just for the researchers. (Laugh)

". . . the market allocates resources, even water. That's what markets are set up to do is to allocate resources in an efficient way, and the *value* of the water for urban uses is generally greater than the value of the water for agriculture. And, that's what markets are supposed to do, is to steer resources to where their greatest value can be achieved. . . ."

Johnson: Yeah. That's my, that's my, and I understand there's lots of arguments both ways, but yeah, the market allocates resources, even water. That's what markets are set up to do is to allocate resources in an efficient way, (Storey: Um-hmm.) and the ***value*** of the water for urban uses is generally greater than the value of the water for agriculture. And, that's what markets are supposed to do, is to steer resources to where their greatest value can be achieved.

Storey: Um-hmm. Since you've become Commissioner, of course, the extent of the issues you deal with has expanded from one region to, to Westwide, and I'm wondering what kinds of things you have been involved in in San Joaquin-Sacramento system, and the delta?

". . . California water issues are probably as complicated as any in the nation. . . ."

Johnson: Well, California water issues are probably as complicated as any in the nation. I did work in California as the Regional Director of the Lower Colorado. It includes southern California. So, I had ***some*** understanding of the water issues in California.

Storey: And, I remembered you worked in Sacramento for a time, too?

Johnson: I did, and I worked in Sacramento, in the Sacramento Office. So, when I did that, although that was many years ago, (Storey: Right.) I, you know, was involved and had some exposure to the northern California issues. They've all changed a lot since that time–that was many years ago, ***thirty*** years ago, getting close to thirty years ago since I worked there, and the issues have changed. Although, they're still similar. I

mean, some of the same issues are still there that were there thirty years ago.

Drainage in the San Joaquin Valley Is a Long-standing and Continuing Issue for Reclamation

Drainage, one of those issues. When I worked in California thirty years ago one of the things that I worked on was trying to develop a San Joaquin drainage plan for how you drain all the agricultural water in the San Joaquin Valley. And, it was a big issue then and it's a big issue today, continues to be a big issue. (Storey: Uh-huh.)

". . . on that particular issue Reclamation's been *stymied* in developing a plan. . . ."

And, you know, on that particular issue Reclamation's been ***stymied*** in developing a plan. I mean, an original plan was out there. You put in tile drains and you take that water and you, and you move it north, and you put it back in the, in the California Bay-Delta, and that's where you'd dispose of the water. And, that's a large body of water and you just put that water back out there. Well, when we began to develop that plan and move ahead the state of California, the water quality agencies, you've got to have a permit to allow that to happen and the environmental agencies in California were not willing to issue a permit. So, Reclamation wasn't able to implement that drainage plan.

Kesterson Reservoir

So ***then***, what Reclamation did it developed Kesterson ***Reservoir*** and started storing the drainage water in Kesterson Reservoir and, you know, evaporating, you know, the water. And, what happened there, as the water evaporated there was more and more concentrations of the constituents in the water, and it so happens that there's selenium in soils in the San Joaquin Valley. That selenium's picked up in the water, and this Kesterson Reservoir got very high [selenium] ~~salinity~~ levels and created lots of problems with the wildlife that lived in, lived in the water, particularly birds and the eggs, and the selenium caused deformed young, and not able to have reproduction of the birds that were using that as a, as a habitat. (Storey: Um-hmm.) So, Kesterson Reservoir got closed down because of that and we had ***no way*** then, ***no way at all*** to dispose of the drainage water. And so, we continued to look for solutions.

"Then we got sued by California irrigators and the court held that under the San Luis Project Authorization Act that . . . the Bureau was *required* to provide drainage and the court actually directed Reclamation to develop a drainage plan so that we could drain the San Joaquin Valley. And literally what's happening, without drainage water tables are rising and farmers are going out of production . . ."

Then we got sued by California irrigators and the court held that under the San Luis Project Authorization Act[52] that, in essence, the Bureau was ***required*** to provide

52. The Congress authorized the San Luis Unit, West San Joaquin Division, Central Valley Project, in "An act (continued...)

drainage and the court actually directed Reclamation to develop a drainage plan so that we could drain the San Joaquin Valley. And literally what's happening, without drainage water tables are rising and farmers are going out of production because there's no drainage and you can't grow crops, and the water table's so high that the salt in the root zone keeps the crops from growing. And so, without a drainage system a lot of land was going to go out of production. And some of that land was land that was not part of the Reclamation project, that existed and was there and never had any problems, and because we brought water in through the Reclamation project we ended up hurting innocent bystanders with high drainage levels. And, the court basically said we're obligated under the Act to put a drainage system in. Well, we studied it for a number of years, and this is a fairly recent history. I mean, I've recently, I've just told a thirty-year history, you know. It was probably twenty-five to thirty years ago when we were told we couldn't put it in the delta. The Kesterson issue came up, I think, in the late '80s, early '90s? (Storey: Um-hmm.) And, then this latest go-around with the litigation is just in the last four or five years. And so, we're ***mandated*, *by the court***, to put a drainage system in place.

". . . we've done a study, we've done a final EIS. And, it turns out that in order to dispose of all that water and develop a viable water drainage program in the San Joaquin Valley today, it's a $2.6 billion proposition, very, very expensive, *way beyond* anything, *any capability* of Reclamation to get that in its budget and fund that kind of a program. . . ."

And, we've done a study, we've done a final EIS. And, it turns out that in order to dispose of all that water and develop a viable water drainage program in the San Joaquin Valley today, it's a $2.6 billion proposition, very, very expensive, ***way beyond*** anything, ***any capability*** of Reclamation to get that in its budget and fund that kind of a program. And, and ***yet*** we've got a court order by the judge to develop the drainage. Well, we did the studies. We've identified a plan. We've signed a record of decision saying that, "Here's the plan that we think is most viable," and we've provided that back to the court. And, I think what we would do is submit that to Congress and obviously we can't implement a plan unless Congress authorizes, authorizes it and appropriates the money (Storey: Um-hmm.) to move ahead. And, quite frankly I don't think Congress, particularly the California delegation of Congress, wants to see that kind of submittal by the Administration because they'll be expected to get legislation passed and they know that'll be very difficult for them, for them to do and that'll put them in a tough spot.

". . . Westlands Water District and some of the other contractors for Central Valley Project Water have stepped up and negotiated with *us* a proposal . . . we would transfer the San Luis Project facilities . . . to the irrigators. We would also transfer the water rights for the project to those irrigation districts. . . . in exchange for that, the irrigation districts would agree to fund and implement a drainage plan. . . ."

52. (...continued)
to authorize the Secretary of the Interior to construct the San Luis unit of the Central Valley project, California, to enter into an agreement with the State of California with respect to the construction and operation of such unit, and for other purposes. (Act of June 3, 1960, in Public Law 86-488, 74 Stat. 156)"

What's happened is, the Westlands Water District and some of the other contractors for Central Valley Project Water have stepped up and negotiated with ***us*** a proposal, and basically that proposal is, we would transfer the San Luis Project facilities, the ownership of them, to the irrigators. We would also transfer the water rights for the project to those irrigation districts. And then, in exchange for that, the irrigation districts would agree to fund and implement a drainage plan. That's the simple nature of the negotiation that's occurred.

". . . the state of California did not *like* that proposal . . . they're a partner with us on San Luis Reservoir. . . . They don't believe that the local interests bring the same level of certainty and financial security that Federal ownership brings. . . ."

That's run into big time opposition. I think the state of California did not ***like*** that proposal, ***primarily*** because they're a partner with us on San Luis Reservoir. We share that with the State Water Project, and the state actually operates and maintains that reservoir. And, I think that state is not fond of the idea of having anybody ***other*** than the Federal Government owning that facility. They don't believe that the local interests bring the same level of certainty and financial security that Federal ownership brings. So, they were very nervous about the proposal.

"Environmental groups didn't like the proposal because they saw the transfer . . . gave the water rights to the farmers permanently. And, in the environmental community's view, *limits* any future flexibility you have to deal with environmental issues. . . ."

Environmental groups didn't like the proposal because they saw the transfer of those rights as a–same reason we were talking earlier about a twenty-five year contract versus a forty or fifty-year contract. This, in essence, gave the water rights to the farmers permanently. And, in the environmental community's view, ***limits*** any future flexibility you have to deal with environmental issues.

"And, if you . . . leave the drainage problem alone . . . land goes out of production, there's less demand for water . . . for agriculture and there's more water in the system to meet environmental demands, or environmental needs. . . ."

And, if you just leave the drainage problem away, land goes out of production. You leave the drainage problem alone, drainage levels lie, land goes out of production, there's less demand for water, and there's more water, less demand for water for agriculture and there's more water in the system to meet environmental demands, or environmental needs. (Storey: Um-hmm.) And so, environmental groups are very opposed to this because it maintains agriculture in the San Joaquin Valley.

"The proposal has since been modified . . . to allow the ownership to remain with the United States, and . . . to allow the water rights to *continue* to be held by the United States on behalf of the irrigation districts. But, in order to provide *certainty* to the irrigators in the San Joaquin Valley we would enter into *new* sixty-year contracts for delivery of that water, with a right of renewal. . . . those negotiations are still ongoing. . . ."

The proposal has since been modified since that proposal that I just described,

to allow the ownership to remain with the United States, and that's gone a long ways to making the state more comfortable with the proposal, and then also, to allow the water rights to ***continue*** to be held by the United States on behalf of the irrigation districts. But, in order to provide ***certainty*** to the irrigators in the San Joaquin Valley we would enter into ***new*** sixty-year contracts for delivery of that water, with a right of renewal. So, it gives the irrigators a long-term certainty. And, their argument is, "Look, if we're going to have to spend, you know, a billion dollars to build a drainage system that's the responsibility of the United States, we've got to have some guarantee of the water supply in order to be able to do the bonding and have the ***resources*** to be able to pay that cost. We've got to have some kind of a permanent, or ***longer-term*** commitment for the use of that water," (Storey: Um-hmm.) which is a, you know, a logical argument. (Storey: Um-hmm.) So, those negotiations are still ongoing. The state and the Bureau out in the region, and Senator Feinstein has taken an active role in that. She's hosting periodic meetings among all of the participants to try to help bring her influence to get everybody to come to some form of agreement so that we don't have to ***burden*** the Congress with, and the United States, with the significant expense of building that drainage system.

Storey: And, am I thinking correctly that the drainage system is no longer going down into the San Francisco Bay? It's going out directly to the ocean?

"Under this plan . . . you would *not* take the water out to the ocean *at all*. You would just build a system in the San Joaquin Valley to evaporate the drainage water and dispose of the solids. . . ."

Johnson: No. Under this plan, there would be evaporation ponds and disposal of solid, there would be some reverse osmosis desalinization of the water, (Storey: Oh.) and also evaporation ponds, and then a disposal of the salt in some sort of a landfill. So, you would ***not*** take the water out to the ocean ***at all***. You would just build a system in the San Joaquin Valley to evaporate the drainage water and dispose of the solids.

Storey: Oh, okay.

Johnson: So, that's the plan, and that's one of the reasons it's so expensive. Can't get it to the ocean. You run into the permit issues trying to get that water and dispose of it in the ocean. So, you got to take the salt out of it, or whatever the constituent load is and dispose of that, (Storey: Um-hmm.) and it's very, very expensive to do that.

Storey: And recently we've had this San Joaquin Recovery Act[53] passed. (Johnson: Um-hmm.) I don't remember the exact name of it, but I assume that's affecting us also?

San Joaquin River Restoration Settlement Act

Johnson: Yeah. There's not actually, it is, I mean all of these things are affecting us and we're

53. The San Joaquin River Restoration Settlement Act is included as Part I in Title X–Water Settlements, Subtitle A–San Joaquin River Restoration Settlement in the Omnibus Public Land Management Act of 2009, Public Law 111-11 of March 30, 2009; 123 Stat. 1349-1364. Note that the interviewer incorrectly believed the act had passed Congress. It had been introduced several times in the years before passage in 2009. Commissioner Johnson later mentions a negotiated settlement in a court case which requires legislation for implementation–this act.

very much in the middle of them in California. The San Joaquin River Restoration Program, what happened there is, and this goes way back, we built Friant Dam on the San Joaquin River up in the Sierra foothills, I don't remember, the 1940s.[54]

Storey: Yeah. Near Fresno?

When reclamation built Friant Dam ". . . fairly big stretches of the river . . . previously free flowing had been dried up . . . absolutely no flow, unless you have . . . an extreme flood condition. . . ."

Johnson: Yeah, near Fresno. And, that created the water supply to irrigate a lot of lands there in the San Joaquin Valley and the general Fresno area. But the consequence of that was that fairly big stretches of the river that was previously free flowing had been dried up, and so there's stretches of that river that have absolutely no flow, unless you have a flood condition, (Storey: Um-hmm.) an extreme flood condition. And, there are some flows further down in the valley, but those are just drainage flows from the irrigation that gets back in the river and flows downstream. At one time that was a salmon, there were actually salmon spawning, you know, up the, up that San Joaquin River.

Environmentalists Sued under California State Law Arguing That Reclamation Has to Maintain a Live River, and They Won

Well, what happened is we got sued by environmental groups arguing–there's a ***state*** law, and I don't know, I'm not very familiar with the law but I think the state law basically says something like, "If you dam a river you've got to make provision to maintain a live stream in the river." And so, the environmental groups were saying that we're obligated to maintain a live stream, we can't just dry it up. And, the court agreed with the environmental groups and ruled that we had to create a live stream in the river (Storey: Um-hmm.) and start releasing water from Friant Dam to allow that to happen. In lieu of doing that, we sat down with environmental groups and all the farmers and they negotiated a agreement that will allow continued irrigation of the farmland, but the idea would be you would release the water, I think ***part*** of the idea is you would release the water through the river and then you would develop a big pump-back system that, it would flow through the river and then it would be diverted and it would be pumped back up so the irrigators would still get the use of the water. They would give some water up, the irrigators agreed to give up some water for the flows, but then there would also be this return system that, once it's gone through the river, to pump it back up for irrigation. And, that's a very expensive proposition as well, but it really turned out to be part of a settlement of this litigation. The court had ruled against us and so it made a lot of sense to try to negotiate something that everybody could live with. The state has agreed to join and be a partner and provide funding. The irrigation districts are going to provide a significant amount of funding.

The state of California and the irrigators have agreed to pay shares, and ". . . *we* are going to provide funding *primarily* through the redirection of repayment revenues . . . dollars that are currently flowing to the treasury . . . and use *that* to fund the restoration program. . . ."

54. Construction was 1939 to 1942.

And then, ***we*** are going to provide funding ***primarily*** through the redirection of repayment revenues from the project so that we would take dollars that are currently flowing to the treasury from the, from the repayment of the original irrigation facilities and use ***that*** to fund the restoration program.

"That is a negotiated agreement that all the parties have agreed on, but it requires legislation to be implemented. So, legislation was drafted and it has been submitted to the Congress . . . until Congress passes that act we can't actually implement the San Joaquin Drainage Program. . . ."

That is a negotiated agreement that all the parties have agreed on, but it requires legislation to be implemented. (Storey: Um-hmm.) So, legislation was drafted and it has been submitted to the Congress, and Congress has not yet passed that act. So, until Congress passes that act we can't actually implement the San Joaquin Drainage Program. [Bob did you mean to say drainage or recovery?] There have been hearings held. The Administration has supported the bill, both in the Senate and the House, and now it's up to the Congress to pass. It's run into some significant problems, because there's a ***rule*** in Congress that says, in there, that says that "If an Act is passed that makes a non-discretionary commitment of dollars from the Federal Government, that before that Act can pass it has to ***incorporate*** some provisions that will ***offset*** any future impact on the treasury so that there is, in fact, the net, no impact of change on deficit spending by the Federal Government." It's called PAYGO,[55] (Storey: Um-hmm.) and it's analysis that has to be done and approved by the Congressional Budget Office before legislation gets passed.

"They're having a *very difficult* time, because this legislation does commit those revenues that flow to the treasury to going towards this project, and they've not been able to identify an offset. And so, that's making that legislation more complicated. . . ."

They're having a ***very difficult*** time, because this legislation does commit those revenues that flow to the treasury to going towards this project, and they've not been able to identify an offset. And so, that's making that legislation more complicated. And, in fact, some of the feedback we're getting from the committee staff in Congress is that unless we're willing to agree to something different they don't think that they can move the legislation forward. (Storey: Hmm.) So, that's going to have to be discussed.

Reclamation Could Annually Request Appropriations for the San Joaquin River Restoration, but That Is Difficult since Reclamation's Budget Has Been Flat for Several Years

I mean, one way to solve the problem would be for the Bureau to say, "We'll agree to request appropriations every year to fund the restoration program," and then you wouldn't have to do PAYGO, because it wouldn't be committing non-discretionary

55. PAYGO is intended to offset new spending measures with increased taxes or spending cuts. This is not the same as pay-as-you-go which is where money is saved over time to pay for a project.

future expenditures. Because we would be seeking appropriation, they would be viewed as discretionary, part of the discretionary budget every year, and the PAYGO wouldn't apply. That's a difficult one for us because we have a flat budget. This would be a new significant ***demand*** on that flat budget, and it would be difficult for us to find as much money as would be required to implement that restoration program.

Storey: That would be the same as the way Bay-Delta is being funded, is that right?

Reclamation Seeks Appropriations Each Year for its Share of Bay-Delta Restoration Work

Johnson: No. Bay-Delta is actually being–well yeah. Bay-Delta's actually being funded with appropriations, (Storey: Right.) and we seek appropriations every year for Bay-Delta.

Central Valley Project Restoration Fund

There's also a, what's called a Central Valley Project Restoration Fund that has money that flows from assessments on water deliveries, and that is appropriated every year. That's not a, that's actually included in the Reclamation budget every year and Congress appropriates it when they pass the budget. So, yeah. That would be consistent with the way we're doing other activities in California.

Storey: So, how are we doing on Bay-Delta?

In the Bay-Delta, the Delta Smelt Endangered Species Issues Are Causing Issues Including Limits on Pumping by Reclamation and the State Water Project Which Affect Both Agriculture in the San Joaquin Valley and Water Delivery to the Los Angeles and San Diego Areas of Southern California

Johnson: Right now, not very good. The endangered species issue in the Bay-Delta is really at a crisis point. There's a fish in the delta called the Delta Smelt. It's endangered and within the last year it's had a significant decline in its population. We had a biological opinion in place to address the, the, you know, the maintenance of the species, but this recent development of their population decline brought about a suit by environmental groups, and they got a judge to agree that the biological opinion that we were operating under is no longer valid, and the judge has ordered us to go back and do a reconsultation with the Fish and Wildlife Service. So, we're going, we're having to reconsult on the, on operations of our Central Valley Project, on its impacts on the San Francisco Bay-Delta. The State Water Project that pumps water out of the delta just like we do, they're pumping and canal is parallel to ours, right next to ours, so they are also pulled into this controversy over, over our pumps and how they operate in the delta. The ***pumps*** pump water out of the delta. That changes flow patterns. It also causes the smelt, which, especially when they're young, are not strong swimmers and they get ***sucked*** into the pumps and killed, and can get killed in significantly large numbers. And so, one of the things that everybody looks at, when we look at ESA compliance related, you know, in the Bay-Delta related to the smelt, shut the pumps off.

". . . if you shut the [Reclamation] pumps off you quit delivering water to the San

Joaquin Valley, and if you shut the state pumps off you quit delivering water to the coastal plain in southern California, so Los Angeles, and San Diego, and the seventeen million people that live on the coastal plain of southern California get shorted in *their* water supplies. . . ."

Well, if you shut the pumps off you quit delivering water to the San Joaquin Valley, and if you shut the state pumps off you quit delivering water to the coastal plain in southern California, so Los Angeles, and San Diego, and the seventeen million people that live on the coastal plain of southern California get shorted in ***their*** water supplies. We're reconsulting with the Service, but the judge has ***also*** asked for an interim plan on what we would do to protect the species while the biologic, while the new biological opinion is being prepared. We submitted a proposal on how we would do that. The ***state*** submitted a proposal on how we would do that, to the court, and ***environmental*** groups submitted a proposal on how we would do that. And, to no one's surprise ***all three*** have submitted different plans that have ***different*** levels of impact on our pumping levels in the delta. The judge is, as we speak, holding a hearing on the legal arguments and also the ***factual*** considerations in what interim measures ought to be implemented. (Storey: Um-hmm.) And the judge is expected to actually make some sort of prescriptive ruling that would tell us how we operate our pumps in the delta for the next year while we develop a long-term biological opinion.

"We think that anywhere from 500,000 to 2,000,000 acre feet of water are at stake, depending on what prescriptive actions the judge requires. It's a *huge* amount of water. It'll have *huge* impacts in the San Joaquin Valley and it'll have *huge* impacts in the coastal plains . . . of southern California. So a *huge* issue right now and our project and the state project are both imperiled by the endangered species issue, and we're going to have to see how that unfolds. . . ."

We think that anywhere from 500,000 to 2,000,000 acre feet of water are at stake, depending on what prescriptive actions the judge requires.

Storey: That's a pretty big share, isn't it?

Johnson: It's a ***huge*** amount of water. It'll have ***huge*** impacts in the San Joaquin Valley and it'll have ***huge*** impacts in the coastal plains, you know, which is all urban use, in the coastal plains of southern California. So a ***huge*** issue right now and our project and the state project are both imperiled by the endangered species issue, and we're going to have to see how that unfolds. (Storey: Yeah.)

". . . it's a *challenge*. And for me, who spent such a long career just working in one region it's really interesting and a bigger challenge to work with this broader array of issues that we have to deal with. . . ."

You know, it's really fun as–maybe "fun" is not the right word–but it's a ***challenge***. And for me, who spent such a long career just working in one region it's really interesting and a bigger challenge to work with this broader array of issues that we have to deal with.

Storey: Well, I remember interviewing Mike Catino a number of years ago, and he expressed the opinion in those interviews–two opinions in those interviews. One was that eventually Auburn Dam would be built, and the other was that eventually the Peripheral Canal would be built. And, of course, we went pretty far with the Peripheral Canal, as I recall, and now Governor Schwarzenegger is supporting it. Is Reclamation doing anything about that issue now, or are we still sitting there watching it?

The Peripheral Canal and California's "Delta Vision" Approach to Dealing with Bay-Delta Issues

Johnson: Well, we're participating in the Bay-Delta process. There's an effort in California called the "Delta Vision," where they are trying to develop a new approach to dealing with the delta issues. And, Peripheral Canal is very much being discussed as a part of that vision. And, I'm not an expert on California matters, but what I'm hearing is that the attitude of Californians towards building a Peripheral Canal is very different than it was many years ago. You know, the Peripheral Canal actually went to the state voters for a vote.

Storey: Oh yeah, and they turned it down.

Johnson: And they turned it down. And . . .

Storey: And that tension between northern and southern California, (Johnson: Right.) and the water transfers? (Laugh)

Johnson: Right. And, the governor is now proposing a new bond issue that would have to be approved by the voters that would include a very large chunk of money to build a Peripheral Canal. And, what I'm hearing is is that attitudes of Californians have changed and the likelihood of getting that bond issued passed is much higher than it was several years ago. So, I think the Peripheral Canal ***is*** being revised. I think everybody thinks that that may very well be the ***key*** to solving the delta problems, at least as it relates to the operation of our pumping plants. But the other thing about the Peripheral Canal is, you know, it transmits water from the northern end of the delta to the southern end of the delta where our pumps are, but it can strategically release water into the delta over its entire width. And . . .

Storey: To keep the delta flowing ***naturally*** outward?

Johnson: And . . .

END SIDE 2, TAPE 1. AUGUST 23, 2007.
BEGIN SIDE 1, TAPE 2. AUGUST 23, 2007.

Storey: This is tape two of an interview by Brit Storey with Commissioner Robert W. Johnson on August 23rd, 2007.

Talking about the delta and the Peripheral Canal.

". . . the Peripheral Canal would not just serve the pumping plants but would also serve environmental interests in the delta. . . ."

Johnson: Yeah. And, the Peripheral Canal would allow a selective release of water into the delta that would better control the salinity and the habitats, and everything, and everything that's important in the delta. And so, the Peripheral Canal would not just serve ~~the powerplant, or~~ the pumping plants but would also serve environmental interests in the delta. So, it would allow you to divert water, not impact the species, and still enhance the delta from an overall perspective. (Storey: Um-hmm.) And, so that's very much in play, and I think we're interested in it.

"I'm sure the state would like to see us play a significant role, at least in the funding. We *always* have budget problems. . . ."

I think, in general, while we, I don't know that we've taken an official position, my guess is we'd probably say that the Peripheral Canal's a good idea. I don't know what our involvement would be in funding and construction. I'm sure the state would like to see us play a significant role, at least in the funding. We ***always*** have budget problems.

". . . I have come to the realization of . . . the limitations of our budget and the demands on the Reclamation budget, which far exceed the flat budget that we're able to get within the . . . targets from OMB every year and . . . we got inflation, we got new demands on our program, and those targets are actually getting lower. . . ."

As Commissioner, one of the things that, that I have come to the realization of, ***more*** *so* than when I was a Regional Director, is the limitations of our budget and the demands on the Reclamation budget, which far exceed the flat budget that we're able to get within the Administration's process of, of developing budgets. We get targets from OMB every year and we're expected to formulate a budget within those targets. And those targets get, instead of, you know, we got inflation, we got new demands on our program, and those targets are actually getting lower.

". . . the *best* thing we can do is get a *flat* budget. . . . it's very difficult for us to make significant amounts of funding for *new* things like the Peripheral Canal, . . . San Joaquin River Restoration Project, . . . drainage in the San Joaquin Valley . . . salmon issues in the Pacific Northwest, . . . rural water supply projects in the Great Plains . . . Title XVI . . . Platte River . . . Animas-La Plata . . . Security . . . and surveillance activities . . ."

At best, in that system, I think the ***best*** thing we can do is get a ***flat*** budget. And so, with all these new demands that are out there, it's very difficult for us to make significant amounts of funding for ***new*** things like the Peripheral Canal, for ***new*** things like the San Joaquin River Restoration Project, for ***new*** things like drainage in the San Joaquin Valley. But beyond that, I mean, you go Westwide, ***huge*** salmon issues in the Pacific Northwest, funding needed to address those issues ***well beyond*** what we're currently providing, rural water supply projects in the Great Plains, $2 billion in backlog on authorized projects to build in the Great Plains to deliver water

supplies to rural areas in North and South Dakota, and Montana. We could be funding, we're currently funding that at a rate at about $50 million a year. We could ***triple*** that funding very easily. We could probably ***quadruple*** that funding very easily. Title XVI[56] projects, again a huge backlog of authorized projects, and we could, you know, by multiples of ten increase our funding on, on Title XVI.

So, Platte River, ***new*** restoration program on the Platte River. It's going to require significant funding from us. That's coming into our budget. Animas-La Plata, new program item, significant $500 million project. We're actually building a new dam. I was out there last week. We're doing a terrific job building that project, and it's a very large project. We're funding it at a rate of around $60 million a year in the Reclamation budget. That's going to extend for another, I think it's like 2012, 2013 before we get any relief from our funding requirements there. Security. Since 9/11 we're spending a significant amount of our budget on security activities to make our dams safe against terrorism and provide the guards and surveillance activities to maintain security in our, in our resources. (Storey: Um-hmm.)

Dam Safety Issues

Another thing that's just starting, we've got aging infrastructure. We've got a Dam Safety Program that addresses dam safety issues, which are sometimes related to aging infrastructure. We see ***significant*** increases in the demand from our budget for dam safety. We're just embarking on a very significant dam safety repair at Folsom Dam. A $500 million project and we're going to fund that at $50 million a year over the next ten years. We'll have that money. That money is actually in our '08 budget and we'll have to be seeking that much appropriations for that Dam Safety Program. That's a new item.

"It's the biggest challenge as Commissioner that . . . I think I'm facing. . . . the water problems are *daunting*, but the budget problems . . . [are] very, very daunting as well. And, that's been the biggest surprise. . . ."

So, you know, I can just go on and on at all the programs that are out there that need to be funded, new programs that are coming in, programs that are already authorized that are requiring significant amounts of funding from the Reclamation budget, and yet having to figure out how to fit those within these targets that are flat that are given to us by OMB [Office of Management and Budget]. It's the biggest challenge as Commissioner that I've, that I think I'm facing. I mean, the water problems are ***daunting***, but the budget problems, I think, are also, you know, very, very daunting as well. (Storey: Um-hmm.) And, that's been the biggest surprise. I ***knew*** about the water issues and I expected the water issues, and I had a good sense of the water issues, and I've dealt with the issues themselves, the conflict and, you know, all of those sorts of things over the years. But, I never really appreciated the ***budget*** side of the equation and the difficulty that Reclamation faces there.

Storey: It's a really tough problem, especially when Congress keeps giving you new things to do but no new money?

56. See footnote on page 91.

"The Congress is certainly more generous than we get from OMB and the President's budget process. This year, for the '08 budget the Senate . . . increased the Reclamation budget by $130 million. The House increased it by $70 million. . . . we'll probably get something in between that . . ."

Johnson: Exactly. The Congress is certainly more generous than we get ~~in the,~~ from OMB and the President's budget process. This year, for the '08 budget the Senate, the Act's not passed yet, the Senate has increased the Reclamation budget by $130 million. The House increased it by $70 million. We may, we'll probably get something in between that, when they finally get passed and go to conference. But then, there's the potential of a veto. OMB, in their statements, have said that "the increases that are being added to the President's budget request are creating significant concerns on their part and they've actually hinted that there could be some veto of these appropriation bills that are significantly beyond the amounts that the President recommended in his budget. So, we may, even if we get more money from Congress–and quite frankly, $130 million or $70 million, or $100 million doesn't go that far in really meeting, you know, the needs that we have out there in the Reclamation budget.

During Budget Hearings Congress Indicated it Felt Reclamation and the Corps of Engineers Were Underfunded

So, I mean, even Congress is limited on how much they can provide. We had our budget hearings this year–first time I've gone to budget hearings–and the, the committees in Congress that oversee our budgets were upset and very critical of the funding level for water programs in the President's budget. Not just of the Bureau's budget, but also of the Corps of Engineers' budget.

Storey: They were upset because they thought they were ***too low***?

Johnson: Yes. Too low. Way underfunded. And, they have the same struggle that we do. They're able to add to it. You know, part of your reaction is, "Well Congress, you control the purse strings. Increase it." But, I mean, Congress ends up having the same kind of constraints that ***we*** do, because one of their goals is to have a balanced Federal budget as well. And so, they have their own struggles trying to figure out with ceilings and, you know, I think the appropriations committees to all the subcommittees issue something similar to the targets that we get with OMB. So, they find themselves in the same dilemma of trying to figure out how to fit all these demands for Federal resources into ***targets*** that are set by the bigger Appropriations Committee. So, they're never able to increase it at the levels that ***they*** would like to see.

But, Mark Limbaugh and I, you know, are, and the Corps, were just, ***every member, bipartisan***, of our Senate Appropriations Committee just were ***very, highly*** critical of us and ***highly*** critical of the amounts that were included in our budgets for water resources. Every member of the committee, many of them showed up, everyone spoke, and ***all*** of them were extremely critical of, of the funding levels that we had. And, the best answer we can give is, "Look, there's, there's dual objectives out there. Yes, we have a program to accomplish, but there's also an objective to try

to achieve a balanced budget, and I think there's actually a time frame by the President that's been set." So, you've got conflicting objectives, and our challenge is to figure out how to fit those two objectives together and get the ***best*** balance that we can in the limited budget that we have. And, that's the best answer you can give, and nobody agrees.

"The number of people that disagree with the distribution of the Reclamation's budget are the *number* of people that get benefits from the Reclamation budget. None of them agree and all of them are very vocal about how much we're underfunding programs. . . ."

The number of people that disagree with the distribution of the Reclamation's budget are the ***number*** of people that get benefits from the Reclamation budget. None of them agree and all of them are very vocal about how much we're underfunding (Storey: Yeah.) programs.

". . . I can see, there are very many legitimate demands for our water resource program that are not getting funded. . . . I have to be careful about saying that in a public forum, particularly before Congress and testifying, because I have to represent, in the end, the Administration position. . . ."

And, you know, from my perspective and from what I can see, there are very many legitimate demands for our water resource program that are not getting funded. (Storey: Yeah.) I would, I have to agree with that. I don't know that I would say that, I have to be careful about saying that in a public forum, particularly before Congress and testifying, (Storey: Um-hmm.) because I have to represent, in the end, the Administration position.

Storey: Yeah, but, and I think, my opinion what's going to happen here in the not-too-distant future is that with the growing population in the country they're going to realize that water shortages are not just a western issue any longer. They're a national issue, except maybe in Alaska. (Laugh)

There Are Major Water Issues in the West Where There Is Rapid Population Growth, a Seven Year Drought, and Climate Change

Johnson: Yeah. I think that you're absolutely right and I think it's going to be–it's interesting. There's a bunch of things that are happening simultaneously, related to water. One is, ***huge*** population growth in the western United States. If you look at the West and you look at the population shifts that have been occurring over time, the West is the part of the country that is growing the most, and the Mountain West in particular. I mean, you know, the Nevada, California, Arizona, Colorado, Utah, Idaho. All of those states are just growing at double-digit rates, not annually but over a five to ten-year period. Between 1990 and 2000, Nevada grew by 66 percent. Arizona grew by 40 percent. California grew by 23 percent, and it's continuing. I mean, they're continuing to have those (Storey: Yeah.) kinds of growth rates.

And, at the same time, if you look at the water supply situation we've had, now, on a number of river basins in the West, seven years of drought. Colorado has had seven years of drought. The Missouri Basin has had seven or eight years of

drought. Reservoir levels, which are ***huge*** on those two rivers, are way down. And, you know, we talked about what we're doing on the Colorado to deal with the operations of the Colorado. Reservoir levels are way down.

We've had seven or eight years of drought, and then you've got climate change. And, if you look at the GS, the USGS put together an analysis of ***all*** the climate models that have been developed that ~~look, are~~ looking into the future, and they've got a map that shows it's red for those areas that can expect reduced streamflow and precipitation, and it's blue for those areas that are going to have ***increased*** streamflow and precipitation. And, the map happens to show the western United States in red, and particularly the northeast in blue. The only, the only states in the West that aren't red are Idaho and Washington, in general the Pacific Northwest, and they are neutral. You know, they're white, which means, (Storey: Um-hmm.) the models are showing there may not be–so, Pacific Northwest may not see a lot of changes in stream flow. But, but the rest of the West, at least the data that we're getting now, and I don't know if it's verified by the drought we've had over the last several years or not, but certainly water supplies seem to be coming less.

Energy Demands Are Expected to Increase

The other thing, there's lot of energy demands. Thermal powerplants require a lot of water. There's lots of new construction of thermal powerplants that are going on.

Corn Production and Price Are Increasing to Meet Demands for Ethanol Production, and Crops Being Replaced by Corn Will Likely Also Rise in Price as Lower Production Occurs

Ethanol, in order to meet the ethanol requirements of the Energy Act that was passed by Congress a couple years ago, there's going to have to be ten million acres of new corn grown in the United States to meet the ethanol requirements. Well, in fact, corn is $4 a bushel as we speak, and that's driven up by this demand for ethanol. And, corn is getting planted. I've talked to some of the managers of our irrigation districts, and corn's getting planted at ***very*** high levels in their districts and there's a ***lot*** of land that's going under production that wasn't under production, you know, what would lie idle (Storey: Really?) within those districts. Yeah. And, and there's a lot of land that was formerly in wheat, or barley, or alfalfa and it's getting converted to corn. But, if you're taking wheat and barley and those other things out of production you're going to see price increases and more demand for uses of land for those crops too. So, I guess my overall point is, it's going to drive, I think, greater demands for water for irrigation. You also have warmer temperatures. You have greater evapotranspiration in your uses of water, you know, for urban and as well as agricultural uses.

". . . we've got *big* increases in demand for water coming, and it looks like . . . more limited than what we've historically seen, and that's going to create a lot of additional demand and interest for water resource programs. . . ."

So, we've got ***big*** increases in demand for water coming, and it looks like limited

supplies, maybe more limited than what we've historically seen, and that's going to create a lot of additional demand and interest for water resource programs. (Storey: Um-hmm.) And, I hate to think that a crisis is required to recognize the importance of water resource programs, but if that's what happens then I think the Bureau will have to play a key role in stepping up and trying to address some of those issues. And so, it'll be a real challenge for Reclamation to try to do that, and I think one that Reclamation is up to.

". . . it'll be a challenge for Reclamation and it'll result in the renewal of some of our traditional programs, and I think potentially in some increases in the funding to do some of the things that aren't getting done today. . . ."

And, you know, I mean it'll be, I don't want to say it'll be ***fun***, (Laugh) but it'll be a challenge for Reclamation and it'll result in the renewal of some of our traditional programs, and I think potentially in some increases in the funding to do some of the things that aren't getting done today.

Storey: Well, that leads us, I guess maybe, to Water 2025?

~~Johnson: Um-hmm.~~

~~Storey: Twenty-twenty, twenty-five? Whatever it is.~~

~~Johnson: Twenty-, twenty-five.~~

Storey: Yeah. How's that program going?

Water 2025

Johnson: Well, we've got the highest amount of money in our '07 budget that we've ever had for Water 2025, and the reason for that is Congress never passed a budget last year. We had a continuing resolution and ***we*** got to define the budget. (Laugh) (Storey: Uh-huh.) And so, we put, ***I think***, $14 million for Water 2025, and we just announced forty-four challenge grants with water districts Westwide, distributing somewhere around $9 million of that, I think it's nine or ten million of that $14 million, to help solve water issues and leverage Federal and non-Federal dollars to implement projects that are going to get implemented in a very short period of time. (Storey: Um-hmm.) And, that's a good thing. So, we've had, I think, a good year for Water 2025. I think on the other hand, in the long term, we have ***not*** been successful in getting congressional support. We really need authorization, and with authorization then we need commitment of new dollars to help carry that program out, and we just have not been successful in getting that done. So, it's a healthy year, but whether or not the long-term outlook for Water 2025–I think, could be, you know it's been difficult to get congressional support. And, some of our traditional constituents say, "Gee, you're underfunding your other programs and you bring a new program in, and all you're doing is taking away money that could go for other things that ***we*** would view as being more important." So, and we just haven't garnered the support among constituents and Congress. Some of them support it and have been vocal about it, but you know, it just hasn't, (Storey: Hmm.) it just hasn't gathered momentum. And, the money that we have put in our budget to Congress

every year for the last four or five years for Water 2025, Congress has never funded it at the levels that we requested. The ***House doesn't fund it at all***. They funded it at zero, and their argument is, "Well, you don't have authority, and without a bill that authorizes the program we're not going to fund it." The Senate ***has*** funded it. Certainly not at the same level that our budget request had. And then, what usually happens in the conference process when the appropriation bills get passed is, they split the difference. So, we usually end up with something between zero, which is what the House usually has, and whatever the amount is that the Senate included. And so, the funding hasn't, for Water 2025, has never materialized, until this year when we had control (Storey: Um-hmm.) and we were able to direct it through our spending plan under the continuing resolution.

Storey: What about, you know, we've been, for the last little while, talking general issues like budget, what about personnel issues? Anything coming to you?

Personnel Issues and Succession Planning

Johnson: Well, I think that succession planning is very important. I think Reclamation is like every other Federal agency and every other private organization, because we have a Baby Boom generation that is very large. We have a generation that followed that. I think we call it Generation X, that's very small. That's followed by, I think, what's called Generation Y. There may be another name for that generation, but I can't remember, and that's a pretty good sized generation as well. But they're ***all*** in their twenties and their teens at this point in time, (Storey: Um-hmm.) so they're still pretty new to the workforce. And I would say that we're, we've got a gap of people in that Generation X where there's not very many, and it's not just a Reclamation problem. It's a nationwide problem. People between the ages of, I don't know, thirty, maybe twenty-eight, I don't know what the span of Generation X is, but it's somewhere between thirty and forty-five. You know, people that would be mid-career, people that would be in positions to step into senior level positions and have some sort of natural succession, we're very short on that. Not just in the Bureau of Reclamation, but everywhere, and that's an issue and that's a problem. It's one of the things that we're addressing in our Managing for Excellence.

We ***have*** developed what we call Succession Plans. We've identified critical positions in Reclamation that are going to be opening up over the next one year, two years, five years, ten years, and we're putting in place plans to make sure that we're developing people so that they can step in. So, we do have a Succession Plan and we are dealing with it. But, we have a missing generation and that's something that everybody's going to have to–that all organizations have to deal with in the time frame that we're in right now.

". . . overall Reclamation will fare fine. My experience is that people step up. . . ."

I would say, overall Reclamation will fare fine. My experience is that people step up. I mean, using myself as an example, when I became Regional Director there were four other Regional Directors that didn't think that I was ready to be Regional Director, and probably a lot of other people also, and yet I, you know, matured and was able to do the job. And I think that, you know, ***as*** this transition occurs in the

organization we will see people filling those spots and we will see them maturing, and developing, and carrying on the mission of the organization as it's historically done. We've instituted training programs, mid-level management training programs. We have the Senior Executive Training Program. We've been running people through those training programs to make them, get them better prepared to assume leadership in the organization. And so, I think we're dealing with it and I think we will deal with it, and I think the organization will be fine.

"I have had, since I've become Commissioner, a number of senior level vacancies . . ."

I have had, since I've become Commissioner, a number of senior level vacancies, two Regional Director jobs, ***my*** old one and Rick Gold, the Upper Colorado Region. Rick has, is retiring at the end of September. (Storey: Um-hmm.) My Deputy Commissioner for operations job, which was held by Bill Rinne, has opened up. Bill retired shortly after I became Commissioner. Our Denver, I don't remember the title of the position. It was held by Maryanne Bach but it was the Operations, (Storey: Oh the . . .) the people in Denver.

Storey: Research job, wasn't it?

Johnson: Well, it was a combination of Research and the TSC [Technical Services Center]. (Storey: Yeah.) It was a management position that oversaw all of the operation aspects of the Denver Office. That was Maryanne Bach, and ***she*** left.

Storey: And, and the Regional Director in Sacramento?

Johnson: And now, most recently, we have the Regional Director in Sacramento, Kirk Rodgers that retired. And, and that's the loss of a lot of experience in Reclamation, but I will tell you what, we have advertised three of those vacancies and I can tell you we have some ***outstanding*** applicants, and that we will be making selections that, of people who are very well suited to carry on in those jobs and get things done. And then the ones that haven't been advertised yet, I would expect that we would have some very highly qualified people that will apply and we'll be able to fill them with the kind of people that can do the job. So I, you know, I'm still in, of the opinion in those jobs, even though we had that turnover, you know, I'm of the opinion that we'll be fine. (Storey: Um-hmm.)

". . . I've always said . . . that the most important decisions that you make as a manager is who you hire, and . . . during my tenure as Commissioner . . . [I will have to] make many of those important decisions for the organization in these senior management slots. . . ."

And, one of the things, one of the things that I've always said was that the most important decisions that you make as a manager is who you hire, and I'm going to find myself as, during my tenure as Commissioner as having to make many of those important decisions for the organization in these senior management slots. And so, I, I understand how important it is to get the right people there–because I know I'm setting, you know, the future for the organization. So, ***I am*** going to be very careful to make sure we get the right people in the right jobs. And, the ability of the

organization to function in the long-term is absolutely dependant on us being able to do that.

Storey: And then, recently we had this, I guess it's a job satisfaction survey?

Johnson: Yes.

Storey: And, I guess the Secretary got a little upset at the SES [Senior Executive Service] cadre? (Laugh)

Employee Satisfaction Surveys

Johnson: You know, I wouldn't say the Secretary got upset. I wouldn't say that. But, I mean, you know, the bottom line is we had, we've had a ***number*** of personnel surveys over the years. OPM [Office of Personnel Management] has been doing them every two years, and Interior and/or Reclamation has been, in the off years, doing our own surveys. And, oh I don't know, three or four years ago we were doing okay and then between 2005 and 2006 we got some fairly negative results, and these are employee surveys where employees are expressing their views about a variety of things that are going on in their organization. And as to, you know, how well the organization trains people, how well the people, the organization compensates people, how well senior and middle managers are doing in terms of, you know, managing the programs, and, you know, how much help and support employees get, that sort of thing. And, we got very poor results in that 2006 survey, and not just the Bureau of Reclamation, but the whole Department of Interior. (Storey: Yeah.)

I think the Bureau of Reclamation did very close to the ***average*** of the Interior Department. There were some agencies that did better than us and there were some agencies that did worse than us. We were kind of (Storey: Um-hmm.) in–but overall, we were down significantly in '06, and it was a big concern to the Secretary and the Secretary says, "This is not good. We need to do something about it." And, he has put a ***lot of emphasis*** on making changes to make sure that we're organizing and being open and sensitive to the concerns of our employees. And, I've got to really credit the Secretary for doing that. We had a two-day senior executive conference and that was the, the ***major theme*** and the ***major*** discussion in that conference. There were some other things that were talked about. And, I would say I have ***never*** seen a cabinet-level Secretary appointee interact and engage in a senior-executive meeting like Secretary Kempthorne did, and he did a ***marvelous*** job, ***upbeat, positive***, he never criticized, but he said, "We got a problem and we've got to deal with it," and he brought in some people that gave us some guidance and ideas, and we had sharing of ideas among all of the agencies to try to see if we can't address that issue. And, we're going to work really hard to do that in Reclamation. We've been emphasizing that with our managers. I think . . .

END SIDE 1, TAPE 2. AUGUST 23, 2007.
BEGIN SIDE 2, TAPE 2. AUGUST 23, 2007.

Johnson: To some extent some of the things we're doing as managers is we're not doing a good enough job of communicating with our employees. Employees want information.

Employees want to know ***when*** decisions get made and ***how*** decisions get made. They want to know the ***rationale*** for the decisions that get made. And quite frankly, I don't think management is, is communicating that enough with employees. Employees want to know what's going on in the organization from a broader perspective and I don't think employees are getting that kind of information from management. And, I'm sure there's lots of other things that we're doing. I think a big part of it is communication. I'm sure there's lot of other things that we're doing as managers that, that may not be putting us in as good a light in the eyes of our employees as they could. Certainly, in Reclamation we've had some, some things going on that I think may have influenced employees.

Managing for Excellence and the Study of Reclamation's Programs by the National Academy of Sciences

The Managing for Excellence[57] effort itself, I think, has been viewed negatively by, by some of the employees and, and I don't know if that's what's driving down the results we're getting or not. But, I think as we move through that and as we implement that, and employees see what we're doing I'm hopeful that we'll be able to get an upward trend on these surveys when they occur in the future. We'll have to see.

Storey: And, yeah, that's a big topic, of course, in the Service Center.

Johnson: I know it is. (Laugh) In fact, I'm going to the Service Center tomorrow to spend the day meeting with employees and managers to try to understand better the concerns and issues that exist there. I think of all the offices within Reclamation, that that one has the greatest level of employee concern.

Storey: And I, my sense is they're very concerned about Twelve. I've forgotten the name of it. But . . .

Johnson: Team Twelve?

Storey: Yeah. Team Twelve.

Johnson: Right. And that, and that is specifically, that's right-sizing. (Storey: Yeah.) And, I think that there's a lot of people in the organization that think Team Twelve, that's Team Twelve of our Managing for Excellence Program, and that the right-sizing part of that means that we're downsizing. And, I think that the people in our Denver Office thinks that downsizing means ***they're*** the ones that are going to have to downsize. And, so I'm going tomorrow to firsthand try to hear those concerns and try to understand where they're coming from, and hopefully develop a right-sizing program that addresses the concerns that they may have. (Storey: Um-hmm.) I

57. Commonly referred to within Reclamation, in both writing and speaking, as M4E. This effort within Reclamation addressed about 50 issues that were highlighted during a review of Reclamation's programs which Reclamation commissioned in 2005. The Board on Infrastructure and the Constructed Environment, Division of Engineering and Physical Sciences, National Research Council of the National Academy of Sciences, conducted the review. The National Academy of Sciences published the study, *Managing Construction and Infrastructure in the 21st Century Bureau of Reclamation* in 2006 and triggered considerable effort on Reclamation's part in addressing issues raised in the report, i.e., the M4E effort.

mean, I can't promise anything, but I'm sure going to listen. I can say this. As Commissioner of Reclamation, I am ***not*** going to allow the technical capability of Reclamation to be degraded or harmed, and quite frankly a lot of our technical capability, especially the engineering technical capability, lies in the Denver Office, and I am committed to make sure that we're maintaining that core capability. And, whatever we come up with in Team Twelve, that is going to be the primary objective. And, so there's just, you know, I'm hoping that as we work through this and employees see what we've come up with, that they'll develop a sense of comfort and, and a sense of stability in the organization.

Storey: Um-hmm. Good.

Johnson: So, we'll see. I don't know. We've got a lot of conflicting interests out there. There's some misperceptions by some of our customers about the Denver Office and how it operates, and what it costs, and who pays for it. I think in Managing for Excellence[58] we've gone a long ways to help educate our external publics on that, and I think that the external publics have gotten more comfortable with the role of our Denver Office. So, I think some of that criticism has been muted and will allow us to deal with the right-sizing issue in a more positive way.

Storey: Good. Let's see. We have about ten minutes left. Do you, do you need to get anywhere for noon?

Johnson: I don't think so.

Storey: So, we can go another ten minutes?

Johnson: Yeah, if we need to, I think. Let me look up my calendar.

Storey: I've got lots of questions but I'm concerned (Laugh) any one of them may be too long for the time period.

Johnson: Yeah. I'm okay for a while.

Water Rights and the Black Canyon of the Gunnison National Park

Storey: Okay. Well, one of the things that John Keys felt he had put to bed was the Black Canyon of the Gunnison water rights issues, the issues for the National Park Service, and so on. And I'm, and I think I've gotten hints that that isn't, hasn't been settled yet, that it's come back up. Is that correct? Are you involved in that in any way?

Views on the Commissioner's Role in the Organization

Johnson: It has come back up and there are discussions going on between Reclamation and the Fish and Wildlife Service, and the National Park Service. You know, I am, other than from a–look, the Commissioner does not personally solve any problem. (Laugh)

58. See footnote on page 537.

Storey: You can't. (Laugh)

Johnson: The Commissioner sets a tone and provides an overall guidance and, and interacts where appropriate on issues, and tries to provide policy. But in terms of actually sitting down and solving that kind of a problem, the Commissioner just doesn't do that.

Storey: Well then John was very interested in it. (Johnson: Yeah.) He got personally involved. (Johnson: Right.) I didn't know whether you were or not.

Johnson: I get involved enough that I know what's going on, and if there's something that I think isn't going right then I step in and, you know, make my concerns known, and my guess is that's probably what John did too. So, of course, you, and in the end you're responsible for everything that happens on your watch, and deserve some credit or blame for whatever happens, (Storey: Um-hmm.) or is entitled to some credit or blame. I don't know if "deserves" is the right word. At least that happens.

". . . in the end you're dependent on your employees to really solve those problems. It comes back to my comment earlier about who you hire and if you've got good people and you can provide direction, and oversight, and a vision, and deal with the, and *help* deal with the external publics, then the execution will happen . . ."

But, in the end you're dependent on your employees to really solve those problems. It comes back to my comment earlier about who you hire and if you've got good people and you can provide direction, and oversight, and a vision, and deal with the, and ***help*** deal with the external publics, then the execution will happen and the people in the field will, and the people who you hire, and the capable people in the organization will make it happen. And, that's what, I think what's happening on Gunnison, on the Black Canyon. (Storey: Um-hmm.)

"Our people in Grand Junction and Salt Lake City are working with the Park Service, and the Fish and Wildlife Service, to define some sort of an operational plan . . . I mean that's . . . the business we're in. There's conflicting demands for water and how do we balance those conflicting demands when we operate our projects? . . ."

Our people in Grand Junction and Salt Lake City are working with the Park Service, and the Fish and Wildlife Service, to define some sort of an operational plan that will address the endangered ***species*** needs, the ***Park Service*** needs, and also address the power generation and water supply needs that are out there. I mean that's all, that's the business we're in. There's conflicting demands for water and how do we balance those conflicting demands (Storey: Um-hmm.) when we operate our projects?

That particular one, there's ***litigation*** over the Park Service's reserved right and how much water needs to be released in order to satisfy appropriate ***flows*** to meet the needs of the park. (Storey: Um-hmm.) And, obviously, the Park Service has some vision of how much water and the timing. I mean, they'd probably like to see the natural hydrograph repeated, and anytime you put a dam in place the natural

hydrograph isn't repeated. The Fish and Wildlife Service is, to some extent, interested in the natural hydrograph, but they're really focusing mostly on endangered species and making sure that flows don't harm endangered species and/or assist in the recovery plans. I think we're focusing most of our discussions right now with the Fish and Wildlife Service to define what's required to meet the needs of the fish, and, if we can do that, then our hope is is that when we get to that is we can take that to the Park Service, show them what kind of flows would be associated with that, and ***hopefully*** whatever we ***get*** with the Fish and Wildlife Service will be acceptable to the Park Service. And, I think that's, that's kind of the plan (Storey: Oh, okay.) for right now.

". . . it did fall apart. I mean, we had a deal, and environmental groups sued saying that our deal did not adequately consider the needs of the park, and the judge agreed and sent us back to the drawing board. So, John had it solved. . . ."

But, it did fall apart. I mean, we had a deal, and environmental groups sued saying that our deal did not adequately consider the needs of the park, and the judge agreed and sent us back to the drawing board. So, John had it solved. He's absolutely right. But, we got sued, and it got turned back to us and we're trying to solve it for a second time and making good progress, from all the reports that I get.

Storey: Good. One of the things that happened when you came to D.C., you went from Regional Director's job to the Commissioner's job. A different seat, but also a different position in the government. You went from career, and sort of very political but ***not*** a political appointee, to a political appointee. Could you talk about the difference and the ***kinds*** of things you do as a political that are new and different, and the kinds of meetings you go to, and that kind of thing? Can we do that in five minutes? (Laugh)

How Things Changed Because of Becoming a Political Appointee, the Commissioner of Reclamation

Johnson: Yeah. You know, just being Commissioner, as opposed, you know, whether it's political or not is very different than being a Regional Director, because you have the ***whole*** organization and you're looking at the organization as a whole rather than the piece that you're responsible for. But, I don't think that's, and that's, that's very different and it's very challenging, and I think it's a ***harder*** job. But, I don't know that that's necessarily the political aspect. The political aspect, I suppose, is dealing with the Congress, and dealing with the Department, and the political process in the Department. And my reaction at this point in time, and it may change, you know, as I continue as Commissioner. I mean, I've been here less than a year. I'm coming up on a year. It's almost a year. But, in the first year, I don't know that I could say that I've observed a lot of things that are, that are so significant about becoming a political appointee. You know, you do take on a different status in that the provisions of the Hatch Act don't apply to you in the same way. You can involve yourself in political partisan activities on behalf of the President. And that, that's unique, not just to being a political, but that's unique to being a presidential appointee that's confirmed by the Senate. You may have political appointees, what we call Schedule

C[59] positions, and the traditional Hatch Act applies to them just like it does to everybody else but–well, there's some differences. There's some differences. (Storey: Um-hmm.) But, there's even more latitude for a political appointee. But, I can tell you, at this point in my term as Commissioner I have not attended a single political event. I had no involvement in any of the political campaigns that occurred. Of course, the one that occurred in '06 I was only here for a very short period of time and the election was over. And, I would just say that I have not, in the first year that I've been here, been requested to do anything of a political nature, in terms of supporting the Democrat–or the Republican Party, or reelection of members of Congress, or election of a President, or anything like that. It just hasn't happened. (Storey: Um-hmm.) I go to a political meeting once a week. There's a meeting called "the politicals meeting," and all the people, the Schedule C, the only ones that go to that meeting are the Schedule C and the, and the political appointees, the presidential appointees. The Secretary is there some of the times, the Deputy Secretary, all the Assistant Secretaries. And, you know, in all the ones that I've gone to we've never talked about anything political. I think there was, at one point, when the Congress changed, you know, last winter, you know, December and January there was some general ***talk*** of now that the Democrats have control of the Congress that that was going to create a different atmosphere for us to work in, but nothing really–that's about as political as anything that's happened and that has been talked about in that political meeting. (Storey: Um-hmm.) (Laugh) It's more related to the work, and the goals and the objectives, and carrying out the mission of the Department, and the goals that have been set already by the President and the Secretary.

Storey: Now, when you say the "politicals" go to the meetings, like some of them, as I understand it, some of them aren't really very high, very highly graded?

Johnson: Right.

Storey: I think Brock [Lowrance], whatever his name was, (Johnson: Right. Uh-huh.) was a nine or something?

Johnson: Yes. Nines or elevens, but they're Schedule C.

Storey: Do they attend?

Johnson: They're hired by the White House, not, not, they're not a career–yes, they attend. Yes. All those people attend (Storey: Interesting.) the meeting. And, I don't know how many. In the whole Department of the Interior there's probably thirty or forty, and not all of those are there in any given week. ***Nice*** people, ***hard working*** people.

Storey: You mean thirty or forty that (Johnson: That ***can*** attend the politicals meeting.) attend

59. "Employees in the excepted service who are subject to change at the discretion of a new Administration are commonly referred to as 'Schedule C' employees. Schedule C positions are excepted from the competitive service because they have policy-determining responsibilities or require the incumbent to serve in a confidential relationship to a key official. Most Schedule C positions are at the GS-15 level and below. Appointments to Schedule C positions require advance approval from the White House Office of Presidential Personnel and OPM, but appointments may be made without competition. OPM does not review the qualifications of a Schedule C appointee–final authority on this matter rests with the appointing official. . . ." Source: http://www.opm.gov/transition/trans20r-ch5.htm on May 6, 2011, at about 4:00 p.m.

that meeting?

Johnson: Yeah.

Storey: Yeah.

Johnson: That can go to that meeting.

Storey: And so, there are what, nine, nine Commissioners or directors or so, nine, or ten, or eleven, (Johnson: Um-hmm.) or something like that? (Johnson: Um-hmm.) And there must be . . .

Johnson: Three or four Assistant Secretaries. (Storey: Yeah.) And, the Secretary, the Deputy Secretary, and then, you know–and now all of those, for the most part, are presidential appointees. So, they have been appointed by the President and confirmed by the Senate. (Storey: Um-hmm.) And then the ***rest***, the Deputy Assistant Secretaries, and then the people like Brock [Lowrance] that you mentioned, that are down at the lower level, they're appointees that are ***hired*** and approved by the White House, and so they're political and they're Schedule Cs, employees, what we call Schedule C. I don't even know what "Schedule C" means, (Storey: Um-hmm.) but that's what they're called. I think they probably have a different pay scale. And they, they attend, they attend the meeting. And like I said, there may be as many as fifty, but I mean at any given meeting there's twenty or thirty people there.

Storey: Interesting.

Interacts at a Much Higher Level in the Department and the Congress than Previously

Johnson: Yeah. But I have not been asked to do anything political. Now, I do interact at a much higher level. I mean, I go to these meetings. The Secretary is there. I brief the Secretary, you know. The Secretary may call me up on the phone with an issue. So, I'm working at a higher level and I'm interacting at a higher level in the organization. Deputy Secretary, weekly staff meeting with the Deputy Secretary informing her on the issues of the organization, what's going on, making sure she's aware of issues.

Storey: That's Lynn Scarlet?

Johnson: Lynn Scarlet. You know, obviously, working with the Assistant Secretary I've been very lucky with the Assistant Secretary, not ever had any conflicts or different views on, on policy issues with them. We've got Kameran Onley up there now. I don't know, she may become permanent. I'm not sure exactly what her status on the long term may be. She's great to work with, easy to work with. (Storey: Good.) And so, I'm working at a higher level, and then working with Congress. I mean, members of Congress call me. I got a call from the governor of South Dakota a couple of weeks ago asking for some stuff. I get called by ~~members of the, by~~ senators, and congressmen. I testify before Congress and represent the Administration position on things. I went to, I went to North Dakota, to Bismarck, and the governor of North Dakota wanted to meet with me. I went into the governor of North Dakota and we

met for over an hour talking about water issues in North Dakota. Senator, I had breakfast with some of the water users and Senator [Byron] Dorgan, who's Chairman of our appropriations subcommittee came in to visit with me about what was going on. So, you're just working at a higher level. You're working at more of a political level. And, it's exciting. It's fun. It's neat to get called by a governor and he, they want to talk to you, you know, after I've been a career person. I never dealt with people at that level (Storey: Um-hmm.) in government before. Some. Not to say I didn't, I mean as a Regional Director you deal with members of Congress and senators, but not to the same level you do when you're, when you're the agency head.

Storey: When you're the Commissioner?

"They're very nice people, usually. Just like anybody else, they're people and they're very, they're usually very smart and very capable. They have an interest to represent. . . ."

Johnson: Um-hmm. ***And*** the Secretary, and those sorts of things. And, you know, I suppose that's, that the difference. But, you know what? They're **very nice** people, usually. Just like anybody else, they're people and they're very, they're usually very smart and very capable. They have an interest to represent. But I mean, even at lower levels you have similar kinds of, you may not be dealing with a congressman. You'll be dealing with outside constituents, but, you know, I mean it's similar. (Storey: Um-hmm.) And, but it's neat. I mean, I enjoy it. The interactions have been, for me, have been mostly positive, and it's an ***honor*** to be able to represent the organization and to try to help the Bureau, and to try to help the water interests and to carry out the water interests of the West generally. And, you get an opportunity to do that when you deal with people at that level and it's exciting.

Storey: And you're enjoying it?

"I'm very much enjoying being Commissioner. . . ."

Johnson: And fun to do it. And, I am enjoying it. I'm very much enjoying being Commissioner.

Storey: Good.

"I am *not* going to . . . let any negative aspects overshadow my approach to things. . . . And, if it does happen I'm going to leave. I'm *not going to do it* if . . . I'm not enjoying it, if I *don't* feel like I'm making a contribution and helping, I'm not going to stay and do it. . . ."

Johnson: It's, it's a great job. It's a ***hard*** job, but I have told myself I am going to enjoy it. I am ***not*** going to allow myself to, to let any negative aspects overshadow my approach to things. I'm not, I'm just ***not*** going to allow that to happen. And, if it does happen I'm going to leave. (Laughter) I'm ***not going to do it*** if I don't, if I'm not enjoying it, if I ***don't*** feel like I'm making a contribution and helping, I'm not going to stay and do it.

Storey: Good.

Johnson: That's kind of a rule I've set down for myself.

Storey: Um-hmm. Let me ask, since our time is up, if you're willing to allow researchers and others to use the information on these tapes a year after you leave office?

Johnson: Yes, I am, but I would like to put a caveat that says–I may want to think about trying to extend that year, (Storey: Okay.) for a longer period of time.

Storey: We can do it for a longer period of time.

Johnson: Yeah. I, I . . .

Storey: Nobody else has, but that's (Johnson: Yeah.) that's not a problem.

Johnson: I'm not saying, "Let's do that," but I might want to think about that. Before I leave, (Storey: Okay.) we'll talk about that one more time.

Storey: Yeah, we can, (Johnson: Yeah.) we can change the donation statement at any time.

Johnson: Yeah. Yeah.

Storey: Okay. Thank you.

Johnson: You're welcome.

END SIDE 2, TAPE 2. AUGUST 23, 2007.
BEGIN SIDE 1, TAPE 1. MARCH 25, 2008.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Robert W. Johnson, "Bob" Johnson, the Commissioner of the Bureau of Reclamation, on March the 25th, 2008 at about one o'clock in the afternoon in his office in the Main Interior Building in Washington, D.C. This is tape one.

Let's see, last time we briefly talked about your role in Reclamation, as opposed, because I was asking you about all these projects, (Johnson: Um-hmm.) and I was wondering if you'd like to clarify that a little bit?

". . . I think that the Commissioner's role is critical in getting things done, because the Commissioner is the one that deals with the Department of Interior and the Office of Management and Budget, and the Congress when it comes to actually making the big decisions. . . . when it comes to *actually* getting the work done that . . . work is actually done in the field, and the regions, and in the Denver Office. And, in fact, the development of *many* of the solutions to our problems . . . come from the bottom up. . . ."

Johnson: Well, certainly I think that the Commissioner's role is critical in getting things done, because the Commissioner is the one that deals with the Department of Interior and the Office of Management and Budget, and the Congress when it comes to actually making the big decisions. And, I think that my comment was, when it comes to

actually getting the work done that that work is actually done in the field, and the regions, and in the Denver Office. And, in fact, the development of ***many*** of the solutions to our problems are, you know, come from the bottom up.

And, I think there's a, you know, the examples on the Colorado River, when we dealt with putting regulations in place to encourage interstate banking and interstate cooperation on the Lower Colorado River, and when we put the Surplus Guidelines in place, and when we put the ~~, when we put the~~ Shortage Guidelines in place, and when we did the Quantification Settlement Agreement, that was negotiated at the local level with the local communities. The settlements that have come in in California recently, on the San Joaquin River and on the, on the drainage problem in California, those are some ongoing settlements. One will require, one has legislation introduced. Others will, the drainage one will have, will have to have legislation to get implemented, and there's been a lot of discussion going on with those. Those all come from the ground up. There's problems. There's studies. The people in the field are dealing with the water users, and the states, and the local communities, and they're the ones that are actually formulating those solutions. And so, then the Commissioner has to support them, and the Commissioner has to deal with the Department to get support, deal with OMB [Office of Management and Budget] to get support, testify before Congress taking a position on, on them. So, in the end the Commissioner is very important in moving those things forward. But, I maintain that an awful ***lot*** of those come from the ground up in Reclamation. And certainly, the Commissioner is informed, you know, as they're being developed, and the Commissioner is supportive, and the Commissioner is, in turn, informing the Department and whoever is appropriate. If there's Congressional briefings, making sure that those need, as these things are developed. But, in the end that work is done, you know, in the field, you know, by the Regional Directors and their staffs, and people in Denver and their staffs, and the Commissioner has to ***buy off*** and approve and deal with the external ***politics*** back here in ***Washington*** in trying to move those things ahead. But, the genesis of them, many times, come from, come from the local levels. And, I think there's lots, lots of, lots of examples of that.

"That's not to say that things don't come from Washington, and that the Commissioner doesn't have a broader vision and a broader set of goals that the Commissioner wants to bring to the table and get incorporated into the organization. . . ."

That's not to say that things don't come from Washington, and that the Commissioner doesn't have a broader vision and a broader set of goals that the Commissioner wants to bring to the table and get incorporated into the organization. And, there's been a lot of history of that in Reclamation, when Commissioners came in and ***definitely*** had an agenda that they wanted to implement in the organization. I think Dan Beard being ~~one of the most recent,~~ one of the ones in recent history that definitely brought an agenda to the table, and had things that he wanted to do. And I, certainly I think John Keys and Eluid Martinez both provided some really good leadership consistent with the process that I, that I just described.

Managing for Excellence

For me, personally, I think, you know, there's some things that we've got

ongoing that–and again, (Laugh) some of them are starting with me, but some of them are things that started before I got here as Commissioner. One is, completing Managing for Excellence.[60] We have now–I said, when I came in as Commissioner, that was the most, you know, one of the most important things for me was to see Managing for Excellence through to its conclusion and moving forward to get it implemented within the organization. Well, we've done that. We've, there's one team that's still outstanding., it's Team 13, but we've made decisions on all forty-one teams. We've developed a framework. We've made assignments for implementing all the decisions that have been made. We have executive sponsors for ***every*** one of those. We have implementation memorandums. And, those activities are moving forward and will be getting implemented and it'll take ***years*** to really get Managing for Excellence imbedded in the culture of Reclamation. My hope is that we can make some really big ***strides*** in getting that done before the end of this year, but it'll take even a much longer period than that. So, we've moved Managing for Excellence along and I think Reclamation will be a better organization as a result of it.

Water for America Is a Program Coming from the Commissioner and Secretary

One of the other things that we're doing right now is we have a new initiative that was part of the President's budget, and I don't think we had a chance to talk about that before. I'm not sure. Maybe we did. I don't always remember what we talked about (Storey: Um-hmm.) from one session to another, but that's a program called Water for America.

Storey: That's a new one?

Johnson: And, it's a major initiative. And actually, Secretary Kempthorne deserves a lot of credit for this, because, you know, he is genuinely concerned about drought, and climate change, and population growth in the Western United States, and what are we doing ***proactively*** to try to deal with those issues. And so, Water for America is an initiative included in the President's budget aimed at trying to address those issues, and, and endangered species as well. And the, the program is made up of a number of components. The ***key*** is we're going to need some legislation, and for ***me*** the single most important part of the Water for America Program is to reinvigorate Reclamation's activities related to water resources planning. We haven't been doing a lot of water resources planning, especially from a macro perspective. And, and yet we're a major player in the West.

The Program Is Designed to Look at Reclamation's Facilities in the Light of Future Drought and Climate Change and Determine How Reclamation Might Change Management of its Facilities to Better Deal with the Changes

Most of the West's river basins have Reclamation facilities on them. Many of those we still do operation and maintenance on. We ***know*** we've got drought. We ***know*** we've got climate change that's facing us in the future. We need to be ***looking*** at our facilities and how they're ***operated***. If stream flows change, does that mean we should be changing our operating criteria to reflect what changes might be occurring

60. See footnote on page 524.

and continue to occur into the future? What about population growth, changing demands, environmental problems that may exist? What about the basin as a whole and how do our facilities fit into that bigger picture? Are there other facilities on that river basin that we have to cooperatively manage? And the idea is, is to take a broad look at selected river basins in the West where we see significant supply and demand issues and potential impacts associated with drought and climate change and develop resource management plans that says, "Well how, how do we manage our facilities differently to address those future challenges, ***and*** what do we do ***beyond*** the management of our facilities? Is there infrastructure that's needed? Are there things local communities should be doing to address the needs and try to do planning in partnership with local and state entities to look at these watersheds and how we can manage them better?" ***That*** is part of this Water for America initiative that's been proposed.

Another Piece Is a Challenge Grant Program

There's other pieces of it. There's the Challenge Grant Program, which is an expansion of the Water 2025 Program that's already been implemented, and we're going to be seeking legislation on that.

Endangered Species Act Activities Are Another Component

There's some money to focus on endangered species issues and trying to advance species recoveries and implementation of our, some of our ESA [Endangered Species Act], some of our critical ESA programs. So, that's there, and I want to be a proponent of that, and I want to see if we can't get that started as an organization before I leave as Commissioner.

"I think the *need* for the Bureau of Reclamation is going to be *greater* in the future than it has been in the past, because *things* are changing. The West is changing. Hydrologic patterns are changing and the need for water supplies is going to be more critical than ever . . ."

I think the ***need*** for the Bureau of Reclamation is going to be ***greater*** in the future than it has been in the past, because ***things*** are changing. The West is changing. Hydrologic patterns are changing and the need for water supplies is going to be more critical than ever with the, you know, all the changes that are going on, and Reclamation's got to prepare itself for those change. And, there's going to be multiple roles for Reclamation to play in addressing those. ***Not*** just traditional roles, you know, like we have in our past of building new projects, but management and operational roles related to the facilities that we already have ***in place***, and working with local communities to try to solve problems. And, so I'm ***really*** excited about that. (Laugh) I really think that that is a new program that I'm hoping that we can have some success, that one, that we can get Congress to fund, and two, that then we can begin to get implemented. In fact, I probably won't ***be*** Commissioner when that budget gets implemented, but hopefully we'll have some success in getting Congress to fund it and that we can lay the groundwork. You know, I want to, I want to have the groundwork laid out for what basins we're going to initially look at and the plan of study on, so when we ***do*** get the money from Congress we can move out quickly in terms of trying to do some, some of those studies and trying to get a better handle on

how we're going to manage our facilities and address water issues in the West. So, you know, that's kind of a new thing and that's something that's kind of coming from the Commissioner and the Secretary. It's not something that's coming from the bottom up, but really a new initiative that we're going to try to bring to the organization (Storey: Um-hmm.) and implement.

". . . I've got a *long* list of things that we want to try to get done. . . ."

So the Commissioner plays, can play, you know, various roles. I mean, I want to see, I've got a ***long*** list of things that we want to try to get done. We want to get our 429 Rule completed on land management. We had some very significant issues with that. I want to see the Rural Water Rule get implemented. I'd like to see the Truckee River Operating Agreement and the rule that we have on that get implemented before I leave as Commissioner. We had hoped to implement a long-term plan for the operation of Glen Canyon Dam. Unfortunately, litigation has, I think, precluded doing a big new environmental statement and new long-term operating plan on, on, at Glen Canyon Dam. We have done an E-A, [environmental assessment] and another beach habitat building flow just recently to rebuild some of the beach habitat in the Grand Canyon. But, the litigation with the Grand Canyon Trust has really kind of put a wrinkle into that process that we hadn't, that we hadn't counted on, so that's going to slow that process down. So, I mean all those, and some, and many of those things were things that were ongoing, you know, when I came in as Commissioner, but trying to get those completed during the year. So yeah, the Commissioner very much plays a role when issues become significant or when programs have to be implemented and you have to go to Congress, and OMB, and the Administration to get support, the Commissioner, you know, has to step in and play a role.

Leadville Drainage Tunnel

You know, things just happen. The Leadville Drainage Tunnel, which, you know, for some really unfortunate reasons Reclamation has ended up owning this drainage tunnel up in the mountains near Leadville, Colorado. And, unfortunately there's a superfund site there and EPA [Environmental Protection Agency] has developed plans for that superfund site. And because ***we*** own this drainage tunnel near these mine tailings that's a superfund site we've gotten wrapped into this controversy around the superfund site. And, we have the Colorado congressional delegation proposing legislation that's going to make reclamation responsible for this remediation at this superfund site. And obviously, that has a big impact on us and the Commissioner has to be ***out front*** in dealing with the Congress, and the public, and others in addressing that issue. And, in fact, we have. We've met with members of the congressional delegation. There's bills being drafted. We're working with EPA at the Deputy Secretary level to try to negotiate some sort of Administration position on what needs to be done at that superfund site and what's EPA's responsibility and what's Reclamation's responsibility. If we can get a common Administration position then probably the Commissioner will be testifying before Congress on legislation that the Colorado delegation is introducing. And so, yeah, the Commissioner plays a very pivotal role, but, and the Commissioner can set some vision, and the Commissioner can, you know, perhaps introduce some, you know,

initiatives and try to move things ahead. But when it, you know, but my comment was, ***in the end all the real work*** gets done by the staff and the people in the field, and that's the people are on the ground. They understand the issues. They have the relationships with the local communities that are affected, and that's where the ***effective*** resolution of problems can take place. The Commissioner is at a much higher level and he can provide some ***broad vision*** and some ***broad*** oversight, and he can ***help*** when issues rise to that level, but in the end the organization on the ground is the one that finds the real solutions and deals with the communities and gets the solutions. And, that's what I meant, that's what I meant by that statement.

Storey: Good. I just wanted to make sure you still wanted to talk about it. (Laugh)

Johnson: Yeah.

Storey: Because there's, you know, the Commissioner has a different perspective on the issues than the Regional Director, for instance, (Johnson: Um-hmm.) or the Area Manager?

Johnson: Um-hmm. In which case, the Commissioner's view prevails. (Laughter)

Storey: Well, that does make a difference, you see.

Johnson: Now, that doesn't mean that the Commissioner doesn't listen to what the Area Manager and the Regional Director have to say. (Storey: Um-hmm.) And, you know, and, and make appropriate adjustments to, to reflect their concerns. But, you know, absolutely. Yeah. I, the Commissioner is not always going to see it exactly the way the regions do, and the Commissioner will get involved when that's necessary. But, I will tell you, I think that's the exception. I don't think, at least it hasn't happened a lot with me. Yeah, there's times when I'll bring a different perspective than, than another, than one of the Regional Directors might have on things, but I would say that's the exception, (Storey: Um-hmm.) and, and not the rule.

Storey: Let's talk a little more about Leadville. We have a drainage tunnel we took over from Bureau of Mines, I believe, and we have a treatment plant. There are several levels that I'd sort of like to explore. First of all, what's going on here in Washington? What kind of issues are coming up between Reclamation and the Secretary, Reclamation and the Congress, and so on? But then also, what kind of issues? Do we think this is really an issue, and if so, how, and, and how, how real are the issues as opposed to sort of being blown up psychologically for ***other*** reasons by other people? (Johnson: Um-hmm.) Those sorts of things.

Johnson: Yeah. Well, you know, Leadville is an anomaly. It is not a, it's not a part of Reclamation's mission. We obtained Leadville drainage tunnel because we ***thought*** we could get some water supply. We ***thought*** we could get the right to the water that drains out of the tunnel for the Fryingpan-Arkansas Project. So, in 1959 we agreed to take ownership of the tunnel in the hopes of getting the right to the water for one of our projects. (Storey: Um-hmm.) Well, it turns out that we couldn't get the right to the water. The Colorado water courts would not grant us a water right. They maintained that it was part of the base flow of the Arkansas River system, and that the water had already been fully appropriated, and that they would not give us–so we

ended up owning a mining, this drainage tunnel and didn't even get the benefit out of it that we thought we might get by agreeing to take the ownership. And, for many, many years then we just owned it. We didn't do anything with it. The drainage came out of the tunnel and flowed into the Arkansas Basin.

And, in the 19 . . . I think it was in the 1960s and 1970s when EPA was created it was recognized that some of the water in the tunnel was picking up heavy metals as it drained through that mining rock and all those mines that it was draining water from in the first place. And so, initially EPA granted us a discharge permit. The discharge permit only required us to monitor. It didn't require us to treat the water. In the late '80s we got sued by, I think, it was the Sierra Club maintaining that we weren't, that we had an obligation to treat the water and we maintained that we had no obligation. We didn't even own the water, and we had no obligation to treat it. But, the court ruled against us. The court said we ***were*** obligated to treat the water. So, we went to Congress and Congress ***authorized*** us to treat the water, but limited that authorization to the water, ***only*** the water that's historically flowed through the drainage tunnel. So, it limited our responsibility to just the water that had historically flowed through the treatment plant. And, and we built the treatment plant, and ever since then we've operated that treatment plant, and we've cleaned the water up and it meets the standards that have been established by EPA and by the court when we got sued. Now, in the '90s there's a whole bunch of mine tailings in an, in an area called California Gulch, which is over in a, in a drainage, you know, over the hill. Although our drainage tunnel happens to stretch, you know, underground, underneath this California Gulch area, but it's not land that we own. We weren't, we're not what's called a PRP [potentially responsible party], a responsible party, because it was done by private mining companies. It's not on Reclamation ***land***. We don't ***own*** the land that these mine tailings exist on. They were created when they did all the mining in the 1800- and 1900s, you know, through, I guess, maybe 1950s and early '60s when the mining stopped. So, there's all these mine ***tailings*** there. And, when you have snowmelt and runoff that flows over the top of those mine tailings it picks up heavy metals and it gets into the streams as the, as the streams drain, you know, in the spring of the year.

EPA Did an Environmental Statement and Determined the Way to Deal with Water Carrying Heavy Metals Was to Dump it into Mine Shafts and Have it Exit the Leadville Drainage Tunnel Through Reclamation's Treatment Plant

Well, EPA recognized that as a superfund site and in the '90s and early 2000s did a study and an EIS [environmental impact statement] to determine how those water supplies ~~should be, a net~~, that superfund site, should be remediated, and they considered a lot of alternatives. They considered hauling all those mine tailings out and disposing of them. They considered covering them over. They considered building a treatment plant ***at*** the site and collecting the water and, you know, and treating it there and then letting it run off. And, they also considered an alternative that called for them to capture the runoff when it occurred and take it over and dump it into the mine shafts and let that water then come down and go through our drainage tunnel and then have us treat the water when it comes out the end. This is like in 2003 that they issued this EIS, and that's the alternative that EPA selected. And, you know, our, our position was, "Well look, we've got a treatment plant that's there, and

to the extent that, that it can be used and it has extra capacity it may be a very sensible idea to do that, but we're certainly not responsible. We're not responsible for treating the water or for incurring the costs. We'd be more than happy to turn the plant over to EPA, or over to the state and let them operate it. We'd even provide a trust fund to fund our share of the O-&-M [operations and maintenance] because we are obligated to pay O-&-M of that treatment plant for the water that historically drained. But, we're ***not*** obligated to pay for any ***new*** water that gets introduced."

EPA Agreed to Accept the Treatment Plant, but Negotiations for the Transfer Fell Apart and Reclamation Was Left with the Plant and New Operating Expenses for Which it Disclaimed Responsibility

And, in fact, that's what everybody pretty much agreed to and, [sigh] after the EIS was issued there were discussions between EPA, and Reclamation, and the state, and they were, we were ***unable*** to collectively agree on how that transfer should occur. The state wanted, and EPA wanted us to pay a lot more than just that incremental O-&-M. We thought a $30 million trust fund would be adequate to cover our share of the O-&-M on our current obligation and they wanted us to put up $50 million and we said, "No, you know, that's making us responsible for more than, than what we're responsible for." And so those negotiations broke down and as a result nothing's happened. EPA has, what EPA ***has*** done is they've collected the water and they're dumping it in the mine shaft and, and we're still running our treatment plant downstream but there's been no agreement to turn the treatment plant over and fix it. And then, there's, there's also a, another problem that has developed.

Because of Collapses in Reclamation's Tunnel and Other Tunnels Groundwater Built-up in the Mountain, and a Large Mound of Groundwater Developed

There has been some ***movement*** in the earth and in the changes in the geology. There's a ***fissure*** that passes through where our drainage tunnel is. There's a couple of other drainage tunnels. There's a Yak Drainage Tunnel and then there's another drainage tunnel that also drains the area. There's been collapses in our tunnel and there's been collapses in this Yak Tunnel. And, what's happened is this, all the water is not draining out of the mountain through these drainage tunnels. It's seeping through at a slower, at a slower rate, because there's these–and we're not really sure what's happened. We know that there's been some changes in the geology of the mountain that's caused less water to come out of the drainage tunnels. Not just our drainage tunnel, but the other drainage tunnels that are there. And so, what's happened is this groundwater mound has grown up in that vicinity and there's a lot more groundwater in that mountain than there used to be. And, ***on top*** of that EPA is now putting this bad quality water inside that mountain. So, there's this mix of water in the mountain that includes this bad quality, plus just the natural buildup because the drainage tunnels aren't draining the way they were originally intended to.

In November 2007 EPA Wrote Reclamation Saying They Thought There Was Possibility of a Catastrophic Failure of the Mountain, Sudden Release of Groundwater, and Catastrophic Impact on the City of Leadville

And, what happened this last year is EPA, in November, wrote us a letter saying that they thought that there was a possibility of a catastrophic failure of the

mountain and a sudden large release of all this built-up groundwater mound that could have a catastrophic impact on the City of Leadville. The concept being some ***gushing*** force of water, you know, ***washing*** out houses and everything in the community, and then this terrible quality water going down and getting in the Arkansas River and causing pollution, you know, up and down the whole range of the Arkansas River Valley.

Reclamation Requested Their Analysis in Support of Their Conclusion since Reclamation Geologists Had Looked at the Situation and Didn't Believe There Was Any Danger of Such a Failure

And, when they sent us that letter we wrote a letter back and said, "Gee, would you please provide us with your analysis that would support that conclusion. Because, quite frankly, our folks, our geologists, our engineers, have taken a look at it and ***their*** professional opinion was that that was not something that was likely to occur." And the bottom line is, EPA never replied to our letter that, you know, that we sent back.

Local Politicians Apparently Chose to Publicize and Capitalize on the Situation for Their Own Ends and Sought a Presidential Declaration of a National Disaster Area

And in the meantime, we, I don't know if there was, there seems to be based on some of the newspaper articles some indication that there was kind of a collusion between a state senator, Senator [Tom] Wiens from Colorado that represents the area and the local county commissioners to really publicize this idea of an ***impending disaster*** that could occur, with the idea being that they could spur some sort of action to move in and implement the clean-up of that site, you know. That they could come in and build on the EPA. And, I don't know if EPA had discussions with them, or whether this was a strategy that everybody had. But, the bottom line is the county commissioners and this state senator ***rallied*** state government, the governor, the Colorado Congressional Delegation, and all of a sudden they were writing letters asking that the President declare a national disaster area, that Leadville was, you know, at risk of being . . .

END SIDE 1, TAPE 1. MARCH 25, 2008.
BEGIN SIDE 2, TAPE 1. MARCH 25, 2008.

Johnson: That the . . .

Storey: Leadville could have this catastrophic event?

They pinpointed ". . . that *Reclamation* was the problem, that we weren't being responsive, and we had created the problem, and we were responsible for fixing it. And basically, that was the way it got portrayed in the press. . . . *we don't think* . . . that's the case. . . . EPA came in and developed this plan . . . And now, all of sudden, everybody's coming at Reclamation saying, 'You're responsible for the whole thing, and you've got to pay for, you know, dewatering that mountain and treating all the water.' And basically, that's what everybody is trying to push on

us. . . ."

Johnson: Right, and that ***Reclamation*** was the problem, that we weren't being responsive, and we had created the problem, and we were responsible for fixing it. And basically, that was the way it got portrayed in the press. And, in fact, ***we don't think***, you know, that's the case. I think I just kind of described the history and what our authority was, and the fact that EPA came in and developed this plan, you know, that we were willing to cooperate on but one that we didn't feel like we were responsible for. And now, all of sudden, everybody's coming at Reclamation saying, "You're responsible for the whole thing, and you've got to pay for, you know, dewatering that mountain and treating all the water." And basically, that's what everybody is trying to push on us. And, Senator [Kenneth] Salazar is introducing legislation that would, in essence, direct Reclamation to put in all the facilities that are required under the EPA plan and have us dewater that mountain, put in wells to pump the water out, a pipeline down to our treatment plant, plug, plug our drainage tunnel and, in essence, build a ***new*** system for draining the water out of the mountain and treating it. And, everybody's saying, "That's a Reclamation responsibility." And, we're sitting here saying, "You know, that, that superfund site is not a Reclamation superfund site. We're not a, we're not a responsible party. That's an EPA responsibility and a state responsibility. We're willing to ***cooperate*** and be ***part*** of the solution, and allow our facility to be ***part*** of the solution, but we don't think Reclamation should be saddled with the whole thing."

". . . EPA, even though originally the record indicates that they . . . were just going to use our facilities to help and not make Reclamation responsible, within the last couple of months the EPA has come on very strongly that Reclamation *is responsible*, and Reclamation *is responsible* to pay and put in all of the facilities. And, of course, we're saying, 'That's not the case,' and that's what's now *driving* these discussions at the Deputy Secretary level. . . ."

Quite frankly, EPA, even though originally the record indicates that they sought Reclamation's way, that, you know, they were just going to use our facilities to help and not make Reclamation responsible, within the last couple of months the EPA has come on very strongly that Reclamation ***is responsible***, and Reclamation ***is responsible*** to pay and put in all of the facilities. And, of course, we're saying, "That's not the case," and that's what's now ***driving*** these discussions at the Deputy Secretary level. The senator is introducing a bill. There's going to be a hearing on April 24th on the bill. The Administration will be asked to take a position on the bill, "Do we support it? Do we not support it? Should Reclamation be made responsible? Should EPA be made responsible?"

EPA and Interior Are Meeting to Develop an Administration Position for a Congressional Hearing on April 24th

So basically what we're doing is, at the Deputy Secretary level we're meeting with EPA and the two agencies of the Executive Branch are going to come to some sort of an agreement on how, on who's responsible for ***what*** at Leadville, and then we'll present that to the Congress and the testimony when they have the hearing on the bill. And, what the outcome of that will be I don't know.

". . . a real public relations nightmare for us . . . we *immediately* jumped in and said, 'We'll cooperate with EPA. . . . ' We did not volunteer to spend money. We volunteered to allow our treatment plant to be used as part of the emergency solution. But, we did not agree to take on the responsibility. . . ."

It was a real public relations nightmare for us because we were getting blamed. We were being–and whether there was an emergency or not there was a perceived emergency. And so, we ***immediately*** jumped in and said, "We'll cooperate with EPA. Whatever needs to be done we will agree to do, to use our facilities." We did not volunteer to spend money. (Laugh) We volunteered to allow our treatment plant to be used as part of the emergency solution. But, we did not agree to take on the responsibility.

But certainly, in the public eye we were getting our, you know, the, we were being ***blamed*** for this potential catastrophe. And, the truth of the matter is, whether it was, you know, we could have stood up and said, "We don't think that the danger is there." We're doing what we call a "risk assessment" now, but we're not going to have the Risk Assessment done until June. The end of June. And, we can't stand up and say, "No, we don't think there's a pending . . .," we have stood up and we've said, "We don't think that the possibility of a catastrophic problem is as great as others seem to think, but that said, since our risk assessment is not ***complete*** we will cooperate in any way we can to address whatever emergency is out there." And, we haven't agreed that there's an emergency, but we've agreed to ***act*** as though there is an emergency, (Storey: Um-hmm.) because the public perception was so great we really didn't have any choice. We couldn't continue to just sit there and say, "No. It's not our responsibility." It, it was just such a public outcry that we had to, we had to show that we were taking some action. And, so that's where we are. And, let me tell you what, this is just an example, this is not an issue that's critical to the Reclamation mission. It's ***not*** part of our mission. It's a problem that we inherited, you know, many, many, many, many years ago. We can't get rid of ownership of that tunnel ***if we wanted to***. (Laugh) Nobody wants it. And so, it's just a problem that we're going to have to deal with and it's got a ***lot*** of publicity in the state of Colorado. In fact, nationwide. I mean, there's been articles in the *New York Times*, the *Los Angeles Times*, San Francisco newspapers. I mean, everywhere all over the country this poor community of Leadville, and the Bureau of Reclamation is not cooperating to take, you know, this cloud that's hanging over the community's head. And so, it's just become kind of a public relations problem. It doesn't have anything to do with our mission. But it's an example, the ***Commissioner's*** got to get involved. It's being dealt with at very high levels and the Commissioner has to be there, and that's another kind of a role of, that the Commissioner plays when things rise to that level. I didn't know what Leadville was until two months ago. (Storey: Um-hmm.) I mean, I'd heard about Leadville over the years, but I had no idea what it was. And, now I know more about it than I care to know. (Laughter)

Storey: Well, since we're talking about these sorts of issues, why don't we talk about the canal break at Fernley too.

January 2008 Truckee Canal Break at Fernley, Nevada

Johnson: Um-hmm. Um-hmm. Now that one is more a part of our mission. You know, that was a Sunday morning. I think the date was January 5th. It was still the end of the Christmas break. (Storey: Um-hmm.) I think the next day was a holiday. I'm not sure. I think, you know, we had the–no, it wasn't a holiday, but I think it was on the Sunday. And, I got up in the morning and went down–I live in an apartment, and there's an exercise room in the, in the apartment building there, and I was down in the exercise room on the treadmill working out and watching TV, and CNN starts carrying this bulletin about the City of Fernley being flooded. And it was, there were a lot of heavy storms that were going on in the West, and there were some flooding and concerns about all the storms, and at that point in time they weren't blaming, they were more or less pointing at the storms and, you know, high flows in the Truckee River, and that sort of thing. But, then as it went on and I was watching the bulletin, the newscasts on CNN they made a comment about a levee on the Truckee Canal had broken and, and I immediately knew that was the Reclamation Truckee Canal, which was part of the Newlands Project.

". . . levee broke and flooded 590 *houses* in the Fernley area . . ."

And basically, that levee broke and flooded 590 ***houses*** in the Fernley area, and the canal's over a hundred years old. And, when the canal was built there was nothing but desert and maybe some alfalfa fields here and there, and if the canal happened to break or leak it really didn't cause any damage. Well, the City of Fernley has grown significantly in the last, in the last ten to fifteen years and now where there was desert and alfalfa fields, there's homes. And so, we had a canal that, at one time, if it broke it wouldn't have created a problem. And, in fact, that canal did have a history of failure. There had been a time or two before in other locations where that canal had failed, but it was never an issue before because none of this development had occurred around the canal and now we have this canal that's a hundred years old.

And, you know, the forensic report indicates that it was likely a rodent, probably a muskrat had dug a hole through the dirt canal bank, and what happened was there was water available in the river and the district, who operates and maintains the canal–it's been turned over to a water district. We don't do the operation and maintenance. They're responsible for the operation and maintenance. Because there was extra water available in the Truckee River they ***increased*** the flow through the canal by, I don't know, a couple hundred cubic feet per second, and it, the water, probably got up into this area where a muskrat had burrowed its hole, and the water started piping through the canal bank, and it eventually washed out the whole canal bank and then flooded, flooded all those homes. And, I think that created quite a stir. At this point in time the canal's been repaired and what, on Friday, I believe, last Friday, after about almost two month–is that right? Two months? About two and a half months, after about two and a half months we put water back in the canal, but we're going to ***limit*** the capacity in the canal to a little less than around 300, it's about a 750 cfs canal and I think we're going to limit the use of the canal to 350 cubic feet per second, and until a permanent fix can be made and then we're going to be studying what a permanent fix would be. There's eleven miles of canal that goes by areas that have now been developed and that canal either has to be ***lined***, or you've got to put some sort of a grout curtain through the ditch bank so that when rodents burrow through they won't, they can't go all the way through the levy.

"Some sort of an engineering solution has to be found so that that canal can be operated at its full capacity. . . ."

Some sort of an engineering solution has to be found so that that canal can be operated at its full capacity. So, you know, that's what's happened there.

"From a broader perspective it's indicative of problems that we may be facing Westwide, where we have Reclamation projects . . . where development has occurred . . . backing up against our canal banks. . . . it's kind of been an eye opener for us . . ."

From a broader perspective it's indicative of problems that we may be facing Westwide, where we have Reclamation projects that were built, that were old, where population growth has occurred, where development has occurred, and in many cases Westwide we now have homes and cities and development that are backing up against our canal banks. And so, it kind of brings to focus the need for us to be taking a ***harder*** look at those situations where we have those kinds of canals, where we have that kind of development that's occurred around our canals, and making sure that we won't have similar kinds of instances in other parts of the West where we have projects. So, it's kind of been an eye opener for us in terms of taking a fresh look. You know, we've had a dam safety program that's been very successful, and I think is probably a model program. We get called on constantly to go give presentations on our dam safety program all over the world, because it's been recognized in the OMB PART (Program Assessment Rating Tool) review. We actually got a high rating. I don't remember the terminology that's used. But, we got a high rating on our Safety of Dams Program and the analytic approach that it takes. Well, maybe we need a similar kind of program for canals. Now, you know, if we've still got canals that's just going through an alfalfa field or through a desert area, I don't think we have to worry. Failure, the consequences of failure aren't significant. But, where we have canals in these areas we need to be taking fresh looks at, "Do we have risk problems?" And, if we do, "Do we need to take remedial action to make sure that we aren't going to have similar kinds of problems in the future?" So, it's kind of been a bit of an eye opener. It's been a controversy.

There's going to be a hearing, I believe, on April 17th, where I'll be testifying. They broadened the testimony and the subject of the hearing, not to be just the Truckee Canal but to be, in general, the issue of aging infrastructure. And, so I expect that while questions about the Truckee Canal will be asked, it'll be, they'll be looking broader at the Reclamation infrastructure as a whole and, "Where do we have aging facilities where we have safety issues?" and "Where do we need to be focusing our efforts as it relates to managing that aging infrastructure?"

Storey: Um-hmm. The last I had heard we hadn't been sued on this break. Do you know if that's still true?

Reclamation, the Truckee Carson Irrigation District, and the City of Fernley Have Been Sued Because of the Break

Johnson: We have been sued. We, the Truckee Carson Irrigation District, and the City of

Fernley have all been sued, (Storey: Oh, okay.) and so we are, liability is an issue for us. I'm sure, the lawyers will be sorting it out, I'm sure, over time, what level of liability we may have. We do, because we do still own the canal, we do still do reviews of maintenance, and, you know, I'm not sure what our maintenance reviews have said, you know. If we could clearly demonstrate in those reviews that we identified some deficiencies and directed the district to fix them, and if the district didn't fix them then certainly I think we have some latitude for saying, "We don't' have any liability." But, if we did reviews and we didn't identify, you know, any major problems and provide clear direction to the district to make appropriate repairs then, you know–and I'm just kind of speculating here based on my own thoughts–then maybe we do have some liability. So, that'll just have to get sorted out.

The district has paid for the repair that's been done. The district continues to pay for the water delivery. ***We*** have paid our own staff costs associated with the engineering, and the oversight, you know. We've developed a fairly extensive engineering analysis of what caused the failure, and we're working on what kinds of long-term repairs need to be done. And, also prepared the design and oversight on the repair of the canal that the district did. So, we've spent some money, but mostly just staff time associated with the failure. We haven't paid any of the actual costs of repair or anything like that at this point in time.

Storey: Um-hmm. Good. Lots of property damage, I think?

Johnson: I think it was 590 homes. Although, I've, I've driven through the area. I went out and looked at the canal and where it breached and met with the City of Fernley. I met with the water district. I met with our staff. I drove through the area that was flooded. It was 590 homes. Some of them sustained ***significant*** damage, you know, with flooding, you know, two, three, four, five feet inside the homes, but others, you know, pretty minor damage. And, in fact, within a couple of months most people had moved back in . There were still some homes that were . . . still needed a significant amount of work where the flooding was the worst. But, a lot of them that, you know, that were on higher ground maybe the yard got wet, maybe a little bit of the, of the house was damaged, but not, (Storey: Um-hmm.) not real extensive. So, you know, there's no amount of damage to a homeowner that's insignificant, I don't want to downplay it, but, you know, it just varied depending on the location. While 590 homes were affected in some way, ***none*** of them were completely destroyed and the ***amount*** of damage to any given home was, you know, varied pretty significantly.

". . . one of the other problems is that the . . . developer and the city, didn't provide a proper drainage system and that . . . exacerbated the problem when the canal failed. . . ."

And, you know, one of the other problems is that the drainage system, the developer and the city, didn't provide a proper drainage system and that created, that exacerbated the problem when the canal failed. They put a road through where water should have been draining and there was no ability of the road to, or for the, you know, water to pass and that actually caused a lot higher flooding on some of the homes than (Storey: Um-hmm.) there otherwise should have been. So, that's that.

Storey: Okay. How's Animas-La Plata doing now?

Animas-La Plata Project

Johnson: Animas-La Plata's doing well. It's on-budget and on-schedule. Ridges Basin Dam was completed last fall. The pumping plant is scheduled to be completed this coming fall, and they may actually begin pumping water into the dam at the, towards the end of this year. The, there's still some work to be done. Probably the single biggest item is a pipeline that would take water supply down to the Navajo Indian Reservation. But, at this point in time things are going very smoothly on Animas-La Plata, on-time and on-budget, given the blow up that we had here a few years ago with the original cost estimate. It's going, it's going very well.

Storey: Um-hmm. We're delivering water to the Navajo?

Animas-La Plata Will Deliver Water to the Northern Parts of the Navajo Reservation

Johnson: As part of that, yeah. They get some water out of, (Storey: Oh.) out of that project. Gets delivered some municipal and industrial water for some of the northern parts of the Navajo reservation. Also, the Ute Mountain Indian tribes, there's two Indian tribes[61] that provides a settlement for, and I think the city of Durango and the city of Farmington get water supplies out of the project as well. There's ***no*** irrigation, unless it's tribal irrigation. There's no, non-Indian irrigation. (Storey: Um-hmm.) And it's a pump storage facility. It's not a dam on the river itself. So, the flows in the river are always maintained and the natural flow of the river is always maintained. You only ***store*** when you get flows above a certain acceptable level.

Storey: Yeah. What about water supply? I know you've already mentioned drought and climate change earlier today. But, a few years ago you probably wouldn't have found an Administration official who would admit that there's climate change going on. Could you talk about what the water supply is currently and those issues around drought and climate change, (Johnson: Um-hmm.) please?

Climate Change and Drought in the West

Johnson: Um-hmm. There's–well, we have had in the Western United States fairly significant drought since around the year 2000. Not everywhere, but in a large part of the West. We've had eight years of record drought on the Colorado River. The reservoirs are way down on the Colorado River system. The Missouri River, which is managed primarily by the Corps of Engineers, has had similar drought, and actually ***nine*** years of drought instead of eight years of drought. And, those reservoirs on the Missouri River, which are as large as, or larger than the ones on the Colorado, are down in similar, in similar fashion. The Platte has had a number of years of drought, the Platte River system. Texas and Oklahoma have had, you know, significant drought. The Rio Grande and, you know, Arizona, New Mexico, and, have ***all*** been in significant drought over the last ten, ten years or so. So, we have experienced in the

61. Southern Ute Indian Tribe and the Ute Mountain Ute Indian Tribe.

last, you know, ten years, eight to ten years, significant amounts of drought in a lot of major river basins.

Interestingly, California had a drought year last year, but California's had really pretty good water supplies. Oregon and Washington and Idaho have generally received fairly good precipitation during that same period of time. Idaho had a drought last year of the Snake River system, but it was kind of like a one-year, a one-year drought. It had not been extended over a long period of time. So, we've seen drought in the last eight to ten years in most of the western basins. Now, there's been an occasional year where we've seen closer to normal. We had a good year in 2005 on the Colorado River system. I think Texas and Oklahoma had a pretty decent year last year in 2006. So, there's been a little bit of an intersperse, but it was followed by a drought year. Now, ***this*** year, Westwide, in most of the basins, for the ***first*** time in a long time, we're looking to be much closer to normal precipitation. There, there, now what's interesting is we've had a dry March. At the beginning of March we had a, a projected runoff forecast on the Colorado River of somewhere around 130 percent of normal. We've had a dry March and that is now down to about 110 to 115 percent of normal. The Rio Grande was up with a projection of 150 percent of normal, and that's dropped down to more like a 120-, 130 percent of normal, because of the dry March. So, if we stay dry through April and May we could see those numbers come down. But so far this year, the precipitation in most of the river basins has been decent. The Salt River in Arizona, for the ***first*** time since we reconstructed Roosevelt Dam, it's going to fill this year. Roosevelt Dam has ***never*** filled, and we completed the construction on modified Roosevelt Dam in the mid-1990s. So, it's been about thirteen years since we completed and that [raised] dam has never filled. That's been the length of drought that they've had there. Now, they've had a really good year and it looks like it'll actually fill for the first time. So, that's pretty good news. (Storey: Um-hmm.) But anyway, we have had drought. Maybe this year, you know, my hope is that "Man, this is a really wet year and every year forward is a really wet year." But, I can tell you that's not what we've experienced in most of the West over the last eight to ten years, and that's a concern.

"This Administration was not on the global or the climate change bandwagon for a long period of time. But I *think* that the view of the Administration has evolved, and . . . changed. There is consensus among scientists that climate change is occurring and that . . . *all* of the Western United States, with the exception of Washington and Oregon, . . . and *possibly* Idaho, . . . are going to have less stream flow in the future . . ."

If you couple that with the studies that all the climatologists have done. I don't, you know, you're right. This Administration was not on the global or the climate change bandwagon for a long period of time. But I ***think*** that the view of the Administration has evolved, and in fact I think it's, it's changed. There is consensus among scientists that climate change is occurring and that global temperatures ***are*** getting warmer, and I think that's pretty accepted science at this point in time, that it is occurring. And if you look at the climate models that have been developed, and there's been a lot of them developed, and what–the USGS [U.S. Geological Survey] took a look, collectively, at all of those models and they put a map of the United States together that showed what those climate models were predicting for the future as a result of climate change. And, the map showed that ***all*** of the Western United

States, with the exception of Washington and Oregon, the Pacific Northwest, and ***possibly*** Idaho, Idaho it's not as clear, are going to have less stream flow in the future than they've historically seen.

". . . the climate models seem to be suggesting that most of the West and the Southeast is going to be drier. . . . aside from the Pacific Northwest . . . the models show increased stream flow . . . across . . . the Upper Midwest and into the East . . ."

The Southeast, which is, you know, Florida, Georgia, Alabama, Tennessee, Mississippi, you know, all of that area of the Southeast, all the climate models show that they're going to have reduced stream flow. And, it's interesting, where have we had drought over the last five or ten years elsewhere in the United States? It's been in the Southeast. And, the climate models seem to be suggesting that most of the West and the Southeast is going to be drier. The models, the only part of the United States that, aside from the Pacific Northwest, that the models show increased stream flow is the Northeast. So, you know, Illinois, Indiana, Ohio, into New England and across, you know, the upper, the Upper Midwest and into the East it shows us having increased precipitation. It's really interesting to me that we've had all these floods in the last couple of weeks, (Laugh) and a really wet winter in that part of the country this last year. But, you know, you can't draw conclusions from one year, but it's kind of an interesting observation. (Storey: Um-hmm.)

Not Only Are Drier Conditions Expected, Substantial Population Growth in the West Is Increasing Demands on the Water Supply

So, one, we know we've had drought for the last eight or ten years in a lot of the West's river basins. Two, the climate and science seems to be telling us that we can expect drier conditions than we've historically experienced in the West. And then, the other thing that you've got to combine, that gives you a concern from a water supply perspective is population growth. If you look at population growth in the United States most of the population growth's occurring in the West and the Southeast. And, the Northeast where the increasing water supplies are being projected, we're not projecting significant population increases. So. The demands for water in both the West and the Southeast are probably going to be increasing. And yet, the supplies of water, if the climate models are accurate, are going to be declining. (Storey: Um-hmm.) So, you know, I think that creates a ***little bit*** of a perfect storm in terms of water supply in dealing with water issues in the future. And, I think this Water for America initiative that we talked about is aimed at trying, is aimed at trying to address that. Now, and I think that, you know, that the Administration is supportive of that and I think it, a lot of the debate that still occurs over climate change is, "What's the cost? Is the cost man-made? Is it a result of, you know, all of the powerplants, coal burning . . .

END SIDE 2, TAPE 1. MARCH 25, 2008.
BEGIN SIDE 1, TAPE 2. MARCH 25, 2008.

Storey: This is tape two of an interview by Brit Storey with Robert W. Johnson on March 25th, 2008.

Did the powerplants and so on cause it or what?

". . . it seems like climate change is occurring, that stream flows can be less. And so, we're not addressing the issue of what's causing it. We're just saying, 'Look, it's happening. We ought to start planning for how, for how we ought to change our management of water supplies to reflect that.'. . ."

Johnson: Yeah. I think they call it "anthropogenic," which means it's caused by man. (Storey: Um-hmm.) Is the climate change anthropogenic or is it a natural phenomenon, and, and what, if anything, should be done to change man's behavior to address climate change? I think there's still a debate there and I'm not sure what the Administration's official position is on that and I'm certainly, you know, don't, don't have a position as it relates to that. But, the conclusion is out there that it seems like climate change is occurring, that stream flows can be less. And so, we're not addressing the issue of what's causing it. We're just saying, "Look, it's happening. We ought to start planning for how, for how we ought to change our management of water supplies to reflect that." We're not getting into, "Should we quit building coal-fired powerplants? Should we do more wind?" you know, or any of, any of those sorts of things. We're just focusing on, "We ***see*** it's happening, we ***think*** it's happening, and we ought to be making plans to try to be able to deal with it."

Storey: And, what kinds of plans are we doing? Is this what Water 2025 and Water for America are all about?

Water 2025 and Water for America

Johnson: Well, I think it's the planning piece that I talked about, looking at our river basins and what's happening in those river basins, what we project, trying to get better climate data on a basin-by-basin basis, (Storey: Um-hmm.) to understand what the differences among the various basins might be and how that should play into our operations. Now, that's going to be hard data to develop, but I think that's part of what we want to try to do is to understand that better and then to look at solutions that don't depend on more stream flow. Because, if there's not going to be more stream flow what solutions are out there to address the water needs? (Storey: Yeah.) So yeah I think, I think that's part of it. And, and you know, if there's other approaches I think we're open to them. I mean, if there's other things we ought to be doing I think we're open to them.

Storey: The Water for America, did that grow out of Water 2025? Is this something independent?

Johnson: It's independent.

Storey: How are they working together, if at all?

Johnson: Well, Water 2025 focused primarily on water, traditional water conservation, and grants to address water conflict where there's areas where there's disputes over water supply, and ***us*** making challenge grants available to provide incentive for water conservation. And, and that was primarily what Water 2025 was aimed at. It was not aimed at climate change or anything like that. It was just recognizing the fact that

there's a lot of conflict over water supplies and here's a grant program, a challenge grant program, that can encourage local entities to implement water conservation to help address those kinds of issues. The Water for America, I think, is looking much broader and the challenge grant program that we're going to develop under Water for America is much broader than Water 2025. It would ***include*** challenge grants for water conservation just like Water 2025 did, but it would be ***expanded*** to include grants to develop new technologies for water supplies. So, you know, are there demonstration projects out there on new technology? An example might be developing a new membrane for desal, helping fund a demonstration project on using solar power for brackish water desal in rural areas. So, it would try to focus on developing new technology grants to fund projects or demonstration projects that would ***advance*** the development of new technology. So, that will be another part of the Water for America challenge grant. Then the challenge grant program would ***also*** be expanded to address environmental challenge grants where environmental problems are being addressed. Are there programs out there where our challenge grants could become a part of helping to recover, recover a species more quickly or address endangered species problems that may, may exist? So, it's a ***broader*** kind of a challenge grant program than just Water 2025. So that's part of what's different about Water for America.

Water for America and River Basin Planning

The other part that's different about Water for America is this river basin planning piece that I talked about earlier, and focusing on climate change in river basins, and "What are the supply and demands and what are the approaches to take to meet future needs in that basin?"

Storey: Um-hmm. You mentioned the climate change models in the Southeast. That gives us an opening to talk about the initiatives down there that Secretary Kempthorne and you, Kempthorne and you were spearheading in the Georgia-Florida-Alabama water disputes that are going on. Why don't we talk about that now.

Participation in Attempting to Resolve a Water Dispute among Georgia, Florida, and Alabama and the U.S. Army Corps of Engineers

Johnson: Yeah. You know, that's kind of ***just*** a unique role that I played. It's not a change in the Reclamation program, or the geographic area that Reclamation will be involved in. What happened there is there's been a drought and the reservoirs in Georgia, Corps of Engineers reservoir in Georgia that serves water supply to the City of Atlanta were going dangerously low and the governor of Georgia made an appeal to the White House about stopping the releases out of those reservoirs to save water to meet Atlanta's water supply needs. And, there are endangered species downstream in, in Florida in the Apalachicola Bay that's part of that reservoir system. And, when you reduce releases out of that reservoir you preserve more water for the City of Atlanta, but you lower the flows in the Apalachicola Bay and you expose river bed that has endangered oysters habitat. And so, the governor of Georgia went to the White House and said, you know, "We want you to preserve water," and, you know, "This is man against oysters and," you know, "we need to protect man first," and that was the appeal that he made to the White House.

Well, the governor of Alabama, who's also downstream, has long, and Florida as well, has long had a dispute with Georgia. In fact, they've been in court for eighteen years over Atlanta's water use and what they perceive as the unbridled growth of Atlanta and Atlanta's increasing demand on two river basins that originate in Georgia but then flow into Alabama and Florida. And, when they heard that Georgia was asking to protect their water use for Atlanta then that necessarily meant that that would be reducing flows that would come down into the other two states. So, they jumped into the White House and said, "Now wait a minute, you know, don't just do what Georgia wants. We got an interstate problem here, and, you know, that's not fair for Georgia to get all the consideration." So, that's basically what happened. The White House turned to the Secretary and to the Council of Environmental Quality, Director Jim Connaughton and asked the two of them to go get involved with those three states to see if we couldn't broker a solution.

And, about that time we had just completed the successful signing of the agreement between the seven basin states and the implementation of new guidelines on the operation of the Colorado River, and that was hailed as a big success with consensus among the seven states. And, of course, the Bureau of Reclamation was very much involved in brokering that. And so, the Secretary looked at the Bureau of Reclamation and said, "Well, you guys were really good at solving this problem over here on the Colorado River. This problem over here with these three states ought to be, you know, maybe you can help over here with these three states and solve their problem." So, the Secretary looked ***to me*** to get involved and see if somehow we could bring some of the magic from the Colorado River to, to those three states and try to solve their problem. And, and so I was happy and it was really more of a personal assignment for ***me*** than it was for the Bureau of Reclamation. And, I work for the Secretary and I'm pleased to try to do whatever he wants me to do. And so, I told him, "I'd be glad to try."

And so, I spent probably two and a half months of fairly intense effort in December, January, and February working with those three states to see if we could find some sort of a negotiated resolution of their problem, trying to develop a short-term plan on how to operate, how to continue to operate during this drought that all three states could agree to, but then also a longer-term resolution to their problem. They all saw this as a opportunity to try to develop a longer-term resolution. And, it really comes back to the issue that I laid out is that Atlanta is growing. They continually are tapping water from these two basins to accommodate their growth, and the two downstream states are saying, you know, "Wait a minute. Some of that water ought to belong to us and there ought to be some agreement among us over how much water Atlanta can take." And the other two states, particularly the state of Alabama, the Corps has actually entered into contracts ***with*** the City of Atlanta to use the water out of their reservoirs and that's what the litigation has been over. Alabama and Florida basically sued the Corps, arguing that the Corps did not have authority to enter into those contracts with Atlanta. So, they didn't really sue Georgia. Of course, Georgia ***entered*** the suit to defend themselves, but the suit was really against the Corps of Engineers. The original authorizations for those projects did ***not*** include water supply. They were flood control, and power, and navigation, but not water supply. So basically Alabama said, "You can't, your authority for those reservoirs doesn't contemplate water supply and so those are illegal contracts." And so that, that litigation has been going on for eighteen years.

". . . unfortunately, we were not able to get a resolution. . . . We were given a two-month timeframe to try to get a solution. . . ."

The, it's interesting. During the course of the negotiations a Washington D.C. appeals court ruled for Alabama and Florida and basically said that the Corps does ***not*** have the authority and that Congress would have to provide the authority in order to make those contracts valid. So, there was a ruling that, that ruled in favor of Alabama and Georgia. Now, one of the problems with that was, that just emboldened Alabama and Florida in their position, vis-à-vis Georgia, and it made them more determined that they were right and less willing on their part to make compromises. And of course, Georgia is very determined, you know, that you're not going to shut water supplies off ultimately to four million people in the City of Atlanta, and that's water that falls, in the words of the Georgia governor, "On Georgia soils and they have a right to use it." (Laugh) And, so it's a very, it's a very difficult issue. And unfortunately, we were not able to get a resolution. We only had two months. We were given a two-month time frame to try to get a solution. These kinds of issues, they've been fighting over it for eighteen years.

Getting a resolution in two months–I think a resolution is ***possible*** but I think that, that it'll take longer than two months to do it. I think if you could have a year to really work on the issues and to do kind of some deliberate modeling, hydrologic modeling, and some more back and forth, then you get more effect. A lot of it becomes emotional, you know, "We don't like Atlanta and therefore, you know, you know everything is, everything is bad." And, one of the other things that happened during the course of the discussion is Georgia lifted some of their conservation requirements on Atlanta, some of their limitations on use on garden watering and that sort of thing, and that inflamed the issue. That made [Alabama] ~~Georgia~~ and Florida even more upset. And then there was, because litigation was going on they had to sign a, what did we call it, a "Privacy Agreement" that said that nobody would disclose what's discussed, or use what's discussed, in the litigation. So, it was all under a nondisclosure kind of agreement. You know, you couldn't disclose what was being discussed in the meetings. And, and the existence of that agreement leaked into the Florida press and all of the fishing interests in Florida started accusing the state of doing secret negotiations with Georgia to resolve their issue, and that put the negotiators for the state of Florida in a very difficult position, and it made it very difficult for them to be able or willing to make compromises. Because, all of a sudden these were being touted as secret discussions, and local constituencies that had an interest weren't being included, and there, and so there was this, you know, a series of things that ***happened*** that kind of exacerbated ***any*** ability to get the people to, to have flexibility in their positions.

The Dispute Caused the Corps of Engineers to Begin Developing Operating Criteria for Their Reservoirs

And, so we weren't able. We were able to, we were able to define the differences clearly, and I think to narrow the differences over how those systems are operated. And, in fact, I think as a result the Corps participated in the discussions. I think the Corps walked away with a better sense of what they can implement for a short-term drought plan that splits the baby in a way that ***may*** keep the states from

objecting more strenuously than they already have. And, I think it also gave the Corps some better information. The Corps is going to start the process of developing long, they call them "manuals" but they're basically operating criteria, long-term operating criteria for their reservoirs. And, that'll take years for the Corps to do that but I think we laid a framework that'll provide a basis for the Corps to begin logically walking through the process of developing long-term criteria for how they operate those systems. Ultimately, if the three states can't agree the Corps will implement some sort of an operating scheme that will define how water flows between the states, whether they agree to it or not. I mean, the bottom line is, the reservoirs are there, the dams are there, and the Corps's got to operate them. So, one way or the other the water is going to flow, and the Corps's, if the states don't agree the Corps will have to decide, you know, how to operate those systems. And, I think it could very well turn into, if the states can't somehow at some point get together and agree it could end up in the Supreme Court and it could be an original dispute between two states over the right to water in those rivers. Similar to what we've seen in the West with the Colorado River and, you know, the Platte River, and the Republican River. We have Supreme Court, we have compacts and Supreme Court decrees on those issues between states in the West. Well, we see maybe something similar developing down in the Southeast.

In the Past the States in the Southeast Have Not Needed to Work Cooperatively on River Compacts

The Southeast has never had to deal with these problems, because their rivers, their rainfall is plentiful. The rivers are full. The dams and reservoirs were built for flood control, and navigation, and power generation, and recreation. Water supply has never been an issue. So, there's never been a need for states, like there has been in the West. Because, the West is arid the western states have had to work together to develop compacts on how they share common river basins. Well, and we've done that. I mean, that's developed over a hundred years, you know, those compacts and that legal framework to manage the river systems in the West. They don't have that in the Southeast, and they're just now experiencing a drought where water supply has become an issue, and they're going to need to develop those compacts and those agreements on how the states are going to share those water supplies. And, and so it's new. It's new to them. It's not that it's any different than the problems that we have in the West, it's just that, because the West is arid we faced those problems fifty, and sixty, and seventy years ago. (Storey: Um-hmm.) And, the Southeastern states, if this climate change is right and these droughts continue, these Southeastern states are going to have to go through the same kind of negotiation, and agreement, and court rulings, and other sorts of things to define how they share water supplies.

Storey: But, they have three-quarters of a century more that has passed by, more development, (Johnson: That's right.) that's going to make it harder, and harder, and harder?

Johnson: That's right. That's right. Yeah. (Laugh) Yeah.

Storey: How was the Secretary involved in all of this? Did he pretty much leave it to you, or how did that work?

Johnson: Oh, we had lots of involvement. We briefed the Secretary after every meeting. Jim Connaughton in the White House. We had a guy from the CEQ [Council on Environmental Quality] staff that participated, Michael Bolger [spelling], the Secretary's Counselor, participated. And, not all the meetings. Towards the end everybody got tired and it was just me, (Laughter) (Storey: Yeah.) and I was still going down and meeting with them. But, everybody else had kind of gotten away from it. I think it was because they sensed we weren't going to be successful and (Laugh) they didn't want to be associated with it anymore. (Storey: Uh-huh.) I'm not sure. I, that's a, I'm exaggerating. I don't think that's true. I think they got busy on other things. But, no, we briefed the Secretary. The Secretary basically, you know, understood the issues. His direction was, you know, "You're an honest broker. I'll support you. You know, you do just an honest job of trying to broker the agreement. If those guys can't agree, you know, we're not going to waste our time. You know, if they're not willing to make progress we're not going to waste our time on it." He was very supportive and he was very much engaged and very interested, and this was briefed in the White House. Because the President had actually, the one that had assigned it to the Secretary. So, it was a very specific set of assignments that was made from the White House. So yeah, the Secretary was very interested.

Where the Governors Were Directly Involved in the Southeast, on the Colorado River the Governors Were Briefed Occasionally and the Staff Carried the Workload

The other thing that was interesting, and this doesn't happen on the Colorado River just because–it happens ***rarely*** on the Colorado. I think the governors, when we dealt with the Colorado River the governors probably get briefed by their staffs but it's just periodically, and quite frankly the governors' reps that deal with the water issues and the interstate issues have ***been*** there for years and years. They've ***worked*** together for years and years. There's relationships that exist on the Colorado River and all of, and all of those states. And so, there is ***little*** direct involvement from the governors themselves, and they leave the technical water people from the states to deal with the issues. In this particular case the governors were ***directly involved***, and in fact the staffs that were participating that were very capable, very nice, very fine people in ***all*** three states, they were very professional people, very capable people, but they were talking to their governors daily, in fact, hourly. We'd take a break in our meeting and they'd be on the phone to their governor directly telling them about the status of things.

When we were meeting in Atlanta the governor of Georgia, Sonny Perdue, asked to meet with us, the Federal team. He wanted to meet directly with us and just visit a little bit. So, we agreed and we went and met with the governor of Georgia. And then, the governor of Alabama found out that we had met with the governor of Georgia, and he got very upset. And so, what we did is the next meeting we held in Montgomery, and we went and met with the governor in Montgomery. And, they were ***personally*** invested, ***personally*** understood the details of the negotiations, and were ***personally*** providing directions, clear directions, to their staff on negotiating positions. And, I sense that Governor Perdue and Governor Riley of those two states . . . were rival–I don't know what the right word is. I don't think they were necessarily friends. (Storey: Um-hmm.) (Laugh) And so, I think that complicated

things. That made it harder. You know, when we dealt on the Colorado River we have a long history of relationships, and we don't have governors directly getting involved in great detail like we saw there. We don't have the long history of, of relationships. We don't have compacts that have already been negotiated and legal frameworks that are already in place. And so, we're just in a different, we're at a different point in time on those river basins than we are in the West. (Storey: Right.)

". . . the Corps and the [Fish and Wildlife] Service have to set down and do the plan and put the new compliance, a new biological assessment, a new biological opinion that will allow the Corps to operate as this drought continues. And so, we were out of time in terms of negotiating an agreement. . . ."

It was fun. It was interesting, (Storey: Um-hmm.) and I enjoyed the assignment. It took a lot of my time. ~~I'm glad, I'm,~~ I'm disappointed that we didn't have more success. We basically, this, when we didn't, we set a deadline of two months and when we didn't meet the deadline the Secretary decided to pull out of it. And so, we wrote a letter–well, he didn't decide to pull out of it. We basically wrote him a letter saying that we, we hadn't got there, we were prepared to do further discussions and to provide whatever help they might want, but the bottom line is that the Corps and the Fish and Wildlife Service have to put a Drought Operating Plan in place. They've ***got*** one but the ESA compliance expires in June. So, we have to have a plan done by June and if we don't get the states to agree on the plan then they've got to develop their own plan. So, we were out of time to try to get consensus among the states. And, the Corps and the Service have to set down and do the plan and put the new compliance, a new biological assessment, a new biological opinion that will allow the Corps to operate as this drought continues. And so, we were out of time in terms of negotiating an agreement. The Corps and the Service had to go do their, do their thing to get their own drought plan in place. And so, that kind of dictated that it made sense to stop (Storey: Um-hmm.) and not continue to have the, the discussions.

Storey: Good. Let's talk about Brazil's complaint–correct me if I go astray on this–to the World Trade Organization about unfair subsidization of American agriculture.

Brazil's Complaint to the World Trade Organization That the U.S. Unfairly Subsidizes Agriculture

Johnson: I mean, that's nothing new. I mean, you know, if you go back in the history of Reclamation, you know, for years they beat us over the head over the fact that the interest-free repayment of the irrigation components of our projects was a subsidy of agriculture. That one dictated strict enforcement of acreage limitations to spread the benefits or to spread that subsidy out to a lot of people. But also, that's been used in, in world trade discussions is, the idea is in world trade you have a level playing field and that if government is providing subsidy to an industry it's not a level playing field. One country's industry is going to experience lower costs of production because of those subsidies. That's kind of the trade argument that's made.

". . . it's a moot point. . . . Because . . . we're not putting new investment into interest-free irrigation development in the West. It's all investment that occurred years and years ago. And, in most [projects ownership] . . . of land in those project areas has changed. And, . . . market values reflect whatever the water

supply is and the value of that water supply. And, if there's subsidy in the water supply then that, the value of that subsidy gets capitalized into the land values. And, . . . there is no literal subsidy that our farmers are enjoying on Reclamation projects. . . ."

In the case of the Reclamation program I know Brazil raised that issue, but it's, at this point it's a [moot] ~~mute~~ point. It's a [moot] ~~mute~~ issue. Because if you take a look at the Reclamation program, we're not putting new investment into interest-free irrigation development in the West. It's all investment that occurred years and years ago. And, in most of our projects, the ownership of Reclamation, of land in those project areas has changed. And, the bottom line is that land sells at market values. Those market values reflect whatever the water supply is and the value of that water supply. And, if there's subsidy in the water supply then that, the value of that subsidy gets capitalized into the land values. And, as a result there is no literal subsidy that our farmers are enjoying on Reclamation projects. Because there's very few original owners out there that captured the original subsidy in the Reclamation program. That land has changed hands. It's sold at market value, and those market values reflect any subsidy that was inherent in the value of Reclamation water. So, there is no, in fact, competitive advantage that a farm, that a U.S. Reclamation farmer receives over some farmer in, in another country, because of the Reclamation program. And, that was the argument that we presented back to the trade representatives and it's a legitimate, very supportable argument.

Storey: Do we know what the process is going to be?

Johnson: I don't. I just know that we submitted that analysis, and I haven't heard anything more, quite frankly, on it. I'm assuming it's gone away. (Storey: Um-hmm.) I don't know what they're going to do about. I mean, we can't (Storey: Yeah.) go back and undo anything that's been done. I mean, it's investment that's already been made. We have no basis to go back and change the rates for the farmers. We have contractual obligations for the water that we sell and the rates that are incorp[orated], and, you know, the repayment that's occurring. We can't just go back and unilaterally start charging more money. And, it wouldn't make sense. I mean, it just wouldn't make any sense because if the water's been subsidized and the land's changed hands and sold at market value, the value of that subsidy is in the land and the and the orig . . .

END SIDE 1, TAPE 2. MARCH 25, 2008.
BEGIN SIDE 2, TAPE 2. MARCH 25, 2008.

Storey: So, the original owner walked away with the subsidy in the land value?

Johnson: Right.

Storey: Now, we were talking, I was talking earlier about the speculation issues (Laugh) (Johnson: Um-hmm.) and things. Let's talk for a little bit about the, I think it's called the Rights of Use Rule 429?[62]

62. Referring to 43 CFR Part 429—Use of Bureau of Reclamation Land, Facilities, and Waterbodies. Title 43 (continued...)

Rights of Use 43 CFR 429

Johnson: Um-hmm.

Storey: I know there was, a lot went on with that, and everybody back in Denver was sort of surprised that we're going to proceed in an election year to finish that out. Could you talk about the issues and how they affected you here in Washington?

Part 429 Is Reclamation's Attempt to Implement General Federal Policy That Exclusive Use on Federal Land Be Eliminated

Johnson: Well, we put out this rule that basically said that we were going to eliminate what's been termed "exclusive use on Reclamation reservoirs," recreational use. We have a lot of Reclamation reservoirs where we've allowed, through leases and other arrangements to allow mobile homes, and camps, you know, cabin sites, and boat ramps, and harbors and those sorts of things to be developed on Reclamation land, and ***they*** pay a fee to Reclamation for that use. But in essence, it represents an exclusive use. They then have the right to use that public facility on that land that we lease to them for their exclusive purposes. And, you know, I mean in general this is an issue that recreation management agencies have faced for years and years. Park Service, BLM, Fish and Wildlife Service, Forest Service have all had sites where they've allowed exclusive use of public lands, and it's been a general policy trend to try to eliminate those sorts of exclusive uses. And so, we put out this proposed rule to eliminate exclusive use of Reclamation lands, on Reclamation lands. And, if we had exclusive use that was currently existing the contract said that we would terminate that, or the Rule said that we would terminate that use. Well, it created an uproar Westwide at all the recreation reservoir sites where Reclamation has trailer sites and those sorts of things.

A lot of this, to some extent, was driven by Lake Berryessa, where we had a lot of that type of use around the reservoir, and we had had public health problems, sewage getting dumped in the, in the reservoir from these trailer sites. ~~We had~~ The existence of all those exclusive use sites blocked other publics from having access to the lake, ***limited*** the access of the general public to use the facilities. And, so in the case of Lake Berryessa we had some really good reasons why we ought to eliminate that exclusive use and bring it into more of a public-use kind of a framework. And, we had quite a controversy associated with Lake Berryessa around that particular issue. So, this rule was kind of written in a way to try to protect or to make bureauwide what we had done at Lake Berryessa.

There Was a Very Strong Reaction to the Draft 43 CFR Part 429, and Reclamation Is Revisiting the Rule Where There Are No Public Health, Safety, or Access Issues

So, we got a very strong reaction from a lot of the publics out there that, that use recreation facilities and have those sorts of arrangements with Reclamation or our concessionaires. People very upset. People have been using those sites and those locations for years, and years, and years, and years, and all of a sudden the government comes along and says, "We're going to kick you off." It's an emotional

62. (...continued)
of the Code of Federal Regulations is devoted to "Public Lands: Interior."

reaction. It's the kind of reaction that you can expect. Members of Congress, I mean, we have all kinds of–I mean, I bet we got hundreds, if not thousands, of letters objecting to our position on exclusive use and eliminating that. I had a number of personal meetings with senators and congressmen upset over the rule. We had a number of folks in Idaho, on Cascade Lake in particular where we have a lot of people that have ***private*** land that surrounds our lake, and they have homes on those private lands, and we have allowed docks to be developed, you know, on the beach around the reservoir on Reclamation land that's part of that home site. And, we were going, under this rule we would have been eliminating that. So, we had a lot of upset people on Cascade Lake in Idaho, and Oregon, and Washington, and Montana, and Wyoming, and North Dakota, and South Dakota. I mean, we, we . . . and California. I mean, all over that north tier of the Reclamation area we have lots of these Reclamation sites where we allowed that kind of development, and people were just very upset. So, we've gone back to the drawing board and taken a fresh look at that, and we're going to revise the rule and put it out for another round of public comment, and move ahead. And, it doesn't have ***anything to do*** with it being an election year. It just has to do with trying to put a ***rule*** in place that's going to define how we manage our, our public lands. And, the rule is broader than public lands. I mean, than, than this exclusive use issue. There's a lot of other pieces to that rule on how we will manage our lands and facilities, and we've tried to make changes to reflect the public comment that we've gotten. I want to go back out and do one more public comment based on the changes in the rule and then try to get it implemented. We're going to revise the exclusive use provision. At least the plan, at this point, is to review exclusive use when contracts for renewal come up. And, if we have similar conditions to what we experienced at Lake Berryessa, we have public access issues or we have health and safety issues associated with exclusive use, then we can take steps to eliminate it. But, where we don't have those kinds of issues, people aren't creating a problem–in some of these lakes that's the only revenue that a concessionaire has is those exclusive use agreements that they have with trailer owners, and cabin site owners, and that sort of thing. And so, it doesn't make any sense in a lot of these cases just to say, "We're going to eliminate it." (Storey: Um-hmm.) You know, if there's ***no*** reason to eliminate it, it may not make sense to eliminate it. So, let's create some flexibility in the rule. It's still, we ought to take a look at it. We ought to eliminate it where we have problems, but where it's not creating a problem there's no need, there's no need to eliminate exclusive use. So, I think that'll be a compromise, hopefully, that people will be comfortable with and we can, and we can move on and get that rule implemented. So, yeah, it became quite a controversy. And again, the Commissioner has to get involved in those because it rises to some pretty high, to some pretty high levels, (Storey: Um-hmm.) and we have to get involved and, and be responsive.

Storey: Yeah. One thing that popped up that I think you might be involved with is California and its water issues. Of course, they're having problems at the Tracy Pumping Plant because of the endangered smelt. And, Governor Schwarzenegger is promoting his, what, four billion plus . . .

California's Water Issues and Governor Arnold Schwarzenegger's Initiatives

Johnson: Eleven billion.

Storey: Oh, is it eleven billion, a bond issue, water development bond issue now? And, one of the old projects has popped up in the Peripheral Canal that he's been really (Laugh) heavily promoting. Could you talk about that complex of issues please?

The Central Valley Project and Bay-Delta Issues Are Some of the Most Difficult Reclamation Has to Deal with

Johnson: Um-hmm. Well, I think those are some of the most ***difficult*** issues that we have in Reclamation. California is ***so*** complicated. We have the Central Valley Project, which is large. It serves irrigation supplies to the San Joaquin Valley, but also serves municipal and industrial supplies, power generation. And then you have the State Water Project, which serves Los Angeles, and San Diego, and the coastal plain of southern California, and that's critical water supply to them. And, if you put on top of that water system a fragile ecosystem in the Bay-Delta, where the fresh water intermixing with the salt water is a really critical environmental thing, and the fact that we have endangered species, the Delta Smelt, but there's other species that live in that area, and it's just having huge impacts on how we can operate our water systems. Because, when we pump water out of the delta we change the flow of water in the delta, and these small fish that are dependent on the delta for their habitat get sucked into our pumps, but also sucked into areas of the delta that's not as healthy for them as other areas of the delta.

In the Bay-Delta, "The judge has issued an injunction. He's put restrictions on our operations. It's going to reduce our water deliveries by 15 to 35 percent. . . ."

And so, we've had litigation. The judge has issued an injunction. He's put restrictions on our operations. It's going to reduce our water deliveries by 15 to 35 percent. We don't know exactly. It kind of depends on the water supply conditions and what actually happens during the year. And so, it's a big complicated issue and the solutions to that problem are multiple in nature. And then, you throw on top of that the fact that California is not very drought proof. They've had tremendous population growth. They've had ***tremendous*** increases in demands for water. And yet, they haven't had any new infrastructure development in decades. And, California has been very fortunate over the last ten or twelve years in that they've had good water conditions. They've had lots of snowpack and rainfall. Last year was the exception. They had a dry year last year, but this year's turning out to be a decent year again.

". . . if California had two-, three-, four-year drought like we've seen in a lot of other river basins in the West, there would be *major, major* water supply problems in that state. They have *no* carryover storage. Their storage is very small in relation to the flows of the river systems and in the water demands that they have within that state. . . ."

But, I will tell you that if California had two-, three-, four-year drought like we've seen in a lot of other river basins in the West, there would be ***major, major*** water supply problems in that state. They have ***no*** carryover storage. Their storage is very small in relation to the flows of the river systems and in the water demands that they have within that state. The example that I always give is, on the Colorado River we have sixty million acre feet of water in storage. We have sixty million acre feet of

storage and we have fifteen million acre feet of average annual flow. And, you can ***argue*** over that. That's the high end. That's four times, that's a storage-to-flow ratio of four.

"On the . . . Sacramento River, they have fifteen million acre feet of average annual flow . . . but they only have about seven million acre feet of storage. . . . So, they don't have a large carryover storage. . . . if they had an extended period of drought they would have very severe water shortages within the state of California. I really take my hat off to the governor for being willing to step up and say, 'We need more water infrastructure in California.'. . ."

On the California system, the Sacramento River, they have fifteen million acre feet of average annual flow as well, but they only have about seven million acre feet of storage. So, they have a storage-to-flow ratio of .5, roughly. So, they don't have a large carryover storage. Whatever storage they have they capture and use that storage within a year or two. And, if they had an extended period of drought they would have very severe water shortages within the state of California. I really take my hat off to the governor for being willing to step up and say, "We need more water infrastructure in California." ***They need*** more storage. ***They*** need to be able to capture those flows when they're available so that if they ***get*** into those kinds of drought they'll have water supplies to meet needs. The Peripheral Canal, and I'm not an expert on the Peripheral Canal, and they don't call it a "Peripheral Canal" anymore. They call it a, I don't remember, Cross Delta Facility.

Storey: It's called "Bypass" or something.

The Old Peripheral Canal Concept Is Again under Study

Johnson: Or, Bypass. They have a whole bunch of different names for it. But basically, it really would go a long ways towards solving this problem with the delta. The whole problem is, is that the pumps in the south end of the delta, the Federal and the state pumps in the south end of the delta, change the flow of water. If we can build a canal that captures the water up above and brings it around and dumps the water directly where the pumps are, it can prevent the change in flow in the delta and you can have more of that natural ecosystem. In fact, the canal could make strategic releases at various points in the delta to kind of control the flow in the estuary. And so, it makes a tremendous amount of sense to me to build a peripheral canal, and to build more storage in California. Now, I don't think the Bureau can be involved substantively financially, in terms of appropriations. Our limited budget isn't going to allow us to be involved in that in a big way, but our water users can certainly benefit from it and they can, our water users can, through our water rates, ***fund*** some of the use of those facilities over time, and Reclamation ***needs*** to be a full partner in whatever is done in California to address those, to address those issues. So, you know, my reaction is, "We're ***probably*** not the ***lead*** agency. The State's the lead agency, but we very much need to be a part of that. And, that infrastructure development, we ought to be out there supporting and doing whatever we can to help advance the governor's proposal." And, that's what I'm, you know, there's a lot of things going on. They've got the delta vision, they're trying to develop plans on, long-term plans on the delta and how it's managed, and how State Water Project will be operated. A lot of that is

infrastructure. There's, it's still in a state of flux. They really haven't come together on one plan on exactly how they're going to move ahead. The legislature and the governor still haven't agreed. They haven't, the legislature hasn't endorsed the bond issue yet. So, it's still in a state of play, but I think Reclamation ought to be supportive of what the state wants to do, and to the extent that our customers can be involved and provide some funding for it without us having to seek a lot of appropriations. I think we ought to, very much, be involved.

Storey: Have they approached us about anything that you're aware of?

"They just want us to be a partner because they understand that our project is an integral part of California's water supply system and that we have to work together to resolve the issues. . . ."

Johnson: They ***want*** us to be involved. They are very ***anxious*** for us to be a ***partner***. And, and you know what? They recognize our budget limitations, and they're not asking for us to come up with a ton of money. They just want us to be a partner because they understand that our project is an integral part of California's water supply system and that we have to work together to (Storey: Um-hmm.) resolve the issues. So, yeah, there's a lot going on there and Reclamation needs to be very proactive in trying to develop that. And that's where my, my, you know, all that happens on the ground, in the field, with the people in the region, and the Regional Director, and his ***staff***, and the Area Office ***staff*** that work on all that stuff. Because, they have the relationships, they understand the operations, and they can provide–my guidance to them is, "Get involved. Help them solve their problem. (Storey: Um-hmm.) Understand that we don't have a lot of money to put into it, but we want to be a player, and we want to cooperate, and we're more than willing to be creative in trying to figure out how we can be helpful." So, that's kind of the direction that I've told them and that I think they're following. In fact, I think Kirk Rogers was doing a great job of working with them. I think the Bureau is held in good regard out there. And, we're going to get a new Regional Director in before long out there. Kirk retired and I'm sure the person that we get will really jump in and do a good job there.

Storey: Yeah. Do you know if Kirk's doing anything else?

Kirk Rodgers

Johnson: Yeah. I think he is. It think he's working for a consulting firm in the water business.

Storey: Oh, okay. Why don't we discuss the issues around the recent controlled flooding in the Grand Canyon out of Glen and the Glen Canyon Operating Plan?

Controlled Flood Flows out of Glen Canyon for Environmental Reasons in the Grand Canyon

Johnson: Yeah. We have, in fact the Secretary, on March 5th, opened the gates at Glen Canyon Dam to create a, I think it was a sixty-hour flood through the Grand Canyon, a flow of 41,000 cubic feet per second, which, I don't know, is probably four or five times the average release out of Glen Canyon. The idea is that the flow goes through the Canyon, it picks up sediments that are on the bottom of the river bed, and it

redeposits them on the, you know, on the sides of the river.

Storey: On the, on the shore and the banks?

Reclamation Significantly Changed Operations at Glen Canyon Dam

Johnson: Yeah, on the shore and the banks and creates beaches for recreation, and then those beaches also create warm backwaters that are good for native species that are endangered. And so, that was kind of the plan, the Secretary did that. That was kind of preceded by–we, we initiated a long-term . . . long-term planning process to define how we're going to operate–you know, Glen Canyon, the operation of Glen Canyon Dam was changed significantly over ten years ago when we changed Glen Canyon's Dam from being a peaking powerplant, where we released water to meet peaking power demands through the Grand Canyon to a more moderated flow through the Grand Canyon. We still do ***limited*** peaking, but we don't, we don't create these large fluctuations in flow to meet peaking power out at Glen Canyon Dam like we used to. We've ***modified*** the operations and we've had a long-term adaptative management process and we have a big FACA [Federal Advisory Committee Act][63] Committee that we consult with and it's been a fairly complicated, diverse, controversial process on how we operate Glen Canyon Dam.

Storey: What kind of committee?

Johnson: Well, I think it's a FACA Committee.

Storey: What's that?

Glen Canyon Adaptive Management Workgroup

Johnson: We don't call it a FACA Committee. That's the Federal law that says anytime the, a government agency uses a private citizen's group to give advice that there is a legal framework that has to be set up on how that advice is provided. It has to be public meetings, and, and they have to be appointed in a certain–the membership has to be appointed in a certain way. There is a set of rules on how a FACA Committee is set up. It's F-A-C-A, and I'm not sure exactly what the acronym represents. I think it's the name of the law. (Storey: Um-hmm.) Federal Advisory Committee Act I think it's called, FACA. (Storey: Okay.) And, but we call it the Glen Canyon Adaptive Management Workgroup that works together. It's got environmental groups. It's got water interests. It's got power interests. And our, us and the Park Service, and the USGS all interact in that group to, to define our operations at Glen Canyon Dam and do science to determine how our operations affect the ecosystem of the Grand Canyon. And, it's been a long-term thing. It's been in place now for about ten years. There have been these kinds of floods that have been done in the past, experimental floods to see, you know, and we're constantly experimenting. "How do we operate Glen Canyon Dam to balance the water supply and power generation aspects of the dam with the need to meet the, the recreation and the environmental endangered species needs of the Grand Canyon and the river that flows through the Grand

63. The Federal Advisory Committee Act of October 6, 1972, Public Law 92-463; 5 U.S.C. Appendix 2.

Canyon?" And, it's been very complicated scientifically, and politically, and emotionally (Laugh) a very long-term process.

". . . we embarked, I think, about a year ago on an effort to redefine the long-term operations of Glen Canyon Dam. We have an existing operational scheme . . . We've been operating under that scheme for a long time. There's some thoughts that we need to take some fresh looks. . . ."

And, we embarked, I think, about a year ago on an effort to redefine the long-term operations of Glen Canyon Dam. We have an existing operational scheme that's been put in place. We've been operating under that scheme for a long time. There's some thoughts that we need to take some fresh looks. Some interest groups, the Grand Canyon Trust and the Park Service, have been advocating for an operation of something closer to steady flows, spring floods and steady flows then throughout the year rather than any peaking operations at all out of the dam. And so, we agreed to sit back and, "Let's take a fresh look and go through a process, develop some alternatives, do an EIS and try to put a new operating scheme in place at Glen Canyon Dam." And, we moved forward beginning an effort to do that and we had developed alternatives, and we had noticed the EIS and everything else.

Lawsuit by the Grand Canyon Trust

In the middle of that process the Grand Canyon Trust sued us and said basically that we were out of compliance with the Endangered Species Act, that our operations under the biological opinion we had called for steady flows through the Grand Canyon in some form. Rather than, and we had never really done a steady flow for any extended period of time. And so, they were asking the court to direct us to go back, even though that's what we were doing in this long-term EIS process. In the middle of that process we got sued by Grand Canyon Trust saying "You're out of compliance with, with your biological opinion that currently exists."

Reclamation's Attempts to Gather Data on Environmental Effects in the Grand Canyon

So, (sigh) what we did is we said, "Well, gee, we've got this long-term process, but that's going to take months to do and we've got the court that's going to review what we have in place, and the court may not be willing to wait for us to complete the longer term process, so we need to expedite this and do a new biological assessment, get a new biological opinion, and put a new operating scheme in place in a much shorter period of time." So, we did that. We prepared a biological assessment that, that took a look at our operations. Basically, we proposed one, an initial beach habitat building flow, and that's what we did on March 5th. So, that was part, that was part of the plan of action. And that, second of all, that we implement a temporary, steady flow test over a period of ***five*** years, where we would got to steady flows through the Grand Canyon in the months of September and October. And then, we can do a scientific evaluation of both of those actions, and based on the scientific information that we get we can reassess and see at the end of five years, or in some period of time sooner than five years, if the science is conclusive, to consider some other approach to operating the dam.

Storey: And why September and October?

Johnson: We picked September and October, one, that's a period of time ~~when the razor,~~ when the bonytail chub is spawning and so the steady flows . . .

Storey: One of the endangered species?

Johnson: And they're one of the endangered species. And so, steady flow during that period of time still is part of their spawning season. They actually spawn, I think, from July through October. And so, we picked September to October. That's still during their spawning season and it'll create more steady–we're not sure what impact steady flows, but it'll give us a chance to study and see. Theoretically it'll create more shallow waters in locations and warmer waters, which is good for their spawning activity. So, we're going to try it for two months. Now, the reason why we think we only need to do it for a couple of–the other thing that we're balancing there is if we go to steady flows we quit ***peaking*** in our powerplant. And, September and October are in the shoulders of the peak season and if you did it in July and August you're right in the middle of the peak season and that power's absolutely, that peaking power is absolutely critical at that time frame. (Storey: Um-hmm.) So, we thought a nice balance was, "We'll do the steady flows and we'll do it during those two months. They're still part of the spawning season, but, and they're also on the shoulders of when the peak power demands are. There are still peak power demands in September and October. They're just not as extreme as they are in the Southwest during July and August. (Storey: Um-hmm.) And, the other thing that, the other reason we've done that is the data on the bonytail chub, which is the primary native species in the Grand Canyon, show that they have, their, they have actually been improving over the last five or six years. Their ***numbers*** have been increasing, pretty steadily, so we know that the fish are doing ***well***. So, we ***don't*** want to change too much. We might screw up (Storey: Um-hmm.) what, what's already going well.

So, that's basically what we put in place, was a biological opinion, that the Service gave us a biological opinion that blessed that operation, and we put out an environmental assessment that selected that action as our preferred, as our alternative for going ahead with operations for another five years. We were ***forced***, we were going to take a longer period of time to do that, through an EIS, but when they sued, they kind of upset the apple cart in terms of the timing. I mean, they were part of the long-term study that we were doing and looking at a broader range of actions, but their litigation kind of drove us to a much quicker process to be able to defend ourselves in the court process. (Storey: Uh-huh.)

"The controversy is . . . The Park Service Park Superintendent Steve Martin didn't think that was the right approach. He thought that the beach habitat building flow ought to occur *every* year and we just deemed it a one-time event, with the understanding that it *could* be done again within that five-year period. But, let's assess the science . . ."

The controversy is, the Park Service got very upset. The Park Service [Park Superintendent Steve Martin] ~~director there~~ didn't think that was the right approach. He thought that the beach habitat building flow ought to occur ***every*** year and we just

deemed it a one-time event, with the understanding that it ***could*** be done again within that five-year period. But, let's assess the science and let's make it a real-time decision. Let's not commit that we're going to do one every spring. Let's do one now and then we'll assess, and when it looks like opportunities are correct we may do it again. But, let us evaluate that. Well, the Park Service [Superintendent] ~~director~~ was very upset that we weren't committing to do it every year. And the other thing that he was very upset about was the steady flows in September and October. He thought they ought to be for a longer period of time and certainly more into those summer months, July and August, but even a year-round steady flow, except for the beach habitat he was ***very*** upset. And, he went public with the fact that he was upset. He wrote some very [inflammatory] ~~inflammable~~ comments, in writing, to us on our environmental assessment. He accused us of not sharing data or information or given them the chance to have input, which is **not the case**. We shared our biological–we were under the gun to prepare something quickly. We had ***shared*** our biological assessment with that . . .

END SIDE 2, TAPE 2. MARCH 25, 2008.
BEGIN SIDE 1, TAPE 1. MARCH 26, 2008.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation interviewing Robert W. Johnson, "Bob" Johnson, Commissioner of the Bureau of Reclamation in his offices in the Main Interior Building in Washington, D.C., at about one o'clock in the afternoon on March 26 2008. This is tape one.

Yesterday when the tape cut off at the end of two hours (Laugh) we were talking about the park Superintendent's reaction to the high flows [in the Grand Canyon from Glen Canyon Dam.] ~~at Glen.~~ And, but I want to ask you first if it's, if it's all right for researchers and people within Reclamation to use your oral history interviews ~~after,~~ two years after you leave Reclamation?

Johnson: Yes.

Storey: Okay. Good. And, you were saying that the Superintendent, I think it was the Superintendent you were referring to, had gone very public with his criticism of the fact that we weren't doing annual high flows and steady flows all year round, and all that kind of stuff. If you'd like to pick and finish maybe?

The Park Superintendent's Letter Triggered Another Lawsuit, and Was Frustrating for Reclamation Because a Sister Agency Actively Attacked Reclamation's Work in Various Media Outlets

Johnson: Yeah, he, he wrote a fairly strongly worded letter to our Manager of the Glen Canyon Adaptive Management Program, you know, formally signed letter in the form of a comment on our biological assessment and our environmental assessment. And, you know, in essence saying, you know, what you just said, and complaining that he hadn't had enough time to review, that there was a limited amount of time and that they hadn't had a chance to have proper input, and those sorts of things, which we feel is not accurate. We had actually provided them with a draft of the biological assessment, which contained all the information in it, three weeks before, you know, it was made available to the public. And, I'm not sure they recognized that for what

it was or took the time to read it when we gave it to them. But, after it went out in the public forum, you know, they read it and then they got very upset and they sent these fairly strong responses.

The frustration of it is his letter, we got a new suit. We had litigation. We were responding to litigation and as a result of his letter the Grand Canyon Trust submitted new documents to the court actually expanding their claim, or their, you know, arguments against us using what the Superintendent and the Park Service had written in their formal letter to us. And, you know, pointing out to the court that "Park Service, who is an expert in these areas, you know, takes exceptions to what, exception to what Reclamation did."

". . . making public statements . . . attacking Reclamation and . . . and the decision that we were making on the operations . . . fairly significant changes in how we're going to operate Glen Canyon Dam that comes at *significant expense* to the power customers and the value of the energy that's produced at Glen Canyon Dam. And, you know, we're charged with trying to strike a balance among all of the functions of Glen Canyon Dam, and that includes considering the Grand Canyon. . . ."

And, you know, I think that's created a lot of frustration for us, that a sister agency would–and, and then on top of that his letter was quoted throughout the press, (Storey: Um-hmm.) you know, when the Glen Canyon Adaptive Management Program, he and his public affairs staff were ***very vocal*** with the press, reiterating, you know, what they said in their comments and making public statements, you know, attacking Reclamation and, and our environmental assessment, and the decision that we were making on the operations, which were, quite frankly, some fairly significant changes in how we're going to operate Glen Canyon Dam that comes at ***significant expense*** to the power customers and the value of the energy that's produced at Glen Canyon Dam. And, you know, we're charged with trying to strike a balance among all of the functions of Glen Canyon Dam, and that includes considering the Grand Canyon. It includes considering the recreation and the endangered species that are in there. And, the ***data*** shows that the species are actually doing better, ***that they'd improved***, that their performance has improved. But, it also includes the original authorized purposes of the dam, which is to generate power, and to conserve and provide water supply. And so, we have to find the right balance in all of those.

". . . I think the Park Service would like for us to just consider *their* perspective when we make our decisions, and their perspective controls in how that facility is managed. And, it's *frustrating* that they would *not*, as a sister agency, have that discussion within the framework of the Department of Interior. . . . those concerns could be addressed at a policy level within the Department. . . ."

And, you know, I think the Park Service would like for us to just consider ***their*** perspective when we make our decisions, and their perspective controls in how that facility is managed. And, it's ***frustrating*** that they would ***not***, as a sister agency, have that discussion within the framework of the Department of Interior. If they had concerns about what we were doing, those concerns could be addressed at a policy

level within the Department. We have Assistant Secretaries, and Deputy Secretaries, and Secretaries who have jurisdiction over both agencies. And, if there's a dispute ***that's the place*** for the dispute to be resolved. ***Not*** to be resolved in court, and not to have one agency writing another agency with data and information that can support litigation that's ongoing in the Department. And he just was completely ***disrespectful***, in my opinion, of that process, and ***deserves*** to have . . . deserves to have the proper recognition of that be made in his, in the performance of his duties. I think it's just totally unfortunate that that happens, ***frustrating***.

Storey: Um-hmm. So, have there been discussions here in Washington between us and the Park Service, for instance, or the assistant secretaries?

Johnson: Of course there have been. Yes.

Storey: But you can't talk about those?

Washington, D.C., Meetings on the Grand Canyon Issue

Johnson: Well, there's not a lot to say. (Storey: Okay.) I mean, there's really not a lot to say. You know, I think that there was discussions. After the Park Service we had a Policy Committee meeting, which included the Assistant Secretary for Policy and Budget, Assistant Secretary for Fish, Wildlife, and Parks, Assistant Secretary for Water and Science, Commissioner of Reclamation, Director of the National Park Service, Director of the U.S. Geological Survey, the policy team that oversees the Glen Canyon Adaptive Management Team here in Washington. And ***after*** the Park Service's written comments the, a meeting of that team was held. In fact, two meetings of that, of that policy team was held and the unanimous position of the policy team was to move ahead with the decisions that Reclamation had prepared and documented in its environmental assessment and in its operation of the dam. So, we were affirmed in that Policy Committee, and I mean that's in writing. (Storey: Um-hmm.) That decision is in writing. And, in fact, ***that*** decision went to the Deputy Secretary, who has jurisdiction over all of the agencies that were involved in that process. You know, that Park Service [Superintendent] ~~director~~ also directly attacked the USGS. There were some agreements that were made about the science that would be done in the canyon during the high-flow test and the USGS is the independent science agency that is responsible for doing that science, and it costs a lot of money to do the science, and we all agreed on what the costs would be and who would pay those costs. Quite frankly, Reclamation's bearing the majority of the cost, but part of it provided for the Park Service to pay for, I think, like $400,000 for the costs, and the Park Service objected, basically attacked USGS, called them "incompetent," called them "too expensive," and this was in very high level meetings in the Department where this National Park Service [Superintendent] ~~director~~ directly attacked, you know, a sister agency with absolutely no basis for the attacks that were being made.

The truth of the matter is, the Park Service, that [Superintendent] ~~director~~ of the Park Service out there would like to control the science and all the science that's done in the Grand Canyon, because he has an objective, and he would like to be able to control the science so that he can manage that program. And, you know, certainly, you know, I don't, I, you know they're less than an unbiased, they would be less than

an unbiased manager of the science because they have a parochial interest. It would be just like ***Reclamation*** having responsibility for the science in the Grand Canyon. Somebody would say ***Reclamation*** is less than [an unbiased] ~~a biased~~ agency (Storey: Um-hmm.) as it relates to the science. So, the USGS provides that independent science. Basically, he attacked them in saying that the Park Service was ***much more*** capable of doing the science than the USGS.

". . . the bottom line is *that* Park Service Superintendent thinks that he ought to be making *all* the decisions about how the dam operates and *all* of the science, and control all of the science and have responsibility for all of the science that's done in the Grand Canyon. And, you know, I don't think that that is an overstatement of what his agenda is . . ."

And so it's, and you know, the bottom line is ***that*** Park Service [Superintendent] ~~director~~ thinks that he ought to be making ***all*** the decisions about how the dam operates and ***all*** of the science, and control all of the science and have responsibility for all of the science that's done in the Grand Canyon. And, you know, I don't think that that is an overstatement of what his agenda is, and he is pushing ***very hard*** to get that implemented, and he does not have, I don't think, support at policy levels in the Department of Interior for that position, but nevertheless he still very aggressively pursues trying to achieve that objective. And, if you go talk to him I think he would say no, but his actions speak a lot louder than his words.

Storey: Yeah. Now, is this the director here in Washington? Is this the Park Superintendent we're talking about?

Johnson: This is the Park Superintendent in the Grand Canyon, (Storey: Okay.) Steve Martin (Storey: Yeah.) is his name. We, Reclamation, until he went there we did not have these kinds of problems. He's only been there for the last year or so. (Storey: Yeah.) And we, his predecessor we worked with, and yes there were, from time to time, differences of opinion, but we were always able to work them out, and we never had this kind of behavior from the Park Service [Superintendent] ~~director~~. We get along well with the Park Service. I mean, I've worked with Reclamation for thirty years and, you know, we've always had good relations with the Park Service and in most parts of Reclamation that's true.

". . . this particular Park Service Superintendent, *I think*, is taking a very, very aggressive role and not being willing to consider the broader perspective that the Department of Interior *has* to consider when it makes decisions that affect a broad range of interests. . . ."

And, this particular Park Service [Superintendent,] ~~director,~~ ***I think***, is taking a very, very aggressive role and not being willing to consider the broader perspective that the Department of Interior ***has*** to consider when it makes decisions that affect a broad range of interests. (Storey: Um-hmm.) And, you know, he wants the decisions to reflect ***only*** his interests.

". . . if the Bureau of Reclamation were just going to reflect its interests, we wouldn't have been operating Glen Canyon Dam the way we've been operating it

for the last ten years. . . ."

I mean, quite frankly, I mean if the Bureau of Reclamation were just going to reflect its interests, we wouldn't have been operating Glen Canyon Dam the way we've been operating it for the last ten years. (Laugh) (Storey: Yeah.) You know, we seek compromise.

Reclamation is ". . . trying to *balance* all the objectives that we all have to deal with and we're deferential to the position of the Department. We don't go out and we don't attack our sister agencies in public. We don't put things in writing that can be used against sister agencies in litigation. And, he has clearly done *all* of those things and it's *inappropriate* and it's unfortunate that it's happening. So yeah, I'm pretty frustrated. . . ."

We seek the right answer in trying to ***balance*** all the objectives that we all have to deal with and we're deferential to the position of the Department. We don't go out and we don't attack our sister agencies in public. We don't put things in writing that can be used against sister agencies in litigation. And, he has clearly done ***all*** of those things and it's ***inappropriate*** and it's unfortunate that it's happening. So yeah, I'm pretty frustrated. I'm pretty frustrated.

Storey: Now, this report that was provided to them, you said three weeks I think, before it went public, (Johnson: Um-hmm.) was this a, a report that was worked out between Fish and Wildlife Service and Reclamation?

The U.S. Geological Survey and the Fish and Wildlife Service Are Also Upset with the National Park Service

Johnson: Yes. Absolutely. Yes. It had been all worked out and the Fish and Wildlife Service supports the changes in the operations that there, and has issued us a five-year biological opinion. (Storey: Um-hmm.) And, you know, I come back to the, you know, you can make all the arguments about the, what the science is showing is that the fish are recovering, that they're doing better, that their numbers have increased significantly and consistently over the last five or six years. And, the Service believes that the changes that we're making are the appropriate changes and comply with the requirements of the Endangered Species Act. (Storey: Um-hmm.) So yeah, it's, it was something that have been–and quite frankly the Fish and Wildlife Service is upset with the Park Service. I mentioned USGS, but the Fish and Wildlife Service is very upset with them as well.

Storey: And they're under the same Assistant Secretary?

Johnson: Right.

Storey: As Parks?

Johnson: Right. Right.

Storey: That causes interesting problems (Johnson: Right.) for the Assistant Secretary, (Johnson: Right.) of course? (Laugh)

Johnson: It does. Well, it creates interesting problems for the Secretary.

Storey: Yeah.

Johnson: And, so anyway it's just unfortunate that that happens, and it's not the way for government to operate, (Storey: Yeah.) and it shouldn't be tolerated. That shouldn't be tolerated. It is being tolerated, but it shouldn't be.

Storey: If I'm remembering correctly, this person is a friend of a friend, and they actually held him at Rocky Mountain in some job for a year or so before they could put him into the Grand Canyon, because they definitely wanted him there. But, anyway. If we can, what I'm wondering is, whether assistant, the former Assistant Secretary Bennett Raley has been gone now I think maybe a year, year and a half, (Johnson: Um-hmm.) and I'm wondering if he has . . .

Johnson: More like, more like three years.

Storey: Oh, is it that long?

Assistant Secretary Bennett Raley

Johnson: Yeah. (Storey: Yeah.) He, he left almost four, three, three and a half years. He left at the end of the first term (Storey: Oh, okay.) of the Bush Administration. So, he was only Assistant Secretary for a little over three years, (Storey: Yeah.) and he left. And, in fact, John Keys was Commissioner, I think, like two full years before, or a year and a half after Bennett (Storey: After he left?) after Bennett left. Yeah. And, I've been here for a year and a half now. So yeah, it's been probably a little over three years since he left.

Storey: Well, I'm just wondering about whether he's still out there and if there are any issues that are coming up with Reclamation and him?

Johnson: Well, he is out there. He's in the water business. He represents clients. And, I think he has been careful not to do anything that was outside of the legal, you know, ethical requirements under the, under the law. So I certainly don't think he's done anything improper since he's left the Department, as it relates to his interactions with Reclamation. But he, but he is representing some clients, and there's been a couple of things that have come up that, that he was involved in, you know, related to Reclamation.

Managing for Excellence

One was the Managing for Excellence effort.[64] He, he fairly strongly, after he was Assistant Secretary, just ***shortly*** after he was Assistant Secretary, made some fairly strong pronouncements about Reclamation, particularly the TSC [Technical Service Center] in Denver, and you know basically his definition, his public definition presented in a Family Farm Alliance, you know, meeting was a, was a

64. See footnote on page 524.

overhead presentation where he got up and said, "Success for Managing for Excellence for Reclamation and for the water and power customers would be to reduce the staff in the TSC by three hundred people." So ~~he,~~ he clearly stepped out on that and was, you know, in a public forum pretty critical, I would say, of Reclamation and our Managing for Excellence efforts. He pushed really hard to, you know, as we moved through Managing for Excellence that was a statement that he made early on in the process. He did ***not*** come back and repeat that often, although I think he probably continued to believe that.

Likely Used the Family Farm Alliance to Try to Forward His Agenda of Giving Reclamation Customers Control of Work Projects When They Paid 50 Percent or More of Costs

He did press pretty hard as we moved towards the end of Managing for Excellence, and he didn't do this directly with us, but I think he did it more behind the scenes working through Family Farm Alliance to have Family Farm Alliance advance his agenda rather than to have ***him*** be advancing his agenda. And, basically he proposed, and I think the Alliance along with him proposed, that Reclamation basically cede its decisionmaking authority on how it does work to customers, where customers bear 50 percent or more of the costs associated with the work that's being done. So, basically saying Reclamation would defer to the decisions of our water and power customers if they had more than a 50 percent interest in the costs associated with whatever it was we were going to do. And, we didn't feel like we could ***do*** that. We certainly ***try*** very hard to defer to our customers' views when it comes to doing things that have such direct impacts on them. And one of the ***big*** things, one of the primary emphases of the M4E [Managing For Excellence] Program is to require that kind of collaboration with our customers. We've established a whole new collaboration policy. It's in ***all*** managers' performance evaluations and performance standards that they ***follow*** that, and anytime a customer, we have a formal process that manager has to go through to ensure that customer has meaningful input into our decision making as it relates to their projects. And, and quite frankly, you know, in most cases, I tell you, I meet with a lot of customers, and ***not*** all of them are happy all the time with Reclamation, but I will tell you 90 percent of them, and I don't think I'm exaggerating, 90 percent of them think Reclamation is doing a ***great*** job of working with them and taking their interests into consideration when we make decisions.

". . . we're a Federal agency and we cannot cede our authority to make decisions to somebody else. . . ."

But, we're a Federal agency and we cannot cede our authority to make decisions to somebody else. **We just cannot do that**. And, that was something, basically, that Bennett was pushing pretty hard for. I ***know*** he pushed hard for it because he wrote an e-mail to the Deputy Secretary towards the end of our Managing For Excellence effort basically saying to her that Reclamation was not, on this very specific issue, that Reclamation was obligated to, or ***should be required*** to allow the water and power customers to make the decisions if they had more than a 50 percent interest in the work that's being done. So, he pushed it to the very high levels of the Department. We sat down and we briefed Lynn Scarlett, our Deputy Secretary, on the issue and what the pros and cons were, and what things we ***were*** doing to address

the customers' concerns. And, and you know, you know even ***legally*** our lawyers tells us that we don't have authority to cede our decision making responsibility. (Storey: Um-hmm.) I mean, the Federal Government owns the facilities. The Federal Government has liability associated with that. And, you can't just give–I mean, we might very well decide to do it however the customer wants to do it, and probably in most cases will, but we cannot say, say that, "Here's a hard and fast rule. We're going to do it all the time." But anyway, Lynn, Lynn was very supportive, saw our logic, and I don't know if she responded back to Bennett or not. She probably did, but we gave her a thorough briefing and she was supportive of, you know, what we explained to her. So that, that was an issue, you know, where Bennett had some fairly direct involvement with Reclamation after he left.

Proposed Transfer of the Colorado-Big Thompson Project

We had, the other area, and I don't think, Bennett was not directly involved in it, but his law firm was, and that was the transfer of the Colorado-Big Thompson Project, the transfer of the operation and maintenance of the joint facilities of the Colorado-Big Thompson Project, the power operations. And we, those discussions were started before I came in as Commissioner. The Northern [Colorado Water] Conservancy District that operates, you know, that receives the water from the project on the East Slope, wanted to have full operation and maintenance responsibilities for the whole project. For those facilities that just served ***them*** they've got, they ***do*** have the O-&-M responsibility, but for those facilities that bring the water from the west slope over to the east slope and run through a series of reservoirs and powerplants and tunnels Reclamation continues to operate and maintain those facilities, and they wanted us to turn over operation and maintenance. We were ***willing*** to do that and, and we were working towards that end.

The Transfer Ran into Tensions Between the East Slope and the West Slope in Colorado

What happened is, we ran into a ***big*** dispute with, between the East Slope and the West Slope.

Storey: In Colorado?

The West Slope Felt Reclamation Played a Neutral Role in the Project and Reclamation Found it Couldn't Transfer Water Scheduling to the Northern Colorado Water Conservancy District

Johnson: In Colorado. And, the east, the West Slope people were very concerned about us turning over those facilities to an eastern slope district. And their, their view was only Reclamation could provide the ***neutral*** role in doing that. And actually, it all came down to–I mean, we actually were going to turn the powerplants and ***all*** of the maintenance program, and ***all*** of that over to them and it really came down to just doing what's called the "water scheduling." You know, how much water moves and when does it move? And, that was the one piece that we went back to Northern on and said, you know, "We can't transfer that. That's the one piece, that's the control of the water, and under the act of Congress that authorized the project, and under the

court rulings that have occurred they clearly said that only the Bureau of Reclamation can provide, can carry out that role. And, we have the West Slope over here objecting, saying they can't, you know, they don't want us to, or you know they don't want us to give up that responsibility. So, we're only talking about five or six FTE [Full-Time Equivalents] associated with carrying out that function, and everything else we've, we were prepared to give to Northern.

". . . they weren't really interested in doing the maintenance. What they *really* wanted to do was *control* the *operations* and to have *control* of that water scheduling activity. They're very much involved in how we do that. But, the bottom line is it fell through. . . ."

But, it really came out that they weren't really interested in doing the maintenance. What they ***really*** wanted to do was ***control*** the ***operations*** and to have ***control*** of that water scheduling activity. They're very much involved in how we do that. But, the bottom line is it fell through. They were not willing to allow Reclamation to continue to play that role.

". . . O-&-M transfer didn't move ahead and we . . . had our, our staff so up in the air for over a year . . . and we had staff that were leaving because they thought . . . their jobs were going to be turned over to the district. . . ."

So, the whole O-&-M [Operations & Maintenance] transfer didn't move ahead and we–what happened is we had our, our staff so up in the air for over a year while we were studying the issue, and we had staff that were leaving because they thought we were going to be, they thought their jobs were going to be turned over to the district. And so, our staff just kept getting lower and lower and we kept going back and forth on this issue and finally we said, "Look, it's fish or cut bait time. We either got to transfer this and let Northern take it over or we've got to decide we're going to keep it and get staffed back up so we can do a proper job of operating the facility." And so, basically we went to Northern and said, you know, "We're going to have, you know, we can't, we can't turn that piece over to you and I guess, you know, we don't have a deal." And, we kept the O-&-M and, and they backed away from wanting the transfer. And, like I said, Bennett was not directly involved in that. His law firm was and his partner, a fellow by the name of Trout was the district's representative and they were pushing pretty aggressively to take over the O-&-M, you know, and making their case. I'm sure Bennett may have had a behind-the-scenes role but he did not directly deal with, (Storey: Um-hmm.) deal with the Bureau on that issue.

" . . . that was a fairly contentious time because Northern was very upset with us. They felt like we were giving deference to the West Slope that the West Slope didn't deserve. And, you know, we were just trying to be, I think, honest brokers . . ."

But, that was a, that was a fairly contentious time because Northern was very upset with us. They felt like we were giving deference to the West Slope that the West Slope didn't deserve. And, you know, we were just trying to be, I think, honest brokers, you know, and there's a difference. We could see where the West Slope could have concerns and we thought it was legitimate for us to insist on keeping that control, you know, of the water operations. So . . .

Storey: Yeah. There are a couple of issues going on over there too on fishing flows, (Johnson: Right.) I think, (Johnson: Right. Right.) in the Colorado below Lake Granby.

Johnson: Right. Exactly.

Storey: And, clarity at Grand Lake, (Johnson: Yes. Right.) and who knows what else (Johnson: Yeah.) is a concern? Good.

Johnson: But, I am not aware of any other areas where, where Bennett is doing a lot of direct dealing with Reclamation.

Storey: But at a three-year remove he's beyond the ethics requirement anyway isn't he?

Johnson: I think he is. I think he is. Yeah. Um-hmm. Yeah. I, I don't think, I don't think that he, that he has many restrictions left on him at all. I think most of the restrictions go away in a year.

Storey: Yeah. I was just wondering. I thought he might have been very active, you know, and I think he was active on the Middle Rio Grande, for instance, as well as, Colorado-Big Thompson and a couple of other projects ***before*** he came in[to] the Department of the Interior].

Raley Has Done Some Work for CREDA

Johnson: Yeah. I think he probably was. I don't know to what extent he is doing work on Middle Rio Grande. I have ***not*** encountered him there. He has done some work for the CREDA,[65] the Colorado River Energy Distributors Association, which is the . . .

Storey: Over in Salt Lake, I think?

Johnson: Right. Which is, Leslie James is the head of that group and that's the power users of the Colorado River Storage Project, Glen Canyon Dam and all of the dams on the west slope where we generate power. (Storey: Um-hmm.) And, I'm pretty sure he did some work for them. But, other than that I'm not aware, I'm not aware–there's probably some other areas but I'm not aware of any.

Storey: Yeah. Why don't we talk about river rehabilitation projects? I think you've talked to employees about a group of those things that are going on. (Johnson: Um-hmm.) And, let's get that on the record.

River Rehabilitation Projects in Reclamation

65. "CREDA (Colorado River Energy Distributors Association) is a non-profit organization representing consumer-owned electric systems that purchase federal hydropower and resources of the Colorado River Storage Project (CRSP). CREDA was established in 1978, and serves as the "voice" for its members in dealing with the Bureau of Reclamation (as the generating agency of the CRSP) and Western Area Power Administration (WAPA) (as the marketing agency of the CRSP). CREDA members are all non-profit organizations, serving over 4 million electric consumers in the six western states of Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming." Source: http://www.creda.org/Pages/Who.html on June 23, 2011, at about 10:15 A.M.

Johnson: Yeah. You know, I think there's a lot of, I think, that's becoming a big part of what Reclamation does. I mean, historically we built all of these projects, and we changed the rivers and their flows, and the habitat around the rivers as a result of the construction of the dams, and the diversions from the rivers. And, as time has gone on and we've run into the new set of public values related to the environment, and Endangered Species Act, and the NEPA [National Environmental Policy Act], and all the other environmental concerns that are out there related to the rivers and how they're operated, we found ourselves very heavily involved in the business of restoring rivers. And, our budget . . .

END SIDE 1, TAPE 1. MARCH 26, 2008.
BEGIN SIDE 2, TAPE 1. MARCH 26, 2008.

Storey: Our budget has been . . .

"Our budget for the past few years has been up around $150 million a year. That's about 15 percent of the Reclamation budget that's spent on river restoration. *Almost all* of that is for environmental compliance. . . ."

Johnson: Our budget for the past few years has been up around $150 million a year. That's about 15 percent of the Reclamation budget that's spent on river restoration. ***Almost all*** of that is for environmental compliance.

In Order to Be Able to Deliver Water and Power, Reclamation Has to Comply with the Environmental Laws, and That Has Led to Reclamation Development of Major Programs

It's ***not*** because that's the mission of Reclamation. The mission of Reclamation is still delivering water and power. But, ***in order to be able to deliver*** water and power we have to comply with environmental laws. And so, complying with environmental laws has really led to us developing these larger-scale ***plans*** that focus on a total river basin and focus on developing habitat and streamflows, and all the things that we need to do to protect the endangered species and to enhance fish. And, you can go all the way around, you know, most of the river basins that we're involved in and you can find major activities that we're doing from a river restoration standpoint. (Storey: Um-hmm.)

California Bay-Delta Program and the Central Valley Project Improvement Act

The California Bay-Delta, which is an ***extremely*** complicated set of environmental issues, now there's a project where Fish and Wildlife, and enhancement of the environment is actually an authorized feature. That's unusual. And so, you know, Central Valley Project that is now a function of the project. It's not something, we do, we do a lot there for environmental compliance but it goes beyond that in the Central Valley because of the Central Valley [Project] Improvement Act[66] that was implemented in the early '90s. We actually have specific project purpose (Storey: Um-hmm.) of dealing with–but, we've got the Bay-Delta and the C-V-P-I-A [Central

66. See footnote on page 210.

Valley Project Improvement Act] Fund, and we're funding a significant amount of money through both of those programs to do environmental enhancement in the Bay-Delta on the Sacramento River and the American River. And, through the Sacramento Bay-Delta we've spent literally hundreds of millions of dollars over the last fifteen years addressing and trying to improve fish screens, habitat development, buying water to improve fish flows, temperature curtains to change the temperature of the flows in the river. So, we have literally (Storey: Um-hmm.) spent a ton of money in that project to address environmental issues.

Reestablishing Flows in the San Joaquin River

In addition to that, we just ***recently*** negotiated the settlement of a lawsuit on the San Joaquin River where a judge had ruled that we were going to have to–you know, we built Friant Dam fifty years ago or more and basically there's a stretch of the San Joaquin River that's literally been ***dry*** ever since that dam was built. Well, we got a court ruling that was going to require us to reestablish the flows in that dry section of the San Joaquin River. And so, we ended up negotiating a settlement that involved the water users and the environmental groups that sued us to actually develop a plan and jointly restore that river and put in place a plan that minimizes impacts on the water users but still creates the flow through, and in fact the goal is to reestablish the salmon spawning run that occurred on that river historically years, and years, and years ago. That's going to require legislation. We supported, the Administration supported, that legislation. It's been introduced in both houses. Senator [Dianne] Feinstein is the champion in the Senate and Congressman [Jim] Costa is the champion in the House. And, there has been some more negotiations of late to make some modifications to the bill but we're still pushing hard and hope that that legislation can get passed so that we can move forward with a bona fide restoration program on that river. That's a pretty big deal and that's a five or six hundred million dollar venture over a long period of time. The money that ***we*** put into it out of appropriations is going to be relatively small. We're ***actually*** going to use the repayment revenues from Friant Dam and their share of the C-V-P-I-A to fund most of those activities from the Federal side, and then the state of California is going to put some money into it as well. So, that's a pretty big deal getting that one negotiated. But if you, then if you go up into northern California, a similar thing.

Trinity River

We had a litigation and we had a finding, and we've been recreating the flows in the Trinity River. And, in fact, we've, we're spending eight-, ten million dollars a year. We've changed the operation of Trinity Dam. We don't divert as much water over into the Sacramento anymore. We release a lot more water through the Trinity and we're actually creating spawning beds for salmon. And, in fact, the steelhead fishery there has improved significantly over the last ten or fifteen, over the last ten years and is actually supposed to be one of the best fisheries now in the West. And, all that is a result of that river restoration project. It had been pretty minimal flows since we built the dam, and now we've changed the way we operate and we spent a lot of money to recreate the flood plain. And so that's another example.

Klamath River

The Klamath, we've done a ton of work. We're removing a dam. We've developed a lot of habitat. We've got a new biological opinion, and then there has been a ***large*** negotiated settlement and that's still just coming together. But, ***all*** of the parties that were at loggerheads on the Klamath system have just recently come together on an agreement to restore the Klamath River and they're now looking for Federal partners to step in and be a part of that effort. And, I don't know how that's going to go long-term because there's a ***big price tag*** associated with it and that hasn't all been sorted out yet. But, we're already doing Klamath restoration activities.

Columbia River

The Columbia River, we're spending a lot of money on Columbia River, salmon fisheries, how we operate our facilities. There's a major biological opinion that's going to get issued by the National Marine Fishery Service shortly that's going to be under the microscope of the court. We don't know how that's going to fall out. There's literally hundreds of millions of dollars being spent a year on restoration and management of the Columbia River system for salmon. Most of that money comes from the Bonneville Power Administration. It's a surcharge on power sales, but we have increasingly put more and more of the Reclamation budget, appropriated dollars, into that program as well.

Platte River

The Platte River, there's an agreement negotiated between the three states, and the Secretary signed it about a year ago. That's a river restoration plan for the Platte River where Reclamation would be a partner, and we're trying to get legislation on that as well. The Administration supports that legislation. We're providing funding, an increase in funding, for the Platte Restoration Program.

Four Restoration Programs on the Colorado River

We have ***four*** restoration programs on the Colorado River. We have the Upper Colorado River Recovery Program in the upper reaches of the Colorado River system. We have the San Juan Recovery Program. We have the Glen Canyon ***Adaptive*** Management Program that we talked about earlier. And then we have the lower Colorado River Multi-Species Conservation Program. Those are ***all*** ESA [Endangered Species Act] driven restoration river management programs to meet ESA, and I don't know what the total funding on those are but I bet in total those, those amount to maybe $50 million a year just on the Colorado River alone with, with restoration activities.

Rio Grande

The Rio Grande we're putting a lot of resources. We have the silvery minnow there. There's what's called the collaborative program where we're partnering with all the partners on the Rio Grande system and trying to manage that river to meet Endangered Species [Act requirements]. We're building minnow sanctuaries. (Laugh) (Storey: Um-hmm.) We're reoperating the low, the low, I can't remember

what they call it, the Low Flow Channel. We've got measures in place during dry years to ***buy*** water to supplement flows.

Missouri River Basin

So, I mean, those are just, you know–in the, in the Missouri Basin we continue to do more and more up there. We have some, we're a little farther behind on the effects of ESA in some of those areas, but those are becoming more active over time.

So, just about everywhere you turn we have these river restoration programs that are ongoing that are a significant, now a significant part of the Reclamation program and what we do. I come back and I always emphasize the reason why we're doing these programs is because it's part of our water and power mission. If we don't comply with the [Endangered Species] Act we aren't able to deliver water and power. If we don't comply with the environmental regulations and laws that we have then our ability to deliver water and power is in jeopardy.

". . . it's really part of our water and power mission that we do that, *not* because the mission of the Bureau of Reclamation has changed. It's just that things we have to do to accomplish our mission has changed. . . ."

And so, it's really part of our water and power mission that we do that, ***not*** because the mission of the Bureau of Reclamation has changed. It's just that things we have to do to accomplish our mission has changed.

Storey: One of things that we haven't talked about yet in any detail is the drainage issues on Westland, I think it is, (Johnson: Um-hmm.) and the San Joaquin Valley? (Johnson: Um-hmm.) Would you talk about those?

Drainage Issues in the San Joaquin Valley

Johnson: Um-hmm.

Storey: And also, that area has traditionally exercised a lot of political influence, you know. There are stories about–what was Mrs. [Rosalynn] Carter's name? Flying into Fresno and President [Jimmy] Carter's views on dams changed a little bit, and things like that, after the visit. And, I'm just wondering what's going on politically, as well as the drainage issues and the fallowing of lands issues and so on?

Johnson: Well, that drainage issue is a very, very difficult issue. I, and it's been around for a long, long time. I started my career in the Bureau in Sacramento in 1975 and we were doing studies at that point in time in how to provide drainage to San Joaquin Valley. It's ***always*** been an authorized part of the Central Valley Project to provide that (Storey: Um-hmm.) drainage. And, we did provide partial drainage, you know, in Westlands and in some of those areas.

". . . we could never find a place to put the . . . drain water. . . . If you *don't provide drainage* you're going to have a lot of land go out of production . . ."

The ***problem*** is we could never find a place to put the drain, drain water. We built the Kesterson Drain, you know, initially. Actually, the original plan was to take it up and put it in the San Joaquin Delta, you know, dump it into the California Bay-Delta, but environmental limitations in California stopped that in a hurry. That was never able to be achieved. And, I mean you do have a significant problem. If you ***don't provide drainage*** you're going to have a lot of land go out of production in the San Joaquin Valley. Literally, groundwater tables are rising and it'll put, it'll put large amounts of land out of production, not just in Westlands, but in areas that were there before the Central Valley Project came along. And, those people are innocent bystanders and they'll be impacted if some drainage, you know, service isn't provided. So, it's been studied over the years and there's a lot, been a lot of options.

". . . we got sued . . . The courts have ruled that we are *obligated* under the law, *required* under the law, to put those drainage facilities in place. . . ."

And actually what happened is, we got sued about I don't know how long ago, a number of years ago. And, actually there's been a couple of suits on drainage. We had one, and I forgot the name of it, but we had one where we had to pay out a fairly, a sizeable sum because we had not provided drainage. The courts have ruled that we are ***obligated*** under the law, ***required*** under the law, to put those drainage facilities in place. And, we paid, I think it's the Sumner-Peck Settlement and we paid, oh I don't remember, this was a number of years ago, thirty, or forty, or fifty million dollars out of the Reclamation budget to compensate for damages because we hadn't built drainage to serve land, you know, on lands that are impacted in the San Joaquin Valley. And then, Westlands sued us and a number of other contractors in the San Joaquin Valley sued us, and the court ***ruled*** that we were ***obligated*** to provide drainage.

The Solution to the Drainage Issue Appears Very Expensive and Unlikely to Be Politically/Economically Feasible

And, we have gone out and done studies to find a plan to do drainage under the court order. We've done an EIS and we've identified a plan, which . . . there is no place to put the drainage water and basically the plan that we've come up with involves collecting the drainage, and desalting it, and burying the constituents that come out of the water, and evaporating the water in large evaporation ponds as it, as it comes out. And, it's a very, very expensive solution. It also contemplates the purchase of a lot of farmland and taking the land out of production. So, that if you're not irrigating that land you're not adding to the drainage problem. And, I think the cost of that plan that we ended up coming up with is like $2.6 billion. It's just, it's huge. And, we would have to get, we don't have authority. Our cost ceiling on the Central Valley Project on the drainage features is inadequate to come anywhere ***near*** that, that kind of a cost. So, in order to carry out that function we'd have to go Congress and get legislation and authority, and then we'd have to get the money. And, given the limitations on the Reclamation budget and the Federal budget in general it's just not realistic, I don't think, to expect that we can get that kind of funding. And yet, we've got this court order that says we're going to have to fund and build this drainage system.

Reclamation Negotiated a Deal Where the Water Users Take on the Drainage Responsibility in Exchange for the Federal Government Forgiving the Repayment Obligations for the San Luis Canal and Other Water Delivery Facilities That Service Westlands Water District, Relief from the Reclamation Reform Act, and a Longer than Normal Life for Their Water Contract

Well, we sit down, and this is Kirk Rogers in California, sit down with the plaintiffs, Westland and the other folks that are impacted by drainage, and they've negotiated a deal where Westlands has come along and said, "We will take on, we will take on your responsibility to provide drainage service and we will do that in exchange for the United States forgiving the repayment of our repayment obligation under the Central Valley Project for the San Luis Canal and all the water delivery facilities that were built to serve Westland's Water District." So, they would get their repayment ***forgiven***. And, I think the value of that repayment is like three or four hundred million dollars, something like that. In addition to that, they would get relief from the Reclamation Reform Act, and in addition to ***that*** they would get a much longer-term contract for their water supply. You know, right now on the Central Valley Project they have a water contract that gets renewed every twenty-five years and, you know, it's always up in the air, you know, what their water supply is going to be and what their contractual entitlement is. So, they want a ***long-term*** contract for delivery of water. And, I don't know what we've landed on now. I think it's like forty years plus a right of renewal at the end of forty years. So, it's a fairly long-term contract.

And, in exchange for that Westlands will build the drainage system that will protect all the San Joaquin Valley and take on the responsibility for disposal of the constituents and the water, and they have a plan, and they can do it a lot cheaper than we can. And, there's a couple of reasons for that. ***One***, they don't have to buy as much land as we would have to buy. They've ***already bought*** a lot of land and they own a lot of land that we would have had to buy as part of our program. So, they don't have to spend all of the money that the Federal Government would have to spend to retire land. And then, the second thing that they're going to do that makes it less expensive is they're going to use a different technology, and rather than building these large evaporation ponds they're going to use a, sometimes it's called the "snow blower method." It's the, it's a set of towers that sprays the water out and it causes it to evaporate much more quickly. And, I think our engineers were a little bit uncomfortable with that because it had never been tested on a very large-scale basis and they felt like other technologies were more certain. But, Westland feels like that the technology will work and that they will, can take the risks, and it's a less expensive plan. So, that's pretty much been something that we have conceptually agreed on with, with Westlands.

Environmental groups are not necessarily supportive of that. They don't like the idea of Westlands having a long-term contract. They don't like the relief from acreage limitation. So, the environmental groups have been involved in and not very supportive of that plan, but there's been a ***lot*** of discussions. The state's been involved. All of the water users have been involved, and I think we're pretty close to actually having something along those lines that will get introduced as legislation in Congress, Senator Feinstein has really kind of taken it on to try to bring all the parties together and hammer out an approach. There was actually a meeting this month, I

think it was on the 5th of March, where they pretty much came to terms with the senator and with all of the parties involved, and I don't think the environmental groups are completely bought off but they don't necessarily have to. They're not actually a party to any agreement. But, it does require legislation, so they can use their political influence. But, there's been a lot of concessions that have been made as part of this process to address some of the environmental concerns. So, the bottom line is we're very close to having some sort of a negotiated settlement with Westlands and the other farmers in the San Joaquin Valley to solve the drainage problem.

". . . it's a settlement that won't place an unreasonable burden on the Federal treasury and the Reclamation budget. It will require legislation, authorization. Congress will have to allow those repayment revenues to be refunneled back to Westlands to pay for the drainage. . . ."

And, it's a, it's a settlement that won't place an unreasonable burden on the Federal treasury and the Reclamation budget. It will require legislation, authorization. Congress will have to allow those repayment revenues to be refunneled back to Westlands to pay for the drainage. But, we're actually working on trying to draft legislation to get that implemented, and there'll probably be another meeting with the senator here in the next month or two. So, you know, there's been some progress made and we're hoping that it will hold together and that we have a solution.

Now, in terms of the political part of the question, you know, I have met with Westlands. I have heard of Westlands' reputation. I've gotten to know their board president, Jean Sagouspe. It's a good Basque name. And, I've gotten to know their General Manager, Tom Birmingham. And, I have not seen any of the reputation. You know, they have been, I felt, very straightforward. I have not sensed any political pressure in anything. I mean, they're some people who we deliver water to who have a very difficult problem that needs to be solved and I credit them for rolling up their sleeves and trying to figure out a way to solve it, and I think they're recognizing that it's probably not realistic to expect that the Bureau of Reclamation is going to be able to implement such a large drainage program. And, I really give them a lot of credit for stepping up and trying to find a solution that everybody can work with. I would say our relationship with Westlands is a good one, and I don't know about the political aspect. I mean, maybe they have some political influence that I'm not seeing. I mean, my relationship with them has pretty much been just a professional relationship. We've got a problem. We're trying to solve it. Let's roll up our sleeves and figure out how to do it. And, they've been very forthcoming, quite frankly. Some people would say, "Why in the dickens would they be willing to take on that kind of a financial burden?" And, I think the answer to that is pretty simple. One is, they get a certain water supply, which they haven't had for a long time in the Central Valley Project. They get a long-term contract for water. The second thing is they get the repayment obligation reduced, and that money gets to flow towards helping solve the drainage problem. And then the third thing is, they get relief from the Reclamation Reform Act. And, those are all things that have great value to them, and realistically when they take a look at the, the likelihood that we can get congressional authorization and funding to do the plan anyway from a Federal perspective, they're probably saying, "Hey, that's not very realistic so let's compromise and get a deal that we can move forward with." But, there's, there's no hidden political back room things going on here that I'm aware of.

Storey: Hmm. And, are we, do you know if we're proposing to just accept what they're saying they want to try, or are we accepting that they are responsible for drainage period?

". . . we're getting out from underneath the liability. On drainage, which is a *huge* benefit to the United States . . ."

Johnson: Well, we're accepting, we're getting out from underneath the liability.

Storey: On drainage?

Johnson: On drainage, which is a ***huge*** benefit to the United States, (Storey: Um-hmm.) for us to get that burden off of us. This is a ***huge*** benefit to us. So, it's a ***good deal*** for Reclamation, if we can get this to come together. (Storey: Yeah.) It's a good deal for us.

Storey: Yeah.

"I'm involved. . . . If there's a hearing I'll probably go testify. But, you know where the work's getting done? In the field, with the region, and the Regional Director working on the ground . . ."

Johnson: And, you know, you know, going back to the question that you asked yesterday, you know, and my comment was about, you know, ***earlier*** in some of our interviews, I'm the Commissioner. I'm involved. I'm talking to the district. I'm involved in the meetings with the senator. If there's a hearing I'll probably go testify. But, you know where the work's getting done? In the field, with the region, and the Regional Director working on the ground with the state and the Westlands Water District. That's where they're hammering all this out. I'm not involved in all the details that hammer that out. I can see, and I can support them. I can say, "Hey look, (Storey: Um-hmm.) this is going to solve a big problem for the Bureau of Reclamation. Go to it. I support you and we'll try to do whatever we can back on this end to get that implemented. That's a great thing to do." But, you know, the impetus for it and all the work for it is coming from out there in the field with our people on the ground that have the relationships and do the day-to-day work. And, it's not that the Commissioner isn't involved, it's just let's give credit to those people within Reclamation, those career people, that make things happen, that recognize that we have problems, that work with our partners to find solutions to the problems. And, I just think it's inappropriate for the Commissioner to be claiming credit, (Laugh) (Storey: Um-hmm.) you know, for doing those things. (Storey: Yeah.) You know, I mean, we always look around and try to say, "Well, what did I do on my watch? What did I do?" Well, look, a lot of things are getting done on my watch but I don't want to claim credit for all the things that are on my watch. You know, I support them. I will try to help get them done, and I may have a few ideas of my own that I try to advance, but for the most part it's the organization, and it's the people in the organization that gets them done. That's kind of what, you know, led me to the statement that I made. It wasn't that, you know, I was a Commissioner that was going to sit back and just, you know, and just (Storey: Yeah.) watch, watch things go, that I wasn't concerned about getting things done, or, you know, or any of that.

That's just the way–and, probably a lot of that comes from my perspective of having been a career Reclamation person. I've been a Regional Director. I've been a person that's ***out there*** on the ground that's dealing with those people and knows how to find solutions. That's where the solutions come from. It's from our people on the ground that have the relationships and have the technical understanding and expertise. That expertise doesn't exist back here in Washington. That's all out in the field and that's where, that's where the ***real*** solutions to our water problems can occur. And, I can set a tone and I can provide some leadership to say this is the general direction that we need to go, and then I can support those efforts, you know, when we get them started and we get them moving, but heavens I'm not the one that does them, (Storey: Yeah.) you know. The organization does them and the people in the organization get them done.

Storey: How's Klamath moving along nowadays? Anything–I see that there's a weekly teleconference still?

Klamath Project Issues

Johnson: Right.

Storey: But, what kind of progress are we making?

Johnson: Well, you know, it's calmed down and we've been able to deliver water and meet the requirements of the ESA, and we haven't had any major catastrophes occur. I think we've come close. I don't know about catastrophes. Since, I don't know when it was, '01 and '02 when we had the drought, and the fish die off, and the conflict with the farmers. We had to shut water off to farmers in order to meet the Endangered Species requirements, and we haven't had any of that since, but there's been a ***lot*** of hard work on a ***lot*** of peoples' part to make sure that that doesn't happen. We're just now getting a new biological opinion in place from both the Fish and Wildlife Service and the National Marine Fishery Service. We think that that opinion is going to give us a lot more flexibility than we've had previously under the previous biological opinions. There's more and better science. They found out that the lake levels of the Klamath Lake don't have much to do with the endangered sucker fish that lives in the lake. And, for a ***long time***, under the old biological opinion, we had to hold those lake levels at a high, at a certain level under the biological opinion. Well, the science is showing that the fish ~~do,~~ aren't affected by the lake level. So, we're getting some more flexibility under these new biological opinions to allow that lake level to fluctuate more and without having any impact on the fish. There's only a certain time of the ***year*** when lake levels are important and that's when the fish is spawning, and you don't want the lake level to fluctuate a lot during the spawning season because you can expose eggs that are laid in the, you know, in the areas around the periphery of the lake. So, you don't want the lake rising and falling for a fairly short period of time. But the old biological opinion had year, year-round . . .

END SIDE 2, TAPE 1. MARCH 26, 2008.
BEGIN SIDE 1, TAPE 2. MARCH 26, 2008.

Storey: This is tape two of an interview by Brit Storey with Commissioner Robert W. Johnson on March 26th, 2008.

So, the old biological opinion had year-round restrictions?

Johnson: Had year-round restrictions on lake levels and we don't, under this new biological opinion, which we are just now getting, we're not going to have those restrictions. So, it'll be easier to operate the project for the sucker fish and not run afoul of the Endangered Species Act, and still deliver water to farmers. (Storey: Um-hmm.) You still have the downstream salmon issue and that's the National Marines Fishery Service. We're getting a new opinion from them. That's not been as quick as the Service opinion, but that's going to be coming along. So, you know, that's, all that's getting–the other thing that we're doing in Klamath is we're removing a diversion dam upstream. I lost the name of the diversion dam. It's actually a Bureau of Indian Affairs diversion dam, but we're actually doing the construction activity to take that diversion dam out. And, that's getting very close, I think, this summer. What they've done is they're putting in a pumping plant and they'll ***pump*** water into the canal rather than using a diversion dam to raise the level of it. So, we've got the pumping plant built and this summer we'll actually ***remove*** the diversion dam and then that frees up a free-flowing section of the river for the fish. (Storey: Um-hmm.) So, that's being implemented. And then, there's this broader plan that I talked about earlier when we talked about river restoration where twenty-eight entity–I mean, the Klamath is just a complicated–and I don't even know who the twenty-eight entities are. I have not, the ***discussions*** have been, from the Federal side have been facilitated by Steve Thompson, who's the Regional Director of the Fish and Wildlife Service in Sacramento. And, there's, they call it the Group of Twenty-eight. And, this Group of Twenty-eight includes Indian tribes, environmental groups, fishermen, farmers, and I don't know who else, (Laugh) (Storey: Um-hmm.) but there's twenty-eight different groups that are involved. And, they've actually come to agreement on a restoration plan for the Klamath River.

The trouble of it is, there's twenty-nine parties and that last party hasn't been at the table. And, that last party is PacifiCorp[67] and they own four dams on the ***upper*** reaches of the Klamath River that produce power. And, the twenty-eight have agreed that a part of the restoration plan is to ***remove*** those four dams that belong to PacifiCorp and to recreate the free-flowing river. So, that is probably the single biggest issue yet to be resolved, is "Will PacifiCorp cooperate in removing those dams?" Their FERC [Federal Energy Regulatory Commission] permits are coming due, or in fact ***are*** due. So, they've got to get FERC permits reviewed. So, there's environmental compliance requirements that may be very difficult for them to achieve. So, there's some thought that they will be willing to give up those dams so that the free-flowing rivers can be restored. But, exactly how that happens, who pays for it, costs have not been resolved. I mean, I think our objective is to make sure that the Bureau of Reclamation doesn't get saddled with some huge costs associated with river restoration. I mean, the problem up there is so much bigger than the Bureau of Reclamation project. And, it's just–so, our hope is and our, our interest is to make sure. And, we think the restoration is fine and, you know, anytime you get twenty-eight parties to agree that's a good thing. But, it can't come at the expense of the

67. "PacifiCorp is one of the West's leading utilities. It operates as Pacific Power in Oregon, Washington and California; and as Rocky Mountain Power in Utah, Wyoming and Idaho. Balancing growing energy needs with costs and the environment is an ongoing focus for the company. . . ." Taken from the company website at http://www.pacificorp.com/index.html on May 12, 2011, at about 10:30 A.M.

Bureau of Reclamation's budget. And so, and I think that's the broader concern that ***all*** of the Federal agencies that are involved in the Klamath River are concerned about. It's not just the Bureau of Reclamation. It's Fish and Wildlife Service, the Department of Agriculture, National Marines Fishery Service, B-I-A [Bureau of Indian Affairs], you know, all of, a lot of Federal agencies are involved on the Klamath River system and there's concern among all of them about what the cost of that restoration might be and who might be responsible for it. So, that's all being sorted out.

Storey: Um-hmm. But, we've been able to deliver the water for the farmers and so forth?

Johnson: Right. Yeah. We haven't had any problems.

Storey: That's good. In a general way yesterday we talked about drought, but what kinds of things is Reclamation doing about drought in the West now? Some of it's been going on since 2000, I think you mentioned yesterday?

Reclamation and Drought in the West Since about 2000

Johnson: Yeah.

". . . *for the most part* we've been delivering less water and generating less power. . . ."

Well, drought has been a prevalent problem, and, you know, ***for the most part*** we've been delivering less water and generating less power. (Laugh) (Storey: Uh-huh.) So, that's probably the single biggest thing that we've done. It's not what we've done about drought, it's what drought has done to us, I suppose, and more importantly to the water users, water and power users, (Storey: Yeah.) it certainly had a big, you know, much bigger impacts on them.

Emergency Drought Act Grants

We do have an Emergency Drought Act,[68] and Congress has allocated and appropriated money that we're not, was not included in the President's budget, for drought activities. So, we have ***made*** grants to a number of water districts to implement emergency measures to deal with drought. Although, that's pretty limited. I mean, I don't know how much money. My guess is it's probably less than $20 million that we've got in write-ins or through supplemental appropriation. Well, maybe it's more than that.

". . . on the Colorado River we've put new operating procedures in place to deal with drought. . . ."

Senator [Byron] Dorgan got quite a chunk of money for drought put in, in the . . . supplemental appropriations for '07, and that might have been up as high as over

68. Reclamation States Emergency Drought Relief Act of 1991, Public Law 102-250, 106 Stat. 53, as amended. "The Act authorizes emergency response and planning assistance that would minimize and mitigate losses and damages resulting from drought conditions." It benefits ; "Federal, State, tribal, and local entities." Source: http://www.usbr.gov/drought/ on July 28, 2011, at about 11:30 A.M.

$20 million in that one supplemental. (Storey: Um-hmm.) So, he's done that. The other thing that we've done on the, on the Colorado River we've put new operating procedures in place to deal with drought. So, we've defined when, when shortages will be declared and how large those shortages would be, you know, if the drought continues and reservoir levels continue to drop. When would we, how would we administer reductions in supply over time on the Colorado River, and how will we operate the two big reservoirs on the Colorado River system? So that's, that's something that we've done about drought that's, I suppose, specifically related.

"There are those who would say that the Bureau of Reclamation has been dealing with drought for 105 years, that the West is an arid environment and that drought has persistently occurred, and that's our job. That's the very *function* of our facilities is to deal with *drought* . . ."

There are those who would say that the Bureau of Reclamation has been dealing with drought for 105 years, that the West is an arid environment and that drought has persistently occurred, and that's our job. That's the very ***function*** of our facilities is to deal with ***drought***, (Storey: Um-hmm.) because we catch water when it's there and we carry it over and we use it, you know, when it's not there. So, I think that, I think that that's, you know, just an ongoing, an ongoing activity for, for Reclamation.

"But, that said . . . we need to be doing a lot more because if precipitation patterns really are changing the assumptions that we've made in the past for how we manage water and how we manage our facilities are no longer valid. And so, we need to be taking a fresh look . . ."

But, that said, you know, I think, and I come back to our Water for America thing that I talked about the other day, that ***said*** we need to be doing a lot more because if precipitation patterns really are changing the assumptions that we've made in the past for how we manage water and how we manage our facilities are no longer valid. And so, we need to be taking a fresh look at our river basins, and how they're managed and what we think those river flows may be in the future, and how we ought to change the management of our facilities to accommodate that, and what measures beyond that need to be implemented either from a Federal perspective or from a local or state perspective to deal with water supply problems, which would include drought. And, I just think that's something that we ought to be doing. We're in the water business and that's part of what we ought to be addressing.

". . . our role in drought has yet to be defined, and I think our role in dealing with climate change and drought is something that we will be defining over the next several years. . . ."

So, I think our role in drought has yet to be defined, and I think our role in dealing with climate change and drought is something that we will be defining over the next several years.

Storey: Um-hmm. I recall a few months ago I was talking to one of the staff people about the art collection, and they were saying they wanted to dispose of it. And, I think this came up with Policy Team, whatever it's being called now, Permanent Management

Committee. What's it, what is it? It's the Reclamation Management Committee now?

Reclamation's Art Collection

Johnson: Reclamation Leadership Team. (Storey: Yeah.) R-L-T.

Storey: What is, what, can you talk about what went on with that?

Johnson: Well, I don't know that it was a Policy Team discussion, but I did have one of our senior managers in Denver come to me and say, "Let's dispose of our art collection. It's just costing us a lot of money to store it." And, I said, "I think that's a bad idea. I think that art collection is very valuable. It's part of Reclamation's culture and heritage and history and we ought to be displaying it and, you know, being proud, and let's figure out how we can display it. Let's not just hold it in a . . ." And somebody said, "Well, we can't display it. It's too valuable." (Laugh) (Storey: Uh-huh.) Because, we do. We have some pretty valuable pieces of art. If you will now walk down the Commissioner's hall, hallway here, you will notice that we have a lot of that, or some of that art collection up on our hallways now. And, a lot of it was stored back here in one of our rooms in one of these hallways back here. And, when I first became Commissioner I walked down the hall–I went to visit the Fish and Wildlife Service Director and as I walked down his hallway I could tell that we were in the Fish and Wildlife Service hallway. I mean, they had stuffed ***birds***, and pictures of ***animals***, and wildlife refuges. I mean, ***up and down the walls*** the ***heritage*** of the organization was clear. (Storey: Um-hmm.) And when I walked down the Reclamation hallway there, the wall, it was sterile. There was ***nothing*** on the walls. And I said, "You know, we ought to do something about that." I said, "We're the Bureau of Reclamation. We have a lot of great facilities and projects that we ought to be really proud of. I want, I want something on these walls when people walk down these hallways they ***know*** this is the Bureau of Reclamation." And, and then as time went by and I, and this issue of our artwork came up I said, "Let's get some of that on our hall. On our hall." And at first somebody said, "No we can't. Somebody will steal it. We can't put it up because it's too valuable." And I says, "Well, what the heck do they do in museums, (Laugh) you know, they have some ***very valuable art***? Can't we come up, can't, there's ways you can put up artwork to display it and you secure it on the wall so that people can't walk off with it." And, "Oh, no, we can't do that." So, I had to fight a bit of a bureaucratic battle, but I finally, we got some special contractors in to put the artwork up on the hallway. It's not removable. It's attached in a real, in a real solid way. And so, and I said, "Let's get that artwork in Denver and, you know, where we have these storage rooms and let's look for other places to put it throughout Reclamation, in our visitor center at Hoover, or Glen Canyon, or Shasta, or Grand Coulee. You know, we can display it. Let's be proud of that art. And, yeah, we can track it and make sure that it's protected, and all those sorts of things, but it's an important part of the Reclamation heritage." And so, and now we've also got, our public affairs people have also gone out and got pictures of all of our facilities all across the West and you're going to see more of those up in, where we haven't filled it with our artwork we're going to have pictures of Reclamation facilities up on all the walls as well. So.

Storey: Good. That's great.

Johnson: So anyway that's . . .

Storey: That's the story.

Johnson: There's the Bob Johnson legacy right there. (Laughter)

Storey: Well, I obviously got a little bit garbled version of what happened. I remember . . .

Johnson: What was the version that you got?

Storey: Well, that it had gone to the RLT somehow and they had said, "No. It needs to be handled differently." And, you know, I was . . .

Johnson: I think, there might have been an RLT discussion. That's possible.

Storey: And at the time, oh this was many months ago now, I thought that our office was responsible for it in the cultural resources thing, and then I went back to talk to them about something and they said, "Oh no. That's been transferred over to the Management Services Office (Johnson: Yeah. Um-hmm.) or something"

Johnson: That's where, that's where it is. Yeah. (Storey: Yeah.) Yeah. And you're just as well not to have any responsibility for it, right?

Storey: Well, I think that's the way they felt. But, you know, they were moving toward giving the art to somebody, and I was just (Johnson: Oh.) horrified when I heard that.

Johnson: Oh, me too.

Storey: You know, they weren't asking me, (Johnson: That was my reaction.) and consulting me. So. (Laugh)

Johnson: My reaction was the same Brit. I think it would be a shame for Reclamation to give that up.

Storey: Yeah. As a matter of fact now I believe they've requested special funding to reappraise everything. It's been seven-, fifteen-, seventeen years or something since it was appraised. (Johnson: Um-hmm.) The appraisals are way out of date.

Johnson: Yeah. I saw the, we have it all documented and I saw what the appraisals were on all of the, they have pictures of all the paintings and everything. And their value, there are some of them that are very, very valuable.

Storey: Um-hmm. Mark Limbaugh, I think he started off as Deputy and then he went off and became Assistant [Secretary for Water and Science,] ~~Commissioner,~~ and then he went off into the private sector. Is he having anything to do with Reclamation nowadays?

Mark Limbaugh

Johnson: He has been–gee, it's, we're probably coming up pretty close to a year since he left. I'm trying to remember when he left, but it was probably about a year ago. Maybe, maybe not quite a year ago. He has, I have seen him and visited with him but only socially. I know that he is representing some of the, you know, water clients. (Storey: Um-hmm.) He's working for, I can't remember the name of the firm, but it's basically a Washington lobbying firm, and so I know he's representing water clients. And, I see him at, you know, many of the traditional Reclamation water user meetings and that sort of thing, and he's interacting with water users and that sort. But he is not, he has been ***very careful*** about having any direct interaction with Reclamation because of the limitations under the . . .

Storey: He hasn't really been gone long enough?

Johnson: Right. And he really hasn't been gone long enough to come back and interact with us. I'm sure he's doing quite well. Mark's just a great, very nice person, hard worker, very capable, (Storey: Um-hmm.) was a great supporter of Reclamation, did a good job for Reclamation as Deputy Commissioner, and did a good job for Reclamation as Assistant Secretary. And, you know, I'm sure he'll do well, you know, in the, in the water business in the function that he's in. And so, other than seeing him socially, you know, I don't know a lot of specifics about what he's doing.

Storey: Let's talk about the trend, whatever the trend is in Reclamation's budget and staffing levels.

Trends in Reclamation Budgets

". . . the biggest challenge, the biggest frustration for me has been the budget, as Commissioner. . . ."

Johnson: You know, people ask me–the biggest challenge, the biggest frustration for me has been the budget, as Commissioner. We have not seen an increase in the Reclamation budget in–I mean, our, our, it may be small but I mean our budget today is the same that it was twenty years ago or twenty-five years ago, and that's not with any adjustments for inflation. If you take, if you put inflation on what's happened in the last twenty or twenty-five years our budget's probably, you know, 50 or 60 percent in real terms, of what it was twenty or twenty-five years ago. And, I don't see a lot of opportunities for increasing the Reclamation budget request to Congress. I don't see a lot of opportunity for doing that in the future. It is just, it is frustrating to me that we can't do better in formulating our budget. I mean, the bottom line is I honestly think we could ***double*** the . . .

Storey: Your microphone is off.

". . . we could double the Reclamation budget and still not meet all the legitimate program needs that are out there to provide water, and power, and environmental protection, and everything else associated with it. . . ."

Johnson: I was saying that we could double the Reclamation budget and still not meet all the legitimate program needs that are out there to provide water, and power, and environmental protection, and everything else associated with it. We could double it

and we wouldn't meet all the needs. And, quite frankly it's a challenge as Commissioner to have to go before our appropriation committees and defend our budget. None of the members of Congress are happy. The budget that we submitted this year, as part of the President's budget–and I can say all this because I know that none of this is going to go on the record until two years after I leave. (Laughter) (Storey: Right.) Because, officially, I have to go and support the Reclamation budget before Congress. And that's as a member of the Administration (Storey: Um-hmm.) I have, I have to support the budget. But, it is more and more of a struggle for Reclamation, the limitations that we have to face from a funding perspective.

Our, the '08, or no the '09 request that was submitted for the President's budget is, was around ***18 percent below*** the enacted budget for '07. Or, for '08. Excuse me. So, we were eighteen below, 18 percent below what Congress, about a hundred and, I can't remember, a hundred and seventy or eighty million dollars less than what Congress gave us the year before. And, our target, we get targets from OMB. The way our budget is formulated–and this is not just us. I mean, every agency in the Federal Government each year gets a target from OMB. And, OMB says, "Here's the target. You've got to submit a budget that's within this amount." And so, we go through the process and we form, and that target keeps getting smaller and smaller. This year's target is $50 million lower for the, for the 2010 budget than it was for the '09 budget. So, it's another $50 million below the budget we had in, in '09, with ***new*** and increasing demands for, for, you know, ***inflation***, ***salaries***, all of those things go up over time and we're getting less money. And so, it is just absolutely a frustration.

"Now, our saving grace is . . . we've got a lot of support in Congress and Congress is not happy with the level of funding for the Reclamation program, and I think we can reasonably count on them adding money back in. . . ."

Now, our saving grace is, you know, we've got a lot of support in Congress and Congress is not happy with the level of funding for the Reclamation program, and I think we can reasonably count on them adding money back in. So, we'll get a low President's budget, but then when Congress gets through we'll probably end up pretty consistently with anywhere from $100 to $200 million of additional money added by Congress. But even that is pretty small. And, all of that ends up being pretty directed, you know, at specific projects for specific congressmen, or senators, that are in strong political positions and can get money put in the budget. And, so it's a struggle and it's a frustration, and I don't see our responsibilities getting any less. And, I think the only way, the only way we're going to get, at least in the President's budget, any kind of an increase in the budget is if water becomes a ***national*** issue and becomes a ***national*** priority that somebody at very high political levels, i.e., the White House, wants to support.

". . .OMB has an iron hand on the budget. They pretty much get to dictate the funding levels. They're focusing on a balanced budget by 2012, and . . . non-defense domestic discretionary is the only place they have any ability to control. . . ."

Because OMB has an iron hand on the budget. They pretty much get to dictate the

funding levels. (Storey: Um-hmm.) They're focusing on a balanced budget by 2012, and domestic, you know non-defense domestic discretionary is the only place they have any ability to control. And so, that's the part of the budget that gets hit. And, we're a part of that. And unless you're a program that gets a priority placed on it, you know, by very, very high levels, you're not going to get any more money out of OMB. I don't care who you are.

"So, water's got to rise to a matter of national importance in order for us to get the funding picture turned around for the Bureau of Reclamation. The Corps of Engineers are having the same problem. . . ."

So, water's got to rise to a matter of national importance in order for us to get the funding picture turned around for the Bureau of Reclamation. The Corps of Engineers are having the same problem. I mean, they're having the same struggle. Their, their funding levels are down as much as ours. We're both, we're both overseen by the same budget branch in OMB and we pretty much get treated the same. So, you know, I'll be very frank with you it's a, it's a struggle.

"We have done lots of things to get creative . . . We used to appropriate a lot of money for O-&-M of our power facilities *and* our water facilities . . . and then we'd turn around, and the water and power users would pay that back to the Treasury in the same year that the money was appropriated. Well, we've gone to what we called 'direct funding' or 'off-budget funding' . . . we're asking the customers to pay them directly . . . that created room in our budget for other activities. . . ."

We have done lots of things to get creative, over the years, that even though our appropriated funds have come down some of the things that we've done to offset that we've been pretty creative. One is, we've gone to what we call off-budget funding. We used to appropriate a lot of money for O-&-M of our power facilities ***and*** our water facilities, and we'd appropriate the money and then we'd turn around, and the water and power users would pay that back to the Treasury in the same year that the money was appropriated. Well, we've gone to what we called "direct funding" or "off-budget funding" and we've taken ***all*** of those O-&-M activities and we're asking the customers to pay them directly and we no longer seek appropriations for those O-&-M activities. And, what that does is that created room in our budget for other activities. We still get the money. We get it directly from the customers but it just isn't part of our appropriated budget. So, we started doing that back in the, I think, in the early, in the early '90s. And from the early '90s through, we've just about done all of that that we can, but I'd say in the last fifteen years we've probably moved a couple of hundred million dollars off-budget, from being money that we were appropriated to getting our customers to fund that directly. So, that's provided, that's providing some relief. The only area we have left, there's about $30 million of appropriated O-&-M funding that's repaid in the year that it occurs on the Pick-Sloan Project in the Great Plains Region. That's the ***only*** remaining opportunity that we have to move money off-budget, and we're making some progress. We haven't been able to do that. We've tried for years. Just in the last couple of years we've made some inroads with the Pick-Sloan customers and ***this*** year they're actually providing, I think, about $8 million in off-budget funding. So, and we're gong to keep pushing them, you know, in building that up over time. (Storey: Um-hmm.)

Congress Is Allowing Reclamation to Use CAP Repayment Monies to Fund Indian Water Delivery Systems

So, that's one thing that we did. We've done some other things and it's starting to become fairly popular. The example, the best example is the Central Arizona Project and the Indian Settlements Act, that just got implemented by Congress, and we just signed all the agreements. (Storey: Yeah.) Basically what that, with that we've got a big responsibility to deliver water to Indian tribes under the Central Arizona Project and to build water distribution systems to provide water to the, to the tribes, a very large responsibility, and it can be very expensive. And, what we've done under the legislation that Congress passed is we're going to be able to take the repayment revenues from the Central Arizona Project and instead of putting them in the Treasury we're going to be able to take those revenues and spend them to build Indian distribution systems in Arizona. And, that's about $50 million a year that is going to be directly funded outside of our appropriations request. And that Reclamation has, and controls, and will use to do programs for Indian tribes in Arizona.

Storey: This is just recent legislation?

Johnson: Recent legislation that kicks in in 2010. (Storey: Um-hmm.) So, that's $50 million a year of new money ~~in the Reclamation,~~ in the Reclamation budget. So that's, that's an example.

Another "Off-Budget" Possibility Is to Get Legislation That Will Permit Reclamation to Use Money Deposited in the Reclamation Fund Without Needing Additional Congressional Authorization

There are efforts by congressmen–that idea has caught on, and Senator [Pete] Dominici, and [Jeff] Bingaman of New Mexico have introduced legislation, similar kinds of legislation, where they would take money from the Reclamation fund, ***all*** the revenues from Reclamation programs that's flowed into the Treasury, there's over $8 billion sitting there, and we can't tap and use that money without seeking appropriation authority from Congress. Well, what they're proposing to do is to allow that fund to be tapped and used for certain projects without seeking appropriations from Congress. So, you see the advantage of these things is we don't have to go to OMB and get it through the President's budget. The C-A-P [Central Arizona Project] is $50 million a year that we're going to get every year and we don't even have to, we don't have to put it in the President's budget and include it in the targets that OMB, and crowd, limit the–well, we get this Reclamation fund that would be a fund that we wouldn't have to include in our budget every year. It could be money that we could take directly out of the Treasury and use it and spend it on–so that's kind of a creative idea on how the Reclamation budget can be expanded without, you know, muscling in on the limited target that we get in the President's process. (Storey: Um-hmm.)

Drop 2 Reservoir on the All-American Canal

The other thing is to get our customers to fund projects. And, one of the ones

that I would point to that we, that we're implementing, in fact we just signed the agreement in December, is we're going to build the Drop 2 Reservoir on the All-American Canal. It's a $170 million project and Las Vegas is going to pay for the whole thing. They're going to give us the money and we're going to build it. It doesn't come out of our budget. We're going to build it for them. We're going to do all the work. We've already done all the design, and we're going to do the construction management, and they're going to give us the money to do it, $170 million program over a couple of years. So, those are the kinds of things that are out there that are creative.

Off-Budget Funding Is Planned for the San Joaquin River Restoration Effort

The San Joaquin River Settlement, the Restoration Settlement, that I talked about earlier. That's going to be funded . . . same concept. Revenues from the repayment of the San Joaquin water users will be refunneled to pay for river restoration activities. We won't have to seek . . .

END SIDE 1, TAPE 2. MARCH 26, 2008.
BEGIN SIDE 2, TAPE 2. MARCH 26, 2008.

Storey: So, on the San Joaquin the money will come directly out of repayment?

Johnson: Right. Now, we may seek some appropriations, because we will get some appropriations authority, but the bulk of the funding will actually come from the revenues stream and we won't have to seek it as part of our budget. (Storey: Um-hmm.)

On Glen Canyon Dam Reclamation Can Use Power Revenues for the Glen Canyon Adaptive Management Program

The Glen Canyon Dam, Congress has given us the authority to take the power revenues and circle that back into the, the Glen Canyon Adaptive Management Program. So, we get to spend those monies for ***that*** program without, without, without seeking appropriations. We get to reroute those revenues. So, there are those creative things out there, you know.

Reclamation's Appropriated Budget Is about a Billion Dollars, but "Off-budget" Funding Raises Reclamation Spending to about 1.5 Billion Dollars a Year

Even though our budget is about a billion dollars, my estimate is we probably, I'm just guessing here, but we probably get another $500 million a year in what I call off-budget funding. So, our appropriated budget is a billion dollars but the total amount of money that we're getting, that Reclamation is spending, when you count that off-budget funding, it's probably more like a billion and a half. So, and those are, those are creative things that's going to help us get by this budget limitation that we have in the President's budget.

Then I think the other thing that could happen, with drought, and climate change, and the things that are going on, water ***could become*** a more significant national priority. And, that's what I'm talking about when you have to have the kind

of support from the White House. It has to be something that's recognized as a national priority. And if the drought and the climate change prevails, and it continues to get more and more attention, I think the importance of water and the importance of the Bureau of Reclamation, ***and*** the Corps of Engineers, and the need for our programs will be recognized, and we'll get funded at higher levels in the President's budget. You just have to see. I mean, it depends on the President. It depends on, you know, the President's perspective, and his staff's perspective, and the influence of our water and power community in the West that's influenced by water.

". . . the *role* of the Bureau of Reclamation is going to be more important in the future than it's ever been in the past, because of these limited water supplies and these increasing demands that we have Westwide. . . ."

And, I keep telling our staff, and I honestly believe this, the ***role*** of the Bureau of Reclamation is going to be more important in the future than it's ever been in the past, because of these limited water supplies and these increasing demands that we have Westwide. (Storey: Um-hmm.) And, I think, you know, that bodes well for what we do in the long-term. In the meantime, in the short-term, (Laugh) you know, while I'm still Commissioner, you know, we're going to be struggling with this, with this budget. But, man I have, I have great hope and vision for the future (Laugh) of the Reclamation program. (Storey: Yeah.) And, I think that's important. I mean, that's part of the Commissioner's job is to try to set that vision and to try to help our staff, our employees, understand that and to support that, and to try to help our water and power customers, and the environmental community to understand that and to understand the importance of what we do and what the needs are, and to help members of Congress and everybody else, and within the Administration, the Department of Interior–I think the Secretary gets it. Secretary Kempthorne gets it. He understands the importance of water. (Storey: Um-hmm.) We just haven't gotten it to high enough levels yet to be able to, to overcome some of the obstacles that we have, that we have in funding. So, I mean, I honestly believe that and I think a lot of what the Commissioner does is to try to provide to be a cheerleader and to try to create an atmosphere, and then to do the things he can, you know, to try to help bolster our program and to carry–and, I honestly believe, and I'm not, you know, I'm not doing that for the agency. I'm doing that, I'm doing that because I think it's the right thing to do for the country and for the West. I think it's important for the economic well being of the whole country, you know, the program, the program, the program that we have and we carry it out. But that's, that's part of my job. That's what I'm supposed to be doing. (Storey: Um-hmm.)

"Our staffing levels have been fairly stable, and quite frankly I don't *expect* them to change a lot in the immediate future. . . ."

You asked about Reclamation staff. Our staffing levels have been fairly stable, and quite frankly I don't ***expect*** them to change a lot in the immediate future.

Reclamation Staffing Policy

I made a speech the other, or here not too long ago in the RLT to, you know, we no longer have FTE restrictions. You know, for years, and years in the Federal

Government not only did we get budget restrictions but we got FTE assignments, and every government agency had a limit on the number of employees. We don't have that. We haven't had that for years. And, what I tell managers is, "Hire the people that you need to hire to get the job done, and our, our staffing will reflect our workload." So, you know, it's, every manager knows his program, knows his funding, knows his staffing level and the staff's capabilities, and he has responsibility to get that done and he should go out and staff in the manner that he thinks is most efficient to get his work done. So, staffing at Reclamation will be workload-driven. And, historically Reclamation staffing levels have gone up and down, and you presented that in your presentation the other day, and I expect that'll continue into the future. (Storey: Yeah.) And, you know, I think an organization adjusts to the demands that are placed on it. So, I'm not anticipating significant reductions. I know that TSC and the administrative staff in Denver have done some targeted, what do we call them, incentive programs to reduce numbers. (Storey: Um-hmm.) But in the scheme of things that's relatively small. I think there's like somewhere around fifty people that, we're reducing numbers by about fifty in the Denver Office here over the next, this year. Right now that's something that's ongoing.

". . . it's absolutely critical that Reclamation maintain its technical expertise . . ."

One of the things that I've made ***really*** clear to the, in the RLT, and to everybody else, I think it's absolutely critical that Reclamation maintain its technical expertise, its engineers, and its other technical people. I think it would be a disaster for Reclamation to become an agency that just contracts out all of its work. We'll lose our ability to know how to carry out our mission if we don't maintain some of our own capability. And, I think that there's a balance between contracting work out and doing work in-house. We need to make sure that we keep enough work in-house, that our toolbox is sharp. You can't manage contracts if you don't know how to do the work yourself. (Storey: Um-hmm.) And so, I just want to make sure–one of the things that we're doing with Managing For Excellence, and we had quite a debate on this in the Policy Team, and that is should we require our managers to use our in-house capabilities before we contract out.

". . . we have been overlooking the resources that we have in the TSC, and some of our Area Offices, and some of our program offices have been automatically contracting out for work rather than looking to our own staff in-house. . . . I think there'll be more work for the TSC. . . ."

And quite frankly, in the TSC we have not, we have been overlooking the resources that we have in the TSC, and some of our Area Offices, and some of our program offices have been automatically contracting out for work rather than looking to our own staff in-house. And, and I think that we have, we are, in the TSC, in some disciplines, running the risk of losing some of our technical capability, and as Commissioner I'm really concerned about that. Now, what we did in the Managing For Excellence is we didn't, we didn't go to the point where we told managers that they had to look in-house first. What we did is we said, "Managers have to develop scopes of work where technical work is being done and then those scopes of work have to be made ***available*** to the TSC for the TSC's consideration. And, the TSC has to be given a fair chance to submit a proposal to the program office on doing that work. And then, the program office gets to make the decision. If they still want to

contract out after the TSC has provided a proposal then they can do that. We'll still maintain that Program Manager's autonomy to make decisions, but we ***are*** going to tell him he's got to at least consider–and I think if they just consider it that we'll see the TSC used more often. Quite frankly, a lot of times Program Managers just go, they don't even consider the TSC. They just go contract for the work. And, if we tell them they've got to at least consider it, and they take a look at what the TSC can do, I think the TSC, I think there'll be more work for the TSC. That's been a real concern. It was a concern for, I think, all of the RLT throughout our deliberations in the Managing For Excellence effort. And so, I think it's really important that we maintain the technical resources long-term. (Storey: Yeah.) I mean, we own 350 high hazard dams and we're responsible for them. If we don't have the engineering capability to oversee, this organization could be in big trouble.

Storey: Um-hmm. What about the issues with rural water supply projects?

Rural Water Supply Projects

Johnson: Well, we've got a new law that gives us authority to do rural water supply projects for communities in the seventeen western states with populations of less than 50,000. Not irrigation. This would be for municipal and industrial types of uses. And, I think that's a good act. In fact, I just got a briefing earlier today. We have to put regulations in place on how we will administer that program. And so, I think that's a new area for Reclamation to get involved in rural water planning. And, we'll have a toolbox there that we can use to help rural communities do planning and maybe provide financial assistance in areas where it's justified. So, I think that's, that's an exciting new program.

"One of the problems we've had with rural water is we had rural communities that want to develop rural water systems and they've gone out on their own and developed grandiose, very, very expensive projects to take care of rural water needs. . . ."

One of the problems we've had with rural water is we had rural communities that want to develop rural water systems and they've gone out on their own and developed grandiose, very, very expensive projects to take care of rural water needs. They've gone to Congress and their members of Congress were successful in getting authorization for those projects and Reclamation's been handed some very large and very expensive projects to fund without having any ability to do the planning, or the oversight, or the development of a plan. And, this new act will allow us to get out ahead of that issue to do a better job of making sure that when rural water plans that Reclamation may have a role and get put in place that they're the best plans and they're fiscally responsible, they're not gold-plated, or more expensive, or more than what's needed to meet those rural needs. We have a $2 billion backlog of rural water projects that have been authorized for construction. There's no way that in the limited Reclamation budget we're going to be able to eliminate that backlog, in anytime soon. Our funding request for rural water for fiscal year '09, that's before Congress, was for $39 million. We requested $39 million for rural water projects. That's on a $2 billion backlog.

Storey: Now, $2,000 billion, $2,000 million?

Johnson: Right. Um-hmm. (Laugh) Now, the Congress, that's one of the areas where the Congress adds back a lot of the money. Our funding on rural water, last year, was over $100 million, not that we requested it. In '08, we requested $54 million and Congress gave us over $100 million for rural water projects. Senator Dorgan from North Dakota is the chairman of our appropriations subcommittee, and he is a great advocate of rural water projects. (Storey: Uh-huh.) And so, he adds a significant amount of money for those programs.

Storey: And I guess some of these folks have, have started using creative financing methods that could cause us issues?

Issues with Financing Rural Water Projects

Johnson: Yeah. That's a real concern. The Fort Berthold Indian Reservation in Montana–no, is it in Montana or is it in North Dakota? I think that's in, I think that's in North Dakota. It's not Montana. They're submitting, they do their funding under the AFA [Annual Funding Agreement]. It's a, we call that where tribes are, the acronym is AFA but I'm not remembering the term. Indian self-determination, where it's a form, it's actually a more encompassing form of the 638 Program where tribes, where we have to contract with tribes to do work that provide benefits to tribes. That's the responsibility of the agency. But, they are basically pressing for the concept of, they'll go get funding–we can't get it in our budget, so they'll go get private funding to build their rural water project and they'll get it from the private sector, and then we will be obligated to pay back the principal and interest on those loans that they get to fund their project, because there's not enough money in our budget today to do what they want to do. They want to go borrow the money and then they want to make us responsible for repaying the principal and interest on the money that they borrow. And, that's a bad idea. There's a lot of the rural water program people, I understand Lewis & Clark Project is pushing for a similar concept, where they would go borrow the money, build their project, and then we would be obligated . . .

Storey: And send the bill to Reclamation?

Johnson: Right. And then we would be obligated to seek appropriations in the future to pay back the principal and interest on their loans. We think that's a ***bad*** idea. We don't like that idea at all. But that's where some of the rural water, some of this big backlog that we have in the Rural Water Program, that's where some of those people, what they're doing. They're not happy with the funding levels that we're providing so they're looking for creative ways of their own on how they can force us to, to fund their projects.

Storey: Um-hmm. Is there anything else we should talk about this time?

Johnson: I'm sure there is, but I can't think of any. (Laughter)

Storey: In that case, let me ask you if you're willing for the tapes and resulting transcripts to be used by researchers two years after you leave Reclamation?

Johnson: Of course.

Storey: Great. Thank you.

END SIDE 2, TAPE 2. MARCH 26, 2008.
BEGIN SIDE 1, TAPE 1. NOVEMBER 13, 2008.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Robert W., "Bob" Johnson, Commissioner of the Bureau of Reclamation, on November 13th, 2008 at about two o'clock in the afternoon in his offices in Washington, D.C., in the Main Interior Building. This is tape one.

Well, Commissioner Johnson, let's run through the hot topic kind of things, like Klamath, (Laugh) and, you know, M-SRP [Multi-Species Recovery Plan], and those kinds of things. And maybe Yakima, your perspectives on what's going on with I think it's called the Black Rock Dam. Is that correct?

Johnson: Um-hmm. Yes. Um-hmm.

Storey: Why don't we start with the Black Rock Dam. I don't think we've ever discussed that one before.

Black Rock Dam

Johnson: Well, you know, I think that's an example of a local community that sees a legitimate water need and sees an opportunity to build a project that would meet that water need, and not having a very realistic understanding of what can be done in today's world. And, we have done our studies, we've done extensive studies in partnership with the state of Washington and the local community, and we've concluded that Black Rock Dam, or basically ***any new dam*** in the Yakima Valley are simply not justified. And, our final EIS [environmental impact statement], which is going to be filed, I think, in December, is going to say that. And, it's got an extensive analysis that's, you know, looked at all the benefits. You know, Black Rock is a pump storage facility. It costs, I mean it's billions of dollars to build it and it certainly provides benefits to the fish and the farmers in the Yakima Valley, there's no question about that, but it's just very, very expensive. And then on top of that, there's groundwater issue. You know, you've got the nuclear, the Hanford nuclear site[69] that's not far away from Black Rock. Building Black Rock and storing all that water in Black Rock Reservoir will change the flow of groundwater and push some of that contaminated groundwater from the nuclear [site] towards the Columbia River. And, there's engineering fixes for that. You can do things in the reservoir to stop that flow, but it's very, very expensive. And so, you know, I think the bottom line on Black Rock is I think we've concluded and will in our final EIS that it's not justified, and we're going to conclude

69. "The site has been known by many names, including Hanford Works, Hanford Engineer Works or HEW, Hanford Nuclear Reservation or HNR, and the Hanford Project. Established in 1943 as part of the Manhattan Project [on the Columbia River] in the town of Hanford in south-central Washington, the site was home to the B Reactor, the first full-scale plutonium production reactor in the world. Plutonium manufactured at the site was used in the first nuclear bomb, tested at the Trinity site, and in Fat Man, the bomb detonated over Nagasaki, Japan. . . ." Taken from http://en.wikipedia.org/wiki/Hanford_Site on May 12, 2011, at about 3:00 P.M.

the study and move on. And so, it's an example of, I think, a desire on the part of a local community and a local congressman to see if they could get a project authorized and built in the traditional form that Reclamation's done in the past.

". . . it's a project that just, you know, can't be reasonably justified. . . ."

And, it's a project that just, you know, can't be reasonably justified. And in today's fiscal climate, I mean even if you could justify it, getting the funding to build a project like that, you know, would be very, very difficult. So, I think, I think that's going to become a concluding study.

Storey: Um-hmm. Yeah, I think the newspaper articles have been indicating this for a long time, but they keep pushing, and they keep pushing alternatives, I gather?

Johnson: Well, my understanding is the state of Washington is going to, who's been a partner with us, is going to tier off–the authorizing legislation for us directed us to focus on dams and a study, a feasibility study of dams, and was fairly specific, and it ***didn't*** open the door for us to do a broader study of water management and water conservation, and other less costly things that could be done to address some of the needs in the Yakima Basin.

". . . the state of Washington, Department of Ecology, is going to press ahead with further studies to look at more realistic alternatives. . . ."

And so, the state of Washington, Department of Ecology, is going to press ahead with further studies to look at more realistic alternatives. (Storey: Um-hmm.) Are there water conservation programs, other– (sneeze) excuse me–(Storey: Gesundheit.) other (sneeze), other kinds of less costly things that could be implemented that can help address some of the issues? And so, they're going to move ahead and do that on their own. And, we've encouraged them to do that, and we will cooperate with them to the extent we can in doing those additional studies.

Storey: Um-hmm. What about Klamath? Still an issue there?

Klamath River

Johnson: Well it is, but in fact today the Secretary's doing a press conference in just a little less than forty-five minutes from now with, I think, the governor of Oregon, and the state director of resources in California, announcing a agreement in principle on the restoration of the Klamath River. And, that's been something that's been worked upon pretty extensively for the last, oh I'd say three or four years. And, we are to the point–it's a non-binding agreement, but it's an agreement in principle that lays out the broad framework for a settlement of the Klamath issues. It calls for studies to determine if certain aspects of the settlement are feasible. And primarily, it's focusing on the PacifiCorp hydropower dams that are on the Klamath River system. They're viewed as one of the primary impediments to reestablishing the anadromous fish passage. And so, there's going to be a study over the next, I don't remember what the time frame is, three or four years to assess removing those dams, the costs of removing those dams, and what issues might be out there. There's a lot of concern about sediment, and contaminants, and liability, you know. What's the liability

associated with removing those dams. So, and that's a study that Reclamation's going to do, that the agreement will call on Reclamation to do the analysis of that. So, there's been progress on Klamath.

We got a new biological opinion this last year from the Fish and Wildlife Service that gave us, we have new science on the sucker fish that live in Klamath Lake, that told us that the lake levels don't have to be held as steady on a year-round basis, as was anticipated or was required in the first biological opinion. And so, we got a biological opinion from the Fish and Wildlife Service that gives us a lot more flexibility in the operation of the project. And, that's a very positive thing that's come with the Klamath efforts.

We're working on trying to complete a biological opinion with the National Marine Fisheries Service on the salmon and our operations and their impact on salmon. That's been a little more difficult than the one with the Fish and Wildlife Service. It's taken longer. We initiated them both at the same time. We finished with the Service last March and we still don't have a final biological opinion from NMFS. So, we're still trying to work out that part. But, I think we've done a pretty good job of trying to deal with Klamath, and we have, at least, put a framework in place that provides a road to the future (Storey: Um-hmm.) in how we deal with the Klamath problem. And hopefully, you know, we've got a change of Administration that's beginning to occur, hopefully this Administration is able to provide a framework that the new Administration can pick up and move forward with in terms of addressing the environmental issues on the Klamath River. So, you know, I think some pretty good progress.

Storey: Anything about Trinity involved here that you remember?

Trinity Restoration Program and the Klamath Project

Johnson: Well, you know, we've got the Trinity Restoration Program that's ongoing, and that's kind of a separate–although the Trinity flows into the Klamath at the, where it, you know, pretty close to where it goes out to the Pacific Ocean, but we have our own Trinity River Restoration Program that's ongoing and we've had some pretty good success I think on the Trinity River. We're not ***done***. We've got more ***work*** to do, but we've removed all of the structures in the flood plain. We've changed our operating regimes on the, of the dam to significantly increase the flows in the Trinity River. We're releasing a lot more water. We used to pump it all over into the Sacramento River to generate power and to deliver water supplies for the Central Valley Project. Well ***now***, and I don't know exactly what the numbers are on it, but we're, we're releasing a lot more water into the river to scour the river, especially in high, when we have good water years. Especially in those years we're releasing a ***lot of*** water down the Trinity to scour the river out and to create a habitat for the steelhead and the salmon to spawn in. And, we've actually had success with steelhead returning to the Trinity River. So I think, you know, there's a pretty good example of success there. We've done a lot of projects to bring more gravel in to recreate the spawning grounds. (Storey: Um-hmm.) We've cleared out a lot of the vegetation that existed, and it's an going effort, but we've made some really good progress on the Trinity River in terms of restoring the habitat for anadromous fish.

Storey: What about the, speaking of Trinity, the Central Valley Project. (Laugh) The water supply there, C-V-P-I-A [Central Valley Project Improvement Act],[70] all of that kind of thing?

Central Valley Project

Johnson: I think that the Central Valley Project is the single most daunting, ***urgent*** set of issues that we face in Reclamation today.

Storey: It's the single most urgent, most non-urgent?

A Record Drought is Affecting the Central Valley Project and the State Water Project

Johnson: Most urgent, most daunting problem that we face. We've got record drought in California. The reservoirs are down. And, I'm not talking about just the Central Valley Project, I'm talking about the State Water Project. Oroville Dam, the State Water Project is at its lowest level since it was filled. The only time it's been this low is when it was coming up when they were doing the first fill (Storey: Um-hmm.) on the reservoir. Shasta, our major structure, is way down. Storage is way down on all of the other reservoirs in California. We only delivered about a 40 percent water supply to our customers this last year. And so, we've got big concern about the drought. And when you put on top of that the fact that we have restrictions, operating restrictions, placed on our operation of the river system by a court to address endangered species issues, the combination of those two things is creating some really dire predictions for what might happen in this coming year. The Metropolitan Water District of Southern California is calling for water rationing this coming year. Now, it depends on what happens with the weather. I mean, we could get lucky. California could get lucky and we could get a really good wet water year and see the reservoirs fill and I think a lot of the problem would go away. But if that ***doesn't*** happen, you're going to have major problems in California this coming year with water supply. You're going to have twenty million people in southern California, the Los Angeles Basin and San Diego, that are going to have to impose significant restrictions on the use of water. And, in the Central Valley of California we're going to have a ***fraction*** of the normal water supply available for use for irrigation, and that's going to create a real loud public outcry for concern. And, you know, I suppose it could have a positive effect in that maybe it'll finally wake up the water interests and the public interests in California to start moving towards finding a real solution to their long-term water problems. California is ***very*** vulnerable to drought and they've been very ***fortunate*** over the last ten or fifteen years that they've had good water conditions. They have ***very little*** carryover storage on the system. Their water storage is somewhere around, if I remember the numbers right, somewhere around seven or eight million acre feet for a river system that has an average flow of, I don't remember, fifteen or sixteen million acre feet, and they don't have much carryover storage. If they get drought, in a year or two they're in dire circumstances. So, there's more storage needed to insulate them from droughts, and Governor Schwarzenegger has made a major point of his Administration to pursue funding for new storage facilities in California. And, I'm not talking about ***Federal funding***.

70. See footnote on page 210.

I'm talking about state funding for water development.

Storey: His six or seven billion dollar bond issue, isn't it?

Johnson: Right. It's like a nine, at one time it was an eleven, and now I think it's a $9 billion bond issue to develop water supply facilities. So, this drought and the endangered species crisis might spur California to take a more proactive approach to trying to deal with it. The water community in California has been trying to do this for a long time, but it hasn't had any success because the environmental interests in California are very strong, and so any–there's been, you know, restrictions that haven't allowed, you know, water development as needed to support the economic growth that's occurred in California. (Storey: Um-hmm.) And, I think, like I said, they've been lucky in that they've had good water conditions and really haven't had to face a crisis. But, I think a crisis is looming for California. And I'm very, you know, it's going to be a real challenge this coming year to manage the Central Valley Project and to work our way through these drought conditions, because there's going to be an outcry. I think we're doing ***everything*** we can to try to address the problem in our operations of the project, in cooperating with the state, in trying to facilitate water transfers and, you know, water markets, and water exchanges, trying to get waivers of water quality requirements in the delta so that we can meet more water needs. So, we're doing everything we can.

". . . if you don't have any water in the system it doesn't matter if you've got a biological opinion . . . you're suffering from the drought and the endangered species issues just exacerbates it. . . ."

And then also trying to get a new biological opinion in place so we'll have some more flexibility in operating the system. But, if you don't have any water in the system it doesn't matter if you've got a biological opinion, (Laugh) you know, you're suffering from the drought and the endangered species issues just exacerbates it. So anyway California is just, and the Central Valley Project is, you know, I think Westwide ***the*** most critical set of water problems that we face.

Storey: Um-hmm. Have we been involved in the Peripheral Canal and Schwarzenegger's push for that?

Peripheral Canal

Johnson: Um-hmm. Yes we have. We've been cooperating and they are, and Schwarzenegger is pushing for that. A lot of people are pressing hard to try to see if they can't move that forward. That's still controversial. In California there's ***still*** opposition to it. But, I think everybody feels like that that's a–or not everybody–but most people feel like, especially the water community, that the Peripheral Canal is needed and that that's a ***fix*** for the environmental problems and the water supply problems. Because what you can do is you can control flows in the delta with a canal that guarantees that we don't get this reverse flows that occur now when we operate, we and the state operate our pumps to deliver water into the Central Valley and down to Los Angeles. If you've got a canal you can control the releases through the Delta so that you have ***flows*** that move out towards the ocean. Right now, we start ~~pumping~~ our pumping

plants in the delta and the flows are reversed, and we start sucking the delta smelt into our pumps. And, the Peripheral Canal can allow that Delta to be managed in a way that keeps the smelt and the water flow that occurs from our pumps from creating problems. So, it is a big part of the solution for California to get the Peripheral Canal, and we are cooperating. Now, one thing that we make clear to the California people, and I think they all understand this, and that is from a Federal perspective we're probably not going to come to the table with tons of money to build new storage, or to build the Peripheral Canal. The Federal budget, we're just ***not*** in the position to be able to do that, but we are willing to work with them and to coordinate with them, and bring our water users to the table. There's ***thought*** that our ***water users*** can provide the funding to help the state in building that kind of a facility. So rather than look to us to provide the money, we would do that through the water sales to our customers and we would generate revenue that could be used to help fund those projects, but it wouldn't come from appropriations. So, we've been working, you know, with the state and with our water users to try to see if there aren't creative ways for us to be a partner.

Storey: Um-hmm. Well, I lost that one.

Johnson: Yeah.

Storey: Of course, Don Glaser was recently (Johnson: Um-hmm.) brought back to Reclamation (Johnson: Um-hmm.) and appointed Regional Director out there. Would you mind talking about that?

Don Glaser[71] Appointed as Regional Director in the Mid-Pacific Region

Johnson: Yeah. I think we were very lucky to get Don to come back to Reclamation. Don retired, you know, had a long career with Reclamation, worked in the Great Plains Region, became the Deputy Commissioner or Assistant Commissioner (Storey: Yeah.) (Laugh) for Reclamation, worked for Dennis Underwood back here as his Assistant Commissioner, went back to Denver, worked in the Denver Office when we had centralized all of our policy activities in Denver. And yeah, Don served as the acting Assistant Secretary during the transition between the Bush, first Bush and Clinton Administration. And so, he's a very, very experienced, you know, Reclamation hand, and when the Regional Director's job opened we started trying to find the best person for the job, and we had some good candidates, but we ***heard*** that Don Glaser might be interested in coming back and taking, taking on the Sacramento RD's [Regional Director's] job. And so we, I very carefully considered that, you know, whether or not that was the right thing to do. And I, I talked to a lot of people, got a lot of advice. I talked to people in California. Don had done work in California, and everywhere I went I got a very positive reaction to putting–I talked to Lester Snow, the Director of the Department of Water Resources. I talked to the Association of California Water Agencies (ACWA). I talked to Westlands Irrigation District. So, I talked to the ***major*** water interests in California ***about*** Don to see if they thought he would be a good fit, and I got positive feedback. All of them knew Don and all of them were very supportive. He had done some contract work with them in recent years and had done a really, had created some really positive

71. Reclamation's history program has conducted oral history interviews with Donald (Don) R. Glaser.

impressions. I also did a lot of checking with, you know, all the old Reclamation hands. I talked to John Keys about Don. I talked to Roger Patterson. I talked to . . .

Storey: Who's at Met [Metropolitan Water District of Southern California] now, of course?

Johnson: Pardon?

Storey: Who's at Met now.

Johnson: Jeff Kightlinger.

Storey: Yeah. but Roger's working for him?

Johnson: Oh yeah, Roger's working for Metropolitan.

Storey: At [Metropolitan Water District of] Southern California ~~Water Authority~~.

Johnson: At southern California. So, I was very careful in running the trap line with a lot of people. I talked to Betsy Rieke, who had been Assistant Secretary and had, you know, had Don work for her for a period of time. And so, I beat the bushes pretty hard on Don, and I beat the bushes for as many applicants as I could and, you know, I mean in the end I just decided that there were none of the other candidates that had the experience and the–I don't know what the right word is–but the presence. Don's got a very strong presence. Don is the kind of person that can go into a meeting with all of the water czars and political interests in the state of California and hold his own, and represent the Bureau of Reclamation in a positive way. And, it's such a critical job. It's such a critical region. And, there's so many absolutely complicated, important issues in California water that we just had to have the right person in that job. We just couldn't afford to–hiring people is the most important decisions that we make in managing an organization. And so, it took me a long time to decide on Don, and we beat the bushes pretty hard to try to find people, and I think in the end we made the right decision, because Don is ***shining*** out there right now. Everybody thinks he's doing a fantastic job, ***including*** the staff. I get very positive feedback from the staff on the working relationship with Don and what he's doing. There's a lot of respect for him, and I think he's building a lot of good will. So, that's good.

Storey: That's great. He always interested me when he was heading the policy office, because he came at the issues from a different angle than almost any other Reclamation manager. (Johnson: Um-hmm.) He really intellectualized the issues, and I don't know if that's the right term, but he thought about how the issues worked together and all that (Johnson: Yes.) kind of thing. Anyway, one of the issues he's having to deal with is the San Joaquin Recovery, I believe it's called?

San Joaquin River Restoration

Johnson: San Joaquin River ~~Recovery,~~ Restoration Program. Right.

Storey: Yeah. The Restoration Program. (Johnson: Um-hmm.) What kind of issues come up from the Commissioner's point of view on the San Joaquin?

Reclamation Is Working on Getting Legislation to Permit the San Joaquin River Restoration to Move Forward but Finding Reductions to Offset the Spending Increase Is Not Going Well

Johnson: Well, it's trying to get the legislation passed. We can't do the San Joaquin Restoration without authorization from Congress. There's things there that are just beyond the authority that we have. So, we've worked really hard to craft legislation with all of our partners, the Friant water users, and all the other interests in California, the state of California, and the environmental community, and, you know, collectively approached Congress with some legislation that we can support. And, that legislation actually got initially introduced about two years ago, and the Administration supported the legislation. And, over the last two years there's been a number of ups and downs associated with it. One of the problems that we've had is the legislation was crafted to provide a guaranteed funding source to get the plan implemented. It had made provision to allow the Central Valley Improvement Act funding to be used, and then it also made, provided authorization to take repayment revenues for the Friant Project that the Friant water users are making, and to use those funds to implement the act directly without having to seek appropriations from Congress. And so, it provided some pretty viable approaches to getting the funding, that gave us a source of revenue that would almost be guaranteed to get the project implemented. Well, Congress has something called PAYGO,[72] and whenever Congress passes an act that places that kind of a financial burden on the United States that is outside of the appropriation process, you know, makes some guaranteed funding source, then in order to get that passed they have to find an offset. So, they have to find some revenue source or some reduction in some other program that offsets whatever the cost of this new program is. And, Senator [Dianne] Feinstein, who has been the primary champion of the San Joaquin legislation has ***not been*** successful in finding any offsets under the PAYGO requirements.

Storey: Do you know how that's spelled, PAYGO?

Johnson: P-A-Y-G-O. (Laugh)

~~Storey: Pay-as-you-go?~~

Johnson: ~~Pay-as-you-go.~~ Right. PAYGO.

Storey: Okay. (Laughter)

Johnson: And, so the Senator has very recently come back to all the parties and said that she cannot, that the PAYGO provisions, the automatic funding provisions in the Act would have to be taken out. She still wanted to pursue the legislation, but she would take out the automatic funding provisions.

Storey: So, this is not an act that's passed?

Johnson: It's not an act that's passed. No.

72. See footnote on page 524.

Storey: I was under the impression it had passed (Johnson: No.) and we were implementing.

Johnson: Well, the big success was is we negotiated a solution. So, we came to an agreement with the Friant water users and the environmental community on a restoration program.

END SIDE 1, TAPE 1. NOVEMBER 13, 2009.
BEGIN SIDE 2, TAPE 1. NOVEMBER 13, 2009.

Storey: I grabbed the wrong tapes.

Johnson: That's all right.

Storey: You were saying that Dianne Feinstein had decided to take out this automatic payment feature?

Johnson: Right. She ***had to take it out*** because she couldn't find any sources of revenue to offset it in other legislation somewhere. And so . . .

Storey: The great success is that . . .

Johnson: Right. The great success of San Joaquin was that we were able to negotiate a settlement of some ***longstanding*** litigation with the environmental community over the San Joaquin River, and the water users, the Friant water users, and the Bureau of Reclamation, and the environmental community crafted an agreement. That was the big success. But once the agreement's crafted–it's just like the Klamath agreement that I talked about earlier. I mean, we got an agreement but we're probably going to need ***ultimately*** to implement that agreement. We'll need, probably need some legislation, and that's certainly the case with the San Joaquin. We don't have authority to do everything that was negotiated. And, that's the big hurdle that we're trying to get by now on that particular program.

And, the bottom line is we have stood by the legislation, even with the changes that the senator made. There are funding, the state's committed funding, and we still have the funding from the Central Valley [Project] Improvement Act[73] that we can bring to the table to help fund some of the project, and then we do have the ability to include some money for appropriations, through appropriations to implement it. So, we have stood by the changes that the senator wants to make and have told the senator and the other partners that we're willing to live with the modified legislation, although we would prefer to have a funding source. The Friant users are very nervous, but most of them, with the exception of one district, they have continued to stand by the legislation as well. But, where the problem's arisen is there's a whole group of water users that are kind of on the periphery. They're not directly involved. As you restore the river and use the water supplies there's issues about flooding. There's issues about groundwater tables, and that sort of thing.

The Exchange Contractors Are Concerned about the Negotiated Settlement and

73. See footnote on page 210.

the Need for Legislation

And, the exchange contractors,[74] who exchange their rights to San Joaquin River water for Delta-Mendota Canal water, and they've got a lot of concerns. And, with the automatic funding mechanisms removed, suddenly they have become opponents of the legislation. ***Before***, they were neutral and maybe even to some extent supportive. But, with the changes they've really come out and expressed strong opposition to the project. So, that has created a bit of a problem. Although, I'm pretty sure that Senator Feinstein is going to push ahead. There is a bill that's pending in the Senate. It's called the lands bill and it has a whole bunch of bills for the Bureau of Reclamation that authorizes new projects and new programs, and she's going to include this lands bill, and we'll see. There's a lame duck session and there's some talk that at least the Senate will pass the bill in a lame duck session. Whether or not it'll get to the House and the House will pass it we don't know. Congressman [Jim] Costa has been the primary House sponsor. He has worked really hard to try to make it work. He's had some opposition from Congressman [Devin] Nunes, who actually represents the Friant water users, his district includes the Friant water users, but the Friant water users support it, but he doesn't. So, he's been a stumbling block in the House. Other San Joaquin Valley legislators in Congress, ***for the most part***, support the legislation. (Storey: Um-hmm.) So, whether or not it'll get through the House or not I don't know. But, you know, from my perspective I've been involved in the discussions of, "Do we want to continue to support the legislation? Are there changes that we need to make in the legislation to try to accommodate these other interests?" and that sort of thing. So, I have had involvement from that perspective.

Storey: Um-hmm. And, the idea is to make the San Joaquin flow again?

Johnson: Right.

Storey: And, to have salmon spawning in it?

Johnson: Absolutely.

Storey: Is that part of it?

Johnson: Yes. Yeah. That's the goal.

Storey: Okay. (Johnson: Um-hmm.) Good. Good.

Water for America

Johnson: Yeah. So, that's still on the list and we're still working on it, and if that lands bill gets passed, Congress is coming back next week. That lands bill contains a whole bunch of legislation that pertains to reclamation. The ~~water secure act, the~~ Secure Water Act is part of that lands bill,[75] and that's the act that authorizes our Water for

74. The water rights of the "exchange contractors" predate Central Valley Project water rights.
75. Omnibus Public Land Management Act of 2009, Public Law 111-11 of March 30, 2009; 123 Stat. 1349-1364. Title IX, Bureau of Reclamation Authorizations, Subtitle F–Secure Water. It is also known as the Secure

(continued...)

America Program that would authorize Reclamation to do basin studies, to look at climate change, and incorporate that into our operation of our projects and to do planning studies on a basinwide basis to address climate change, to take a look at demand and supplies of water, and to address solutions to imbalances between water supply and demand. And, I'm real excited about that. I hope that that gets passed because we actually have proposed that program and included money for that program in our 2009 Budget. So, I mean if there's something that I–there's ***lots*** of things that I feel proud of that have occurred while I've been Commissioner, but the one that–if somebody asked me, "Well, what's the one that you're the most proud of?" it would be the Water for America and this effort to try to ***re***invigorate planning in the Bureau of Reclamation. You know, we had a ***really*** strong planning program in Reclamation years ago, and over the years that program has been cut back, and cut back, and cut back. And now, with population growth, the drought that we've had, the predictions of climate change that we're hearing, I mean most of the climate change models are telling us that we can expect less streamflow in the western United States than we've had historically, and I think there's just a real dire need for some good water planning in the western United States to address the changes that are occurring. And, this Water for America Program and our basin studies, and the Secure Water Act that would actually ***direct*** Reclamation to do those kinds of studies, I think are a big step forward in the right direction and will give Reclamation the tools and the license to get more involved and more proactive in trying to solve water problems in the western United States.

"Endangered species problems, water supply for the environment, . . . drought and climate change, and population growth, are creating water supply crises throughout the western United States, and the Bureau of Reclamation is uniquely positioned to provide leadership in helping solve those problems. . . ."

What the Bureau of Reclamation does is more important today than it's ever been. Endangered species problems, water supply for the environment, points I already made, drought and climate change, and population growth, are creating water supply crises throughout the western United States, and the Bureau of Reclamation is uniquely positioned to provide leadership in helping solve those problems. And, I believe these basin studies, this planning program, is our entrée to do that. And so, if I could point to something that I'm proud of I think that's it. We also have grant programs that would be authorized under this Water Secure Act, that we've included in our Water for America proposal that would provide grants, challenge grants, for water conservation programs. It would also provide challenge grants for development of new water technologies, particularly water treatment technologies, desal, that sort of thing. And, it would also provide challenge grants for environmental projects that address water supplies for the environment and water supplies that would address endangered species problems and try to avoid listing of future species. So, I am just real excited. We have the support of the Secretary, and the Deputy Secretary, and the Assistant Secretary, and we even got OMB [Office of Management and Budget] to provide funding for it in the President's '09 Budget.

75. (...continued)
Water Act.

Storey: And, what kind of a budget for that?

Johnson: Well, I'm, and I don't remember off the top of my head. The total program, when we put all the pieces together, was somewhere around $27 million, and that included challenge grants as well as planning. The planning piece, if I remember right, was somewhere around $6 or $7 million for the planning piece, for '09, you know. Then that (Storey: Um-hmm.) will extend, you know, into the future. And, there's general support. I mean I have not, I've talk . . . in all of my presentations Westwide I've talked about what we're doing and we ***have*** good support from the water community for doing that. I've had a number of folks come up to me and ask, "Gee, will you do the first study on our basin? (Laugh) We'd really like to have Reclamation come in and partner with us." We're going to look for 50/50 cost sharing. So, if we do a basin study we're going to expect the local communities that are involved to come up with and match the money that we spend in the basin planning, because we think it's important to have partnerships with local communities. Folks in Denver have provided a–we've gone through a public process. We've put out a framework for how we're going to implement the program. We got public comment on it. We're finalizing that and we're going to be prepared to initiate the studies when and if we get an '09 Budget passed by Congress. And then I'm ***hoping*** that the Secure Water Act[76] can get passed, which will actually provide congressional authorization and it'll provide a congressional directive that will really mandate that Reclamation get involved in these, in these kinds of basin studies.

". . . Reclamation is so uniquely positioned [because] . . . river basins don't respect state and local boundaries, and it's sometimes difficult for *all* the interests in a basin to come together on their own. And, the Bureau of Reclamation can be a neutral party that can bring all those interests in a basin together to look at the basin from a collective perspective. . . ."

And, the reason why Reclamation is so uniquely positioned is, river basins don't respect state and local boundaries, and it's sometimes difficult for ***all*** the interests in a basin to come together on their own. And, the Bureau of Reclamation can be a neutral party that can bring all those interests in a basin together to look at the basin from a collective perspective. So, I think we're uniquely positioned and I think we have the skills. I mean, we ***still*** have people in the Bureau of Reclamation that know how to do planning. We had a Water Planning Conference about three months ago, in Salt Lake City, and I, it was ***well*** attended. We had a couple of hundred people, I would guess, from all the Reclamation regions and our Denver Office, and it was a workshop and I really sensed a lot of enthusiasm there. I had a chance to talk to them. I told them about, you know, ***my sense*** for what we needed to do with this Water for America effort. I sense a really good support within Reclamation for trying to do that. I think people ***do*** see that as an opportunity for Reclamation to provide some leadership in water issues.

Storey: Um-hmm. I'm, as you're talking about this I have programs flitting through my mind, Water 2025 is one, 304 Reports, I think that's the correct number, is another. How do all of these things sort of relate to Water for America?

76. See footnote on pages 619, 626.

Johnson: Well, I'm not sure I know what 304 Reports are.

Storey: They're the river basin reports that were done by the Corps. Maybe "304" isn't the right number. Maybe it's 340 or something.

Johnson: By the Corps?

Storey: Yeah. The Corps of Engineers river basin reports (Johnson: Um-hmm.) in the 1920s and '30s.

Johnson: Oh, okay. I see. Yeah. Those are old reports?

Storey: Yes.

Water for America Is a Broader Program than Water 2025

Johnson: Right. Yeah. Well, I don't know what the relationship there is. I mean, those river basins have changed so much since then that it makes sense to take a fresh look. The Water 2025 did not have any planning component. It was purely a challenge grant program for water conservation. That was the Water 2025 Program. It's fairly narrowly focused. (Storey: Um-hmm.) Water for America is much broader than that, and Water for America is not just the Bureau of Reclamation. It includes the USGS [United States Geological Survey]. The USGS is going to do a water census on a nationwide basis, particularly focusing on trying to get a better handle on groundwater resources and what are the groundwater resources that are out there, in combination with surface water. It also focuses on the USGS upgrading their stream gauging systems so we have better data and ***real time*** data, getting more technology into measurement of the streams. And then the Reclamation piece is the planning program, the basin planning program, ***and*** the challenge grants. But, the challenge grants are much broader than what we had under Water 2025. There'll be a conservation component of the challenge grants, but there will also be the water technology challenge grants, and the environmental challenge grants. Water 2025 did not incorporate those pieces. So, this program is much broader than Water 2025, (Storey: Um-hmm.) and it gives a much broader license to Reclamation to be proactive.

Storey: Okay. So, the USGS is going to be nationwide? Is Reclamation also going to be nationwide?

Johnson: No. We're just going to be focusing on the seventeen western states.

Storey: On our current area?

While the Reclamation States Emergency Drought Relief Act of 1991 Gave Reclamation National Authority to Implement Drought Planning, Reclamation Has Chosen Not to Go Outside the Traditional States in the West

Johnson: Right. We talked about that, because, you know, Secretary Kempthorne wanted a nationwide focus and the USGS in its water census–they are nationwide. They have

water offices in all fifty states. They do stream gauging. So, they have the network out there to address at least the water census part. They're not going to do basin planning. So, from that standpoint it's nationwide, but Reclamation is only going to focus in its authorized service areas. And, you know, I think where we came down on that in our advice to the Secretary was, we do have authority under the Drought Act[77] to do drought planning, nationwide. We've never really pursued that or used it, but we do have the ***authority***. And so, we play around with the idea, "Should we use that authority to maybe expand Reclamation's scope, you know, in this basin planning?" (Storey: Um-hmm.) And, we decided not to do that ***primarily because*** the West is still the arid part of the United States. There's still more rainfall in the East, and probably where the most critical water problems are in the West. And then from a political perspective we were concerned that the traditional Reclamation constituency would be very nervous about sharing the Reclamation ***pie*** with the eastern states, and we felt like there would probably be some reluctance on the part of the existing ***western*** Reclamation ***partners*** to expanding our scope and authority beyond just the western states. So, we decided that it was better not, not to include Reclamation on a broader nationwide basis (Storey: Um-hmm.) in the basin planning.

Storey: Interesting. Tell me what the Secure Water Act is about.

Secure Water Act[78]

Johnson: Well, you know, it's really interesting. We were formulating the Water for America Program and we were, we put together all these components that I just described, and we had it all ready to go and, and we were going to incorporate it into our '09 Budget. We had not made any public announcements about it because it's budget, and until the President releases his budget you don't go out and talk about (Storey: What's in the budget.) what's in the budget. So, we were sitting on it and we get a bill that's introduced by Senators Bingaman and Domenici that had ***all*** *the components* of our Water for America Program, literally ***all*** of the components. That act authorizes and directs basin studies. The act expands the USGS stream gauging program, just like I talked about under Water for America, and the act authorizes challenge grants in the same areas that I talked about. And, when that act came out we said, "You know, this is just amazing. We formulate a program and Congress comes out in an act that just mirrors, almost exactly, what we were proposing." My, and I've talked to Mike Conner,[79] who is the staff chief in the Senate and works for Senator Bingaman, who, you know, crafted the legislation, and I talked to him, you know, about the fact that we had crafted a program that was very similar. And you know, his comment was, "Well, great minds work alike."

But I, I also suspect that somebody from the Federal Government, from the Executive Branch, planted the seed of this idea with the committee staff, and I'm not sure who. I would speculate that it might have been Mark Limbaugh, because Mark was Assistant Secretary when we began the formulations of this Water for America Program. Then he left. And, I think it's very possible that–and became a lobbyist–I think it's very possible that Mark may have worked with the Committee staff to

77. See footnote on page 597.
78. See footnote on pages 619, 626.
79. Michael L. Connor became Commissioner on June 1, 2009, after Bob Johnson retired from Reclamation, and he has been interviewed in Reclamation's oral history program.

formulate this legislation. So, (Storey: Hmm.) I'm not sure. But, it's a great act. We, I testified on the act and we, we worked very hard with OMB. We ***supported*** the legislation, subject to some changes. We committed to work with the committee ***staff*** to try to make improvements in the legislation, and we did that. We worked very closely with the committee staff to get changes. And, they changed, we worked together, and the bill that is now pending just ***mirrors*** our program ***exactly***. The committee staff worked with us.

Storey: This is the Secure Water Act?

Johnson: The Secure Water Act.

Storey: So, that's the one that Bingaman and Domenici introduced?

Johnson: That's correct.

Storey: Oh, I see. Okay.

Johnson: Yeah. It's had the hearings, it's been reported, it's gone through markup, and it's ready to go.

Storey: Okay. Good.

Johnson: So, if it gets passed that's a big win for Reclamation, in my opinion. There's other legislation that's, that's all part of this lands bill. San Joaquin legislation. We have some title transfer legislation that's included in there. Our, under Water for America we developed proposals for title transfer legislation that would allow us some more discretion on simple title transfers to be able to do that without specific authorization from Congress. There's some, some bills in there that the Administration did not support, some authorization for some Title XVI projects,[80] an authorization for us to do a rehabilitation of the Mancos Project in Colorado, (Storey: Um-hmm.) which we did not support.

Storey: Title XVI?

Title XVI

Johnson: There's some Title XVI projects (Storey: Is?) that are authorized. That's the Wastewater Reuse Program (Storey: Okay.) where we fund water reuse projects. There's a whole series of bills.

Senator Harry Reid's Bill on Urban Water Canals

Senator [Harry] Reid's bill on urban water canals, urban canals.

Truckee Canal Break

80. See footnote on page 210.

You know, we had the failure of the Truckee Canal, (Storey: Yeah.) and that was a wake-up call for the fact that we probably have canals that were originally built in rural areas where, and then we've had growth over the years, and now we have canals that are surrounded by communities.

". . . the safety standard for those canals in a urbanized area is a lot higher than the safety standard we would have for a canal that's in a rural area where there's no significant property damage that would occur from a failure. . . ."

And the standard, the safety standard for those canals in a urbanized area is a lot higher than the safety standard we would have for a canal that's in a rural area where there's no significant property damage that would occur from a failure. Well, Senator [Harry] Reid introduced ~~some,~~ a bill that was really pretty onerous and not very implementable from our perspective, and we testified against it when they held hearings on it. But, the senator was going to push ahead with it, and Senator Reid's a very powerful senator. So, what we did is we sat down and rewrote the legislation to something that we felt we ***could*** live with that kind of incorporated what the senator wanted, but also put it in a way that Reclamation could implement. I mean, his original bill had us doing surveys of ***every*** facility that Reclamation owns, dams, canals, levees, the whole nine yards, in a two-year period, which is ***impossible***. I mean, you just ***physically*** couldn't do it. And not only that, there's no need for us to do safety of dams. We have a good safety of dams program. We're right on top of that. We don't need new directives or safety of dams legislation. And quite frankly, canals that are in rural areas they're probably okay. We don't, we shouldn't be concerning ourselves. But, let's focus more narrowly on these urban, urbanized areas that have built up around our canals, and let's have a program that will allow us to address, to address those problems.

". . . we *redrafted* that legislation . . . Now, we *did* that without the involvement of OMB, and my guess is the Administration probably, *officially*, would not support the legislation that's pending over there. But, it's *better* to have crafted something that we can at least *live* with than to have something passed that we couldn't have accomplished. . . ."

And so, we ***redrafted*** that legislation, and to Senator Reid's credit he accepted it, and now there's legislation pending on urban canals that's just word-for-word what we redrafted. Now, we ***did*** that without the involvement of OMB, and my guess is the Administration probably, ***officially***, would not support the legislation that's pending over there. But, it's ***better*** to have crafted something that we can at least ***live*** with than to have something passed that we couldn't have accomplished. (Storey: Yeah.) And so, we felt like working with him, just Reclamation and the committee staff.

"We did not involve OMB. Because, when you involve OMB all kinds of other problems start to develop and you really can't be successful in getting something that people can live with. . . ."

We did not involve OMB. Because, when you involve OMB all kinds of other problems (Laugh) (Storey: Okay.) start to develop and you really can't be successful in getting something that people can live with.

Storey: Okay. [Tape paused] We were talking about Senator Reid's legislation. Does it have a name?

Johnson: It does, and I can't remember it exactly. It's got to do with something about safety of urban canals, (Storey: Um-hmm.) but I don't remember the exact name.[81]

Storey: This is the one we helped him rewrite?

Johnson: Um-hmm.

Storey: Yeah.

Johnson: Right. And, in fact, you know we got ***very proactive***. I tell you what, one thing that we have done, we have had such a tremendous legislative affairs staff back here in Washington, and we have really worked hard to enhance our relations with Congress, and members of Congress, and the staffs, the committee staffs that have the appropriations and oversight (Storey: Um-hmm.) for Reclamation, and ***we*** have developed, I think, bipartisan good working relationships.

". . . one of the things that I've struggled with most as Commissioner is fighting the battle within the Administration over legislation and budget, with OMB . . . Every time we go to do something, OMB doesn't like it. Piece of legislation comes along, OMB doesn't like it. . . ."

And on, time and again–you know, one of the problems, one of the things that I've struggled with most as Commissioner is fighting the battle within the Administration over legislation and budget, with OMB, basically with OMB. Every time we go to do something, OMB doesn't like it. Piece of legislation comes along, OMB doesn't like it. I mean, they never want to testify positively about anything. And, it might, ***we might view*** it as good legislation. OMB will not like it. And, we usually, in our testimony, have to go before Congress and say, "We don't support the legislation." And, we work ***really hard*** with OMB. Our legislative staff does to try to soften the language and get as much cooperation as we can out of OMB to try to be more positive towards Reclamation legislation that we would view as being positive, but we still end up opposing.

". . . we've gone out and really nurtured the relationships with the committee staffs and the members, and the staffs of the members. We have sponsored, in the last year, something like–I can't remember–ten or fifteen western tours for committee staff. . . ."

Well, what we've done is we've gone out and really nurtured the relationships with the committee staffs and the members, and the staffs of the members. We have sponsored, in the last year, something like–I can't remember–ten or fifteen western tours for committee staff. We've taken folks to California. We've taken folks to the Colorado River. We've taken them to Colorado. We've taken them to Idaho. And,

81. This apparently refers to the Omnibus Public Land Management Act of 2009, Public Law 111-11 of March 30, 2009; 123 Stat. 1349-1364. Title IX, Bureau of Reclamation Authorizations, Subtitle G–Aging Infrastructure.

we have just done, we have put on a tremendous effort to educate the ***staffs*** in Congress about Reclamation and the Reclamation program, and I think it's paid dividends because we've got those relationships, and when legislation then comes along we can go work with the committee ***staff*** to try to correct–even though the Administration officially opposes the legislation, we would go work with the committee staff to ***at least*** make the legislation something that Reclamation can live with if it gets passed, even though the Administration still doesn't support it. And, I think building those relationships has really, really helped.

Political Appointees and Reclamation's Relationship to the Congress

You know, historically in Reclamation our approach to Congress has kind of been arm's length, and it's been my sense that previous Administrations have wanted to limit Reclamation's ability to deal very directly with Congress. (Storey: Um-hmm.) They've pretty consistently put restrictions on what we could do. And quite frankly, we weren't very responsive. We did not provide timely answers to correspondence, and ***not because of us*** but because of the system, you know, that existed. And, I don't think we've had that in the last couple of years.

Kris Polly, Ryan Serote, Matt Maucieri, Carter Brown, and Brenda Burman

Kris Polly, who came on board as our Deputy Commissioner, Ryan Serote, Matt Maucieri, Carter Brown, Brenda Burman, who worked here, these are all political people, with the exception of Matt Maucieri, these are Schedule C political appointees, and they have integrated themselves so well with the rest of Reclamation. You know, ***usually*** there's this kind of–just my observation–that there's usually a little bit of a separation between political staff and career staff, (Storey: Um-hmm.) and ***these folks*** that we've got have come to us very committed to Reclamation and the Reclamation program. They're political Schedule C staff, but they came from members of Congress that believed and supported, believed in and supported the Reclamation program. And so, and Kris Polly came from N-W-R-A [National Water Resources Association], who is really the organization that is most interested in the Reclamation program.

END SIDE 2, TAPE 1. NOVEMBER 13, 2008.
BEGIN SIDE 1, TAPE 2. NOVEMBER 13, 2008.

Storey: This is tape two of an interview by Brit Storey with Bob Johnson, on November 13, 2008.

So, Kris Polly came from N-W-R-A?

Johnson: Right. Kris Polly came from N-W-R-A. Matt Maucieri, who works for us, came from the Association of California Water Agencies. Carter Brown came from a lobbying firm here in Washington D.C. that dealt with water issues. And, Brenda Burman came from Senator [Jon] Kyl's staff and was very active in dealing with Reclamation on water issues in the Senate.

". . . we've been *lucky* to get a group of political staff who understand Reclamation, and supported, believed in the Reclamation program. And, they

have just done a tremendous job for us . . ."

So, ***we've*** been ***lucky*** to get a group of [political] ~~congressional~~ staff who understand Reclamation, and supported, believed in the Reclamation program. And, they have just done a tremendous job for us in making, in building relationships with staff. I personally have gone over–we've tried to ***regularly*** go over and sit down with the members ***and*** the staff on the committees to talk about Reclamation programs, common goals, things we wanted to see accomplished, and I think as a result we've been able to help craft this legislation to make something that can be good for Reclamation. Especially this Secure Water Act that I'm talking about, this Urban Canals Bill that I've talked about, the San Joaquin legislation. We've worked really closely with Senator [Dianne] Feinstein and Congressman [Jim] Costa on making revisions to that, and we just pretty much left OMB out of it. We've just gone and done it.

Matt Eames

And we haven't, and the departmental Congressional Affairs Office, Matt Eames is the head of the departmental Congressional Affairs. Well, he came from Reclamation. He was our Congressional Affairs chief early on, (Storey: Um-hmm.) and he ended up being the Department's chief of Congressional Affairs. He was, came from Idaho. He was a lobbyist for the power industry before he came to work for Reclamation, so he knew and understood Reclamation. And, I just think that's made a tremendous difference for Reclamation over the last, you know, three or four years, in terms of being able to be, to have a good working relationship with Congress. And I, that's just been a really positive thing about this Administration, ***this*** Department of the Interior. The other thing for me, since I've been Commissioner, has been the relationship that we've had with the ***whole*** Department of Interior. First Mark Limbaugh, and now Kameran Onley is Assistant Secretary. There has not been a– and then, you know, going up the chain.

The Department Has Supported Reclamation

Lynn Scarlett, who is the Deputy Secretary, Brian Waidmann, who is the Secretary's Chief of Staff, and then ultimately the Secretary himself–there has, I mean ***historically*** there has not always been good relationships between Reclamation and the Department's hierarchy. There has been friction, especially between the Commissioner and the Assistant Secretary. I have not experienced that. I have not had that problem. I have not had a ***single issue*** where we needed the Department's support on something where we haven't gotten the Department's support. Not one thing. I've ***never*** gone to the Department with anything where the Department didn't support us. In fact, when we've gone through our budget review the Department has ***bumped up*** our budget over what we submitted, in support of programs.

Storey: That's unusual.

". . . our relations with OMB are not good. I mean, the career staff and the political staff over there, their goal in life is to limit our mission and our budget and they want to micromanage everything that we do. . . ."

Johnson: Yeah. It is unusual. And so, you know, I just feel like I've been ***so*** lucky to be Commissioner over a two-year period where I've had–our relations with OMB are not good. I mean, the career staff and the political staff over there, their goal in life is to limit our mission and our budget and they want to micromanage everything that we do. And, every time we want to do something, every time legislation comes up, every time we have a report that we have to release to Congress or, they are a stumbling block, and it's just been one frustration after another in dealing with OMB. But, through all of that I've always been able to get the Department to call to the political levels of OMB to try to get our problems resolved, and I think that as a result we've had some success. We had a safety of dams report, when I first became Commissioner, that we weren't getting through. We had a big fight with OMB over it, and finally through the contacts and the support in the Department we were able to get that cleared. The Water for America Program, OMB didn't want to fund it at all. They fought it big time. They ***cut*** it back. But, in the passback the Department supported it. We went back and forth and back and forth and in the end we got the funding for the Water for America Program, because of the support in the Department of Interior for it. The . . . we've got a Red River Valley report that's supposed to go to Congress, been prepared, addresses water supply in North Dakota, in eastern North Dakota.

Storey: Yeah. This is Red River of the North?

Johnson: Right. Right. And, we're in a big battle with OMB right now over trying to get that report sent to Congress. They don't like the report. They want to change it. And, we've done a ***lot of hard work*** and I think done some very good and objective studies, and the report's a good report and needs to be forwarded to Congress. Well, I've got total support from the Department on moving that through OMB, and we're talking, they're talking at political levels, high political levels to get our, to get support for what, for what we want to do. We've had several rule makings, Loan Guarantee Program, where we have been trying to put a set of regulations out on how we're going to administer our Loan Guarantee Program. ***Congress*** just authorized a new Loan Guarantee Program. I can't tell you the number of times that Deputy Secretary Scarlett has called OMB and ***fought*** for Bureau of Reclamation, has been very forceful in pushing for us, and we're going to get that regulation out, ***finally***. And, it's been just every step of the way OMB has been a stumbling block. Rural water legislation. We got a new Rural Water Program[82] passed by Congress two years ago. Calls for regulations on how we're going to administer the program. We've drafted the regulations. Again, we have problems with OMB, and the Department's gone to bat for us on those things. So, just time and time again we've struggled with OMB, but time and time again we've been able to get the Department to support what we're doing. And I just feel lucky as, you know, to be Commissioner during a period in time when we've had that kind of support.

Secretary of the Interior Dirk Kempthorne Is Interested in Water Issues

Secretary Kempthorne is real interested in water. He's been very supportive and I think he sees water as one of his legacies, Water for America. And then all of

82. Rural Water Supply Act of 2006, December 22, 2006, Public Law 109-451.

the things that we've been able to do with him since he's been [Secretary.] ~~Commissioner.~~

Colorado River Shortage and Operating Criteria

On the Colorado River, we signed the Shortage and Operating Criteria for the Colorado River (Storey: Um-hmm.) last year. He got to do that at Colorado River Water users. I think he was very proud. That was a great event and he got lots of press, and publicity, and I think he felt very positive about that.

Truckee River Operating Agreement

We did the Truckee River Operating Agreement. A couple of months ago he signed that Agreement. That had been in the works for like eighteen years, and it finally got put together, and he got to go, and Senator [Harry] Reid came. And, of course, the thing about Secretary [Dirk] Kempthorne is he served in the Senate and so he knows all these people, and he, you know, he has these really positive relationships. So, he and Senator Reid are friends. They're in different parties. They don't see the same on issues, but they're both pretty bipartisan, you know. When they have opportunities to work together they like to do that. So, he got to sign the Truckee River [Operating] Agreement with Senator Reid, and that was a big success for him. He did an agreement or a joint statement with the country of Mexico on, with the ambassador from Mexico on the management of the Colorado River and joint programs and activities that we can do with Mexico, and that was something that he was very excited about.

Dedication of Ridges Basin Dam on the Animas-La Plata Project

He got to go to, we went to Animas-La Plata just a couple of months ago and he dedicated the Ridges Basin Dam. We've completed Animas-La Plata and we're actually going to start storing water behind Ridges Basin Dam for the Animas-La Plata Project this year. And so, we had a big program there at the dam and he was, felt really good to be able to go. I mean, that's the first dam Reclamation's completed in–I think the last dam that Reclamation ***built*** was Waddell Dam, ***New*** Waddell Dam on the Central Arizona Project, and that was completed, I know because I went to the ceremony, in about 1995. No. No. No. No. No. That was before. It was about 1991 or 1992. I'll–no, but the New Roosevelt Dam. The New Roosevelt Dam, we dedicated ***that*** in about '94 or '95.

Storey: Yeah, but that was a raising rather than (Johnson: That was a raising.) a whole new dam?

Johnson: It wasn't a brand new dam. But, the last new dam was New Waddell Dam on the Central Arizona Project, ***I think***. (Storey: Um-hmm.) I don't think there's been any others. And, we actually built a new dam and it's a pretty darn nice dam. It's a good-sized dam. I think it's 300 feet high. It's an earthfill. They put a nice decorative rock on the front of it and so it's pretty exciting that the Secretary got to do that.

Mni Wiconi Project

We delivered the first water to the Oglala Sioux Indian Reservation[83] on the Mni Wiconi Project this last year, and we got both senators, and the governor, and the member, the lone member of the House from South Dakota to come and participate (Storey: Uh-huh.) in that. And so, there's been a lot of things that Reclamation has done.

". . . groundbreaking on the Drop 2 Regulatory Storage Project in southern California. . . ."

And, you know, one of the things that I worry about is there's a tendency, I think, for Reclamation to get a little down on itself. "Oh, gee whiz." Oh, I know another thing. We just dedicated a groundbreaking on the Drop 2 Regulatory Storage Project in southern California. It's going to be a regulatory, $170 million regulatory storage facility. Reclamation's going to do the construction and it's funded by the states of Nevada, Arizona, and California, $172 million. Nevada wrote us a check and we're going to do, we're going to do the construction to save water on the, on the Lower Colorado River in how we regulate it, (Storey: Um-hmm.) and the Secretary went to dedicate that. Or, not dedicate but actually ground break on that project.

So, there's just been a lot of things that he's been able to do with Reclamation that he's–Folsom Dam. We're doing the joint project with the Corps of Engineers and we had the groundbreaking on that. Governor Schwarzenegger came. The Secretary was there. We had lots of people and we are out there moving dirt on the dam safety, and they're raising the dam with the Corps for flood control and for dam safety. We're going to spend $500 million. The Corp's going to spend a billion dollars rebuilding Folsom Dam in California. And, that's a major project that we have going on, where the Secretary's got to come in and actually, (Storey: Yeah.) you know, do something. So, we've just had–and, I could go on and on– we had success after success, I think. The Platte River Agreement was signed by the three governors and the Secretary Kempthorne, about a year and a half ago. And, that had been in the works for a long, long period of time.

Storey: That one the governor of Nebraska held out a long time on, (Johnson: Yeah.) as I recall? (Laugh)

Johnson: And, so there's just been–now, the Klamath Agreement, just today they announced the Klamath Agreement and Reclamation's going to be involved in that program with the two states and PacifiCorp. And, of course, the Fish and Wildlife Service is heavily involved in that as well. So, that's pretty, that's pretty exciting. The Secretary just did a news conference on that. So, we've just had a whole range of things that have happened in–the M-S-C-P [Multi-Species Conservation Program] Program, the Middle Rio Grande activities. We dedicated the Silver Minnow Sanctuary in Albuquerque on the middle Rio Grande River here recently. We got a major breakthrough with an agreement between Texas and New Mexico over

83. Oglala Sioux is often spelled, historically, Oglalla. The tribe's official reservation is the Pine Ridge Reservation in South Dakota. According to Wikipedia (http://en.wikipedia.org/wiki/Oglala_Lakota on May 13, 2011) they are federally recognized as the "Oglala Sioux Tribe of the Pine Ridge Reservation," and they are one of seven bands or sub-tribes of the Sioux (Lakota).

operation of the Rio Grande Project, Elephant Butte Dam. There had been litigation and difficulty. We got an agreement there settling that dispute. I mean, that was a ***nasty*** dispute that got, that got resolved. I mean, I could just go on and on on all the things that have gotten accomplished. You know, we've got major legislation passed in the past couple of years. We're ***lining*** the All-American Canal. We got ***special legislation*** that directed the Secretary to move forward with lining the All-American Canal ***without regard*** to any other provision of law. That basically ***waived*** the Endangered Species Act and NEPA [National Environmental Policy Act] requirements in lining the canal, and we've initiated that and that's under construction in California.

"'. . . we're not the organization that we used to be.' Well, I'll tell you what, we're different than we used to be. We're more of a water manager. We're still doing construction. But, I think we're still doing just as many things and the mission that we're carrying out is just as important as it ever was. . . ."

You know, I mean, I could just go on and on of all the things that Reclamation has going on and that are positive things in water management, that are successes in water management. We're still doing construction. We're starting new projects. We're doing good things. And, I just worry that so much, we seem to have this, we're down on ourselves. "Oh gee, we're not the organization that we used to be." Well, I'll tell you what, we're different than we used to be. We're more of a water manager. We're still doing construction. But, I think we're still doing just as many things and the mission that we're carrying out is just as important as it ever was. And so, one of the things that I've tried to do is to reinvigorate the staff to recognize all the great things that Reclamation is doing and accomplishing and to take some pride and excitement in that and, and to carry that forward. Because, we ***are having*** successes and we ought to be celebrating those successes, and then doing more. (Laugh) (Storey: Um-hmm.) You know, because I believe that attitude is everything and that if we think we can do more we will do more. You ***can*** make a difference. So many times we think to ourselves, "Oh gee, I can't make a difference," but you can. And, if you will think positively and then ***believe*** that you can make a difference, and then ***try*** to make a difference, you'd be surprised how often you can have success. And, I think what we've seen, you know, with Reclamation in the last, you know, five or six years, with a lot of these things coming together we ought to just be really proud of the program and all the things that we're accomplishing, and I'm just proud to have been a part of it. I don't claim credit for all those things. I mean, my involvement in many of those things was very, very small, but the ***organization*** is doing these things and is accomplishing a ***real significant*** program, and providing a real service to the American people. (Storey: Um-hmm.) And, we get overlooked. We don't get recognized for that, enough, I don't think. I don't think enough people–so many people don't even know who the Bureau of Reclamation is. And so, I try to tell that story as much as I can to people about all the stuff that we've done.

Storey: Let's go back.

Johnson: I don't know what question you asked that brought me to all of that, but it was a good question. (Laugh)

Storey: No, that was, that was great. (Laugh) But, let's go back to the Central Valley.

Johnson: Yeah.

Storey: San Luis Drain still hasn't been built?

Johnson: Oh, that's a . . .

Storey: And, it's causing salinity levels to ***rise*** and so on.

The Drainage Issue in the San Joaquin Valley Hasn't Been Settled

Johnson: We still don't, we're still not there, and this is a testament to the ***power*** of the ***environmental community*** in California, because they're the ones that are standing in the way. We have an agreement. Westlands is willing to take on the responsibility. It's a good deal for the United States. Senator Feinstein is on board, would be willing to sponsor legislation to push it forward, but the environmental community in California is objecting. And the senator's assessment, and I think she's right, is that as long as you've got the environmental community objecting you'll never get it through the House. We haven't given up. I've asked Don Glaser to continue to press the envelope on that and see if there's any way, anything that we can do on our side to try to move that ball forward.

". . . the bottom line is–if something isn't done there's going to be a lot of land in the San Joaquin Valley that goes out of production, and that's what the environmental community wants. They want the land, the irrigated land in the San Joaquin Valley, to go out of production so they can keep the water in the delta. . . ."

Don has done, tried a number of things and the bottom line is–if something isn't done there's going to be a lot of land in the San Joaquin Valley that goes out of production, and that's what the environmental community wants. They want the land, the irrigated land in the San Joaquin Valley, to go out of production so they can keep the water in the delta. So, they are ***never*** going to support solution to the drainage problem, and they will continue to try to object. I think that Don–you know, one thing that Don brings to the table as Regional Director is he worked very closely with Dan Beard when Dan was Commissioner. He worked very closely with Congressman George Miller. Congressman Miller knows him, and Congressman Miller thinks highly of Don and has a lot of respect for him. And, I think Don is willing to use that relationship to see if he–if you can get George Miller to support a drainage program then you can probably move it forward. And so, and I've got to have some follow-up with Don on this, ***Don*** has revamped it. He's worked with Westlands, and he, Don, I've asked Don to try to sit down–I don't know Congressman Miller that way. I certainly don't have the kind of credibility that Don does with the [congressman.] ~~senator.~~ So, we're going to try to get Don to go see if he can convince, not senator but Congressman Miller to get on board with what we're trying to do with drainage. I don't know if we'll get something on drainage or not. That's a tough one. Eventually I think we will. I guess I say, "I don't know if we'll get something on drainage." I don't know if we'll get something on drainage while I'm still Commissioner, but I, you know, it would be nice if we could. (Storey: Um-

hmm.) And, I think we talked about drainage when we did our last oral history and it hasn't moved much from the last time we talked, but it's still being worked on.

"Don really took on, when he became Regional Director out there, really took on a tough set of challenges. There are so many things going on in California and they're *all* contentious and very *difficult*. . . ."

There's so much going on in California, you know. Don really took on, when he became Regional Director out there, really took on a tough set of challenges. There are so many things going on in California and they're ***all*** contentious and very ***difficult***. We're redoing the ESA [Endangered Species Act] consultation on the operation of the Central Valley Project. We're under a court order. We got biological opinions that we're working on with both the Fish and Wildlife Service and the National Marine Fisheries Service. We talked about that, I think, a little bit earlier today. And there, and the Klamath is in that region. The Truckee River and all of that is in that region. That's been, had gotten a lot of attention of late. The San Joaquin Restoration Program is in that region. That involves Don. The Trinity River and the restoration up there is in that region, and involves Don. I did some checking, and of course Mid-Pacific doesn't have all of the California in it. We have Lower Colorado that has ***southern*** California.

". . . in total, 25 percent of the Reclamation budget goes to the state of California. The Bureau of Reclamation controls and delivers around, I think it's around *eleven million* acre feet in the state of California. . . ."

But in total, 25 percent of the Reclamation budget goes to the state of California. The Bureau of Reclamation controls and delivers around, I think it's around ***eleven million*** acre feet in the state of California. That's probably more– well, the Columbia. But, the Columbia we share with the Corps, so I'm not sure we can claim the Columbia as being primarily. But, I mean our, our role in California in the water, and California as a state, is a very, very significant part of the Reclamation program. (Storey: Um-hmm.) And, it's probably where our most difficult issues are. And, you know, we've got Don there. We've got Lorri Gray in Lower Colorado that deals with the southern California activities. And, and I think for the most part we're doing a very good job with California. We've got a lot of things going on there, a lot of very difficult issues, but I think ***in general*** the Bureau is held in pretty high regard by our California partners. And so, I think that's a positive thing.

Storey: Good. Well, another one we've already talked about, Peripheral Canal, what about our pumping plant there at Tracy and the court order?

Operation of the Tracy Pumping Plant

Johnson: Well, that's what I was talking about a little bit ago.

Storey: That's what you were talking about? Is that . . .

Johnson: The biological opinion (Storey: Okay.) that we're doing with both NMFS [National Marine Fishery Service] and the [Fish and Wildlife Service.] ~~National Marine.~~

That's our pumping, that's our operations.

Storey: Let's talk a little about John Keys.

John Keys

Johnson: Um-hmm.

Storey: He somehow got on this list next. (Laugh) But of course, he's died since you and I last talked. What kinds of thoughts have you had on what he did for Reclamation?

Johnson: Well, I mean, John was just a great guy and loved by everybody, and the outpouring that I saw when John got killed was just, or you know died in the plane crash, was just phenomenal. He had three, no I guess ***four*** memorial services, funeral services, and everyone of them was packed, standing room only, and I think that's a testament to John and the ***good will*** that he built with Reclamation's customers.

"I think if you go talk to Reclamation's customers they will tell you that John restored the relationship between them and the Bureau . . . I think Eluid Martinez moved us towards that, but I think John was the one that really brought the credibility and did the outreach . . ."

I think if you go talk to Reclamation's customers they will tell you that John restored the relationship between them and the Bureau, and I think John did that. I think Eluid Martinez moved us towards that, but I think John was the one that really brought the credibility and did the outreach to the customers to make, to make the difference.

Many Activities John Keys Worked on Culminated During Bob Johnson's Term as Commissioner

And, you know, I think John got, you know, many of the things that I just talked about started. (Storey: Um-hmm.) You know, the Rural Water legislation, the Loan Guarantee legislation that got passed, a lot of the other things that I talked about were being worked on when John was Commissioner, the Platte River activities. Of course, the Colorado River agreements, the TROA [Truckee River Operating Agreement], I mean, all those were being worked on, and those things take years to do. That's why I say, "I don't take credit." I mean, these things occur over a very long period of time. (Storey: Um-hmm.) And I don't think John would say he'd take credit for it either, but he was a part of it. I mean, you know, the Commissioner, you know, provides the support and encouragement to try to move those things along and get them done, and I think John very much did that. So, John was a great ambassador for the Bureau of Reclamation. John was a good Commissioner. He did a great job. He made Reclamation a better organization. Not only as Commissioner but throughout his career, you know, he was a Regional Director and worked in lots of other positions, and will be sorely missed by Reclamation and Reclamation's customers.

Storey: Good.

END SIDE 1, TAPE 2. NOVEMBER 13, 2008.

BEGIN SIDE 2, TAPE 2. NOVEMBER 13, 2008.

John Keys Didn't Get the Support from the Assistant Secretary That Bob Johnson Enjoyed as Commissioner

Johnson: The thing about John that I, that John was hobbled with as Commissioner, that I haven't been, and that is the struggles with his Assistant Secretary, and not always able to get the kind of support that I've felt like I've had as Commissioner, (Storey: Um-hmm.) and I think that's something that John didn't have the opportunity to enjoy. And, I tell you what I miss John, personally. He was a friend. And, I used to, I called John up a lot in the last two years as Commissioner. I used to call John up fairly regularly and talk to him about things that were going on, you know, what did he think, you know, calling on his experience. I mean, I called him up before I hired Don Glaser, (Storey: Um-hmm.) to talk to him about Don and did he think it was a good move to hire Don, and I did that on a lot of things. And, I don't have John, I haven't had John to call and consult with, (Storey: Yeah.) and I miss him. And, John as a friend, I mean, you know, there was not–John, there was, you could never had a better friend than John Keys. If something happened to you or you needed something John was there. I mean, he was the most thoughtful man. When I was Regional Director about eight years ago, nine years ago, I had a brain tumor and it was, at least at the time it seemed pretty serious. (Laugh) But, I'll never forget–John had retired. And, when John found out I had a brain tumor there was nothing doing. He was flying to Boulder City and he was going to take me to the hospital. He was going to wait for me in the waiting room. He was going to take me home. I mean, he was just, everything he could do, you know, to try–now, I told him, "No," you know, (Laugh) that he didn't need to do all that stuff, but it made me feel good that he was, just wanted to do that. And everybody that I ever talked to about John said the same thing, water users, you know, other employees, on a personal basis if there was something where somebody was in need, John was there. (Storey: Yeah.) And so, he was, in my opinion, he was just a great, he was a great Commissioner, but he was also a great human being.

Storey: Um-hmm. Good. We had started to talk, I think, about your participation in the drought in Georgia, (Johnson: Um-hmm.) and Secretary Kempthorne and so on, but at the time that we last talked it hadn't wound its way through the entire process yet. (Johnson: Um-hmm.) What are your thoughts about that? I know I went down in October. My wife, one of my wife's friends was getting married. This was the talk of the town (Laugh) among that particular group, and they were sort of bewildered because they weren't used to having water problems. And, what are your observations about that situation?

Working on Water Issues among Atlanta, Georgia, Alabama, and Florida

Johnson: Well, I think you're right. They're not used to having water problems in the South and the–it's interesting. They've had significant drought, particularly in that, and there's two river basins there. They both originate in Georgia. One river basin is called the A-C-F [Apalachicola/Chattahoochee/Flint], and that's, I can't, that's three rivers that flow into one and the headwaters is in Georgia, and I can't say the names of the rivers because it would be this big long–the Apalachicola. One's fairly simple.

Storey: Then there's the Chattahoochee.

Johnson: The Chattahoochee and the–I don't remember. A long name. So, one's the A-C-F, ones the A-C-T [Alabama/Coosa/Tallapoosa]. And . . .

Storey: That's the Tennessee system, I imagine?

Johnson: No. The Tennessee's a separate system.

Storey: A different one?

Johnson: The A-C-F originates in northern Georgia and that river flows down and it forms the border between Georgia and Alabama, (Storey: Um-hmm.) and then it flows into Florida and out in the Apalachicola Bay in Florida, and that is, that river system is the primary water supply for the city of Atlanta. And, they've had significant drought. There's a dam on that river system that was built by the Corps of Engineers. I can't, why can't I remember the name of the dam?[84] But anyway, there's a major dam that's a storage facility there, and they've had drought, and the dam storage levels are way down, very low. And, the governor of Georgia is very nervous about continuing to draw that lake down because that's the primary water supply for the city of Atlanta. The state of Florida is concerned about the environment in the Apalachicola Bay. There's a fishing industry there. There's an oyster industry there. There's endangered oysters there that are dependent on the flows in that river into the estuary. And so, the state of Florida wants to see the Corps of Engineers releasing extra water out–it's Lake Lanier. That's the name of it. That's the name of the lake. (Storey: Um-hmm.) I don't remember the name of the dam, but Lake Lanier. So, the state of Florida wants more water released out of Lake Lanier down into the Apalachicola Bay. So, what you've got is you've got a conflict between Georgia and Florida on that river system over, you know, how much water Atlanta uses and how much water should be released to maintain the fish and wildlife in the Apalachicola Bay. And that's the primary–Atlanta's growing and there's no interstate agreement. You know, in the West we had interstate rivers and there were disagreements among the states over how that water ought to be used, and we had ***lots*** of ***fights*** over the water. But over the years, in most interstate rivers, we've seen compacts developed, agreements between the states that defined how the river was shared. They've never had to do that in the South because there's always so much flow in the river the issue of water supply has never been something that they've had to deal with. So, in the ***West*** we've always had ***drought*** in the West, and so the West has, you know, over the years come to grips with that with these compacts, you know, and development of facilities, and that sort of thing. But, the South has never had to deal with that and now they're having this drought and we're now seeing this conflict arise, and Florida's saying, "Atlanta can't continue to grow and take unlimited water supply. That river belongs to us as well. There's got to be some commitment of flow into our Bay." And it's just–and, you've got the Fish and Wildlife Service getting sued because you've got endangered oysters down there, and they have to be protected.

Georgia Asserts it Has the Right to Use Any Water That Falls on the State

84. Buford Dam on the Chattahoochee River created Lake Sidney Lanier. The Corps of Engineers completed in the dam in 1956.

So, you've got ESA that comes into play as well, and yet you've got the state of Georgia sitting there and saying, "No, you know, Atlanta's not using that much water. Not only that, that water falls on Georgia soil and as long as it falls on Georgia soil it belongs to us." (Laugh) In fact, the governor of Georgia made a speech along those lines right during the middle of the negotiations that we were having with the three states. (Storey: Um-hmm.) he gave a state of the union or state of the state address to the legislature while we were in the middle of our negotiations, and one of his statements was that as long as he is governor the state of Georgia will never give up a drop of water that falls on Georgia soil. That's what the governor said.

Storey: That's quite a trick. (Laugh)

Johnson: That's quite a–yeah. So, the Corps operates Lake Lanier. They have entered into contracts with Atlanta for use of the storage for water supply purposes. Florida has sued, and Alabama has sued, saying that the Corps doesn't have authority to sell the water or sell the storage to Atlanta. And so far, the courts have agreed with Florida and Alabama and are ruling that the contracts with the Corps are illegal and the only way to make them legal is through an act of Congress. So, that's that A-C-F basin[.] ~~, that Apalachicola–I don't, I think it's the Appalachia River. Maybe it's the Cola River and then the Flint River.~~ The Flint River flows from southern Georgia and it actually comes into the [A-C-F] ~~A-C-T~~ system right where the Florida and Georgia border come together. So, it comes right in at the southern system. And, one of the things that's happened on the Flint River is they've actually developed irrigation and so they pump groundwater significantly to irrigate and that has actually reduced the flows in the Flint River that also comes down into it. So, it's not just Atlanta but on this Flint River you have this irrigation development that's diminished the flows in the Flint River that serves the Apalachicola Bay. And so that's been, that's an issue as well. Now you could probably, one of the things that could help is if you could build a dam on the Flint–there's no dams on the Flint. It's just natural flow–then you would have some ability to manage those flows. You could still meet irrigation, you could store when you had extra, and then you'd have water to release when you were dry in Lake Lanier and the rest of the system, the Flint might have water to feed the Apalachicola Bay. So, you know, there's a potential structural approach there that could actually help that problem pretty significantly.

The other river system is the A-C-T system, and that river system also has its drainage. The two drainages are right, you know, the split of the drainage is in northern Georgia, and the A-C-T system originates in northern Georgia, and there's a reservoir in northern Georgia that stores the water. It's mainly for flood control and navigation, that reservoir is. And, the City of Atlanta actually has a storage–it's not the City of Atlanta. It's part of the surrounding area of Atlanta. There's another area there. And, they have a similar contract with the Corps for ***water*** out of this other system. So, they're actually buying some storage from the Corps as well on this other system. I can't remember the name of that one either. It'll come to me here in a little bit. But they, they're going, they're pumping that water over into the other basin and that serves some of the Atlanta area. Although, the amount of water that they pump is pretty small. It's not like the other system, Lake Lanier. I mean, that's the primary water supply for four million people in Atlanta. This other system, the

amount of water that's pumped over is very, very small in relation to the amount that (Storey: Um-hmm.) in the other system. So that's, that's really fairly small. But, there you got the same problem is you got, it originates in Georgia, there's a dam up there, the Corps is allowing that dam to store water for use in Georgia, and you've got Alabama downstream that wants to see that water released for their river system. They've got a series of hydroelectric dams that power, the Alabama Power Company, and they want to see some guarantee of water out of those Corps facilities ***into*** the state of Alabama for use within Alabama. Their lakes were down, they were suffering from a drought, and Atlanta continues to grow, and they're afraid that Atlanta is going to take all the water out of that system and they won't be able to–(Storey: Um-hmm.) so, you've got Alabama, you know, saying the same things that Florida is saying. Is, you know, "Georgia's getting all this water. There's got to be a–we've got to have some sort of an agreement with Georgia over how much water we have a right to." And so, a very similar conflict. Florida's not involved in that one. Two separate river basins, but the same concept. And, the Corps is getting sued in both cases. And, Florida and Alabama think the Corps is less than fair and objective. They think the Corps favors Georgia on these issues. And, Georgia will not say that the Corps favors them, but they sure don't complain about the Corps. (Laughter)

Storey: And, I guess it just fell apart then, huh?

Johnson: Yeah. Well we, we came in–they wanted us to try to negotiate a deal in a couple of months. I mean, we started in–when was it–January. No. We started in about a year ago. I guess it was probably in November, in late November we started, (Storey: Um-hmm.) and we worked through December and into mid-January. So, we had about two months, two and a half months, and they wanted some sort of a deal in a very short period of time. And, we worked really hard. I spent a lot of time down there. I went to all three capitals. I met with the governors. It was fun. It was really exciting. And the governors, with the exception of Crist in Florida, Crist in Florida was not personally involved. His Natural Resources director was the one that, and you know I didn't get the sense that Crist was very engaged in it. But the Alabama, Governor [Robert, "Bob"] Riley in Alabama and Governor [Sonny] Perdue in Georgia were ***both*** personally engaged. We had a meeting, but we were meeting in Atlanta and Governor Perdue said that he wanted to meet with the Federal team to talk about, you know, his perspective on these issues. And, we're not going to tell the governor we won't meet with him, so we were, we went and met with Governor Perdue and had a nice meeting. Well, then the Alabama people hear that we met with Governor Perdue. Governor Riley goes ballistic. "What is he doing? He can't meet with them." you know. "That's not fair, you know. He's not, you know the feds are negotiating this, or (Storey: Yeah.) facilitating, and Riley's poisoning their minds." So then, the next meeting we had we went to Montgomery and we went and sat down with Governor Riley and ***let him*** poison our minds. (Laughter) They were both charming, you know. Governors are charming people. They're very smart. Governor Riley, in particular, ***colorful***, ***likable***, southern ***gentleman***, you know, and with the, but very . . .

Storey: In Alabama?

Johnson: In Alabama. (Storey: Yeah.) And, a very common way of talking, you know. And it

was just fun to deal with him. And, Governor Perdue too. They were both charming, charming (Storey: Yeah.) people.

Storey: And so you started about a month after Carol and I were down in Atlanta, it sounds like?

How Litigation Interfered with the Negotiation Process with the States

Johnson: Yeah. And, what happened is, we actually made some pretty good progress in the discussions, and we were trying to focus on both river basins, and we actually thought that we might be able to pull a deal off, and then what happened was litigation was ongoing so they signed confidentiality agreements. They said, "We're having these agreements. We're having these discussions to resolve the issues, but because we've got litigation we have to protect ourselves so that anything we do in these negotiations can't be used against us in the litigation." So, they signed these confidentiality agreements saying that they wouldn't disclose the information or allow it to be used in litigation. Well, in the state of Florida they have a lot of open-meeting laws, and the Alabama Power people were coming, you know, kind of a private interest, were coming with the state people and participating, or at least listening to discussions, and neither Georgia nor Florida were bringing their customers or their constituents with them. They were just the state people. Well, in the state of Florida the press got a hold of the fact that this confidentiality agreement had been signed, and all of a sudden the press in Florida was saying, "Secret meetings and discussions," you know, "over settlement of claims." And, you know, the State's, it kind of portrayed the state as abandoning the interests of Florida, which wasn't true at all. I mean, the state of Florida they were very aggressive in representing the interests of their constituents in the state of Florida. But ***nevertheless***, there was this perception created because–and it just, what it did is it created an atmosphere where it was just impossible for Florida. We were close to having a compromise, but all of a sudden that just kind of threw a wet blanket on the whole thing. Because, the state of Florida people, ***anything*** they came up with would be characterized as a "secret deal." And so, it really kind of made it difficult for Florida (Storey: Um-hmm.) to agree to anything. So that kind of got in the way and we ran out of time because we had to have a new biological opinion, and the Service had to issue an opinion on the operation of Lake Lanier. The existing [biological] opinion was expiring. And so, we didn't have time to negotiate anything.

Storey: That was the oyster thing?

"We did get the biological opinion in place, but we didn't get an agreement. But, we made progress and we laid a framework that they could pick up at a later date and work on it some more. I actually think that there's a solution out there, but you *need* more time. . . ."

Johnson: Yeah. Uh-huh. We did get the biological opinion in place, but we didn't get an agreement. But, we made progress and we laid a framework that they could pick up at a later date and work on it some more. I actually think that there's a solution out there, but you ***need*** more time. You can't come in in two months and negotiate a solution to that kind of a compromise. (Storey: Right.) Because, you've got to do

hydrology. You've got to do studies, you know, (Storey: Um-hmm.) "What's the flow? What's the historical flow? What makes sense for, to release into the state, under what conditions? What opportunities are there to develop facilities to keep everybody ***whole*** if Georgia's going to agree to make a commitment to deliver water to Alabama?" And, Florida, "Can we build facilities? You know, can we do some . . ."

"You need to do some engineering studies, you need to do hydrology, and that just doesn't happen right away. I mean, it's complex. And, you've got to do the studies and you've got to get facts on the table. . . ."

You need to do some engineering studies, you need to do hydrology, and that just doesn't happen right away. I mean, it's complex. And, you've got to do the studies and you've got to get facts on the table. It would get emotional and they'd start pointing fingers at one another and the only thing you could do is say, "All right, now, let's wait. Let's go get the facts. Let's get our hydrologists and let's do an analysis and see what the risks really are." (Storey: Um-hmm.) So, we'd go get–the Corps had some really good hydrologists. They'd do their modeling. We'd come back, we'd present the results, and then we'd have the same conversation. (Laughter)

". . . that was a great experience. I enjoyed it. It was fun. They're where the western states were fifty or a hundred years ago. . . ."

And, but anyway, that was a great experience. I enjoyed it. It was fun. They're where the western states were fifty or a hundred years ago. What's interesting is the climate change models show that reduced stream flow, that the impacts of climate change are going to cause drought in the Southeast as well as the West. Climate change models show ***increased*** streamflow in the Northeast. But, the Southeast and the western United States are expected to have less stream flow. (Storey: Um-hmm.) That's what most of climate change models show. So, ***they're*** in for a long, if that's true, they're in for a long-term problem and they're going to have to get some sort of a compact that settles the dispute between the states, and I think they'll get there eventually.

Storey: Well, I hate to say it but our time's up. Let me ask if you're willing for this information and the resulting transcripts to be used by researchers two years after you leave Reclamation?

Johnson: Yes.

Storey: Thank you.

END SIDE 2, TAPE 2. NOVEMBER 13, 2008.
BEGIN SIDE 1, TAPE 1. NOVEMBER 14, 2008.

Storey: This is tape one of an interview by Brit Allan Storey, Senior Historian of the Bureau of Reclamation, with Robert W., "Bob," Johnson, Commissioner of the Bureau of Reclamation, in his offices at the Main Interior Building in Washington, D.C. on November the 14th, 2008.

You mentioned yesterday that there was legislation for the Mancos Project

that had been attached to this lands bill, I think you were calling it? (Johnson: Um-hmm.) I'm wondering what's going on on the Mancos Project? It's such a small little project?

Mancos Project

Johnson: It is one of those projects that is in a, that serves an area that has not experienced economic growth or development, has a short growing season, and has relatively little ability to pay. And, their facilities are old and deteriorating, and in need of major repair. And so they are, that's legislation that would authorize the Bureau to appropriate money to repair, do the rehab of the project, (Storey: Um-hmm.) and making it nonreimbursable.

Storey: Really?

Johnson: Yeah. So, that's what that legislation–we, the Administration testified against the bill.

Storey: Yeah. I would think so. I just had [written] ~~read~~ an article[85] that included the Mancos Project for the *Colorado Water Newsletter*, or some such thing, and as I recall it's all forage and grain crops. But anyway, that's an interesting one.

Johnson: Yeah. You could ask me about that.

Storey: The Truckee Canal. Of course, we had that break at Fernley? (Johnson: Um-hmm.) How, I think you were involved in that some? (Johnson: Um-hmm.) And, could you talk about that (Johnson: Yeah.) for me, please?

Johnson: Be glad too. Are we on?

Storey: Yes. We're on.

Truckee Canal Break

Johnson: Oh, I didn't know we were on. (Laughter) I didn't realize we were on. Yeah. The Truckee Canal break in early January, you know, the canal is a hundred years old. It was originally built through desert and irrigated farm areas and it's a canal that had historically failed. But, because it ran through just, you know, rural areas and desert, the failure of the canal was not of significant consequence, you know. You'd go in and repair the canal and put water back in it and you move on. But, this time it failed and we, what happened is in the Fernley, Nevada, area, a lot of growth has occurred and there were a whole subdivision that was built right next to the canal.

590 Homes Flooded

And so, ***this*** time when the canal failed it flooded 590 homes and caused significant damage to a lot of, to a lot of homes, and created quite a stir. It was national news.

85. *Colorado Water Institute Newsletter*, "U.S. Bureau of Reclamation in Colorado until World War II," November/December 2008, pp. 28-30.

CNN carried it on a real-time basis. It made major headlines in a lot of newspapers. Our folks were down there on the spot right away. The district was there.

"It's operated and maintained by the Truckee-Carson Irrigation District, so they had primary responsibility. Our engineers got involved. We did the repair work within about a month, and the forensic analysis indicated that it was probably caused by a rodent hole . . ."

It's a transferred project. It's operated and maintained by the Truckee-Carson Irrigation District, so they had primary responsibility. Our engineers got involved. We did the repair work within about a month, and the forensic analysis indicated that it was probably caused by a rodent hole, either a gopher, or a beaver, or a muskrat that, and it was very common occurrence on that. Rodents are a common problem on that canal. It's an unlined canal, (Storey: Um-hmm.) and so that was probably the cause. We did put water back in the canal, but we restricted the capacity. We deliver . . . it has the capacity to deliver, I think, up to about 700 cubic feet per second and we have eliminated, or you know, limited the delivery capacity to 350 cubic feet per second, and that's at a level that stays down pretty low in the canal and is a level that our engineers felt like would be safe. So, until a permanent fix is implemented there, they're not going to be able to get all the water supplies that might be available to them. So, it's going to have an impact on–a significant impact on the district. (Storey: Um-hmm.)

". . . there's litigation. People were harmed. We're being sued because we own the canal. The district's being sued. The City of Fernley is being sued. We had done reviews of maintenance on the facility. We had never identified that particular canal as being a problem in any of our reviews of maintenance. . . ."

There's, obviously there's litigation. People were harmed. We're being sued because we own the canal. The district's being sued. The City of Fernley is being sued. We had done reviews of maintenance on the facility. We had never identified that particular canal as being a problem in any of our reviews of maintenance. Certainly the district has potential liability there because they did the operation and maintenance.

". . . the City of Fernley . . . probably has some liability because they allowed the development to occur and they didn't make provisions for drainage and there was actually some additional damage that was done because the City of Fernley built a road over a drainage ditch and basically blocked the ditch off and caused the flooding to be worse than it would have otherwise been. . . ."

And, the City of Fernley has some, probably has some liability because they allowed the development to occur and they didn't make provisions for drainage and there was actually some additional damage that was done because the City of Fernley built a road over a drainage ditch and basically blocked the ditch off and caused the flooding to be worse than it would have otherwise been. So, you know, it'll get sorted out in the court, the liability will get, my guess will get sorted out in the courts, you know, over a period of time.

Many Canals Now Run Through Urban Areas, and the Truckee Canal Break

Served as a Wake-up Call about the Potential for Property Damage in Those Urban Areas

In the meantime, it really has kind of served as a wake-up call for Reclamation, because we have ***lots*** of instances where we built canals a ~~hundred years ago and, or~~ a long time ago, in rural areas where loss of canal was of little consequence. So, our standards of maintenance were probably not as rigorous as they might have otherwise been and now we've had growth in lots of areas in the West, so we have a ***lot*** of canals that now run through ***urban*** areas. And so, you know, the question becomes, "What should we be doing to make sure we don't have another occurrence, like the Truckee Canal, because we have ***lots*** of similar kinds of circumstances out there on Reclamation projects. I might go back to the Truckee Canal. A fix is going to be expensive.

"A permanent fix is going to be expensive. . . . a concrete grout curtain down the eleven-mile length of the canal that's near the developed area, and that'll cost in the tens of millions of dollars. It's probably beyond the ability of the district to pay, and so I think it's going to be a tough problem to figure out how to get that fix to the canal. . . ."

A permanent fix is going to be expensive. It's probably putting a grout curtain, a concrete grout curtain down the eleven-mile length of the canal that's near the developed area, and that'll cost in the tens of millions of dollars. It's probably beyond the ability of the district to pay, and so I think it's going to be a tough problem to figure out how to get that fix to the canal. We don't have any authority or, you know, money I think to go in and do that fix. My guess is, at some point the district may get Congress to authorize something and to provide appropriations to fix it.

". . . it's made us set back and take a fresh look at our review of maintenance and urban canals and what kinds of *standards* of maintenance we ought to establish for urban canals. . . ."

So, we'll just have to see how that unfolds. But, from a broader perspective, it's made us set back and take a fresh look at our review of maintenance and urban canals and what kinds of ***standards*** of maintenance we ought to establish for urban canals. In fact, we've drafted new, new guidelines for maintenance on canals that flow through urban areas and inspection of canals that run through urban areas.

Water Users, in a Meeting, Showed Significant Concern about Operation and Maintenance of Urban Canals

We had a meeting in Denver with all of our water users to talk about the subject. We had ***great*** attendance. And, what we found out is this is a ***real*** significant issue for our water users. They've recognized this for long time, been very concerned about it, and they were very supportive of Reclamation, you know, taking the lead to try to help address the issue. So, we've got great support from our water users to take a look at this.

Reclamation Has New Standards for Dealing with Urban Canals and Is Planning to Be More Involved in Helping Districts Deal with Development Around Facilities

Two things we're doing is one we're establishing those new standards that I talked about. The second thing that we're doing is we've agreed to get more ***involved*** in ***helping*** the districts deal with development when it occurs around our facilities.

"We have *not been very proactive* when growth is occurring in getting in there and make sure that as the growth occurs that the growth, not the irrigation district or the water district, has the responsibility to provide adequate protection in the event of a canal failure. . . . we're going to get more proactive in dealing with local communities when they do their zoning and they grant their building permits and that sort of thing to developers to try to head off the risk of failure . . ."

We have ***not been very proactive*** when growth is occurring in getting in there and make sure that as the growth occurs that the growth, not the irrigation district or the water district, has the responsibility to provide adequate protection in the event of a canal failure. They can, you know, put drainage in. They could actually pay to reinforce the canal and make it safe as the development occurs. So, we're going to get more proactive in dealing with local communities when they do their zoning and they grant their building permits and that sort of thing to developers to try to head off the risk of failure before we have a lot of property, you know, developed below, below one of our facilities. So, and we got great support from our water users. So, that's the two things that we're doing.

Now, Senator [Harry] Reid introduced some legislation[86] ***requiring*** us to do inspections and actually set up a cost-sharing formula to have us pay the costs of repair to canals where this thing, you know, where these kind of circumstances existed.

Storey: And that's the legislation we rewrote for them?

Johnson: Right. Exactly. And, I talked about that earlier. (Storey: Um-hmm.) So, we were able to work with Senator Reid to draft something that will be helpful to us rather than something that would be onerous that we wouldn't be able to, that we wouldn't be able to implement. (Storey: Um-hmm.) I mean, he had some very unreasonable time frames to get things done, and he also had made it much broader than just urban canals. And, we have good safety programs for our dams. We don't need to do anything new there. We're funding our safety of dams program at around $90 million a year now. We've increased that budget in the last year. So, I think we're doing a good job. Our safety of dam program has a great reputation in the industry. We really do a good job on safety of dams and if there's problems out there with our facilities, a dam, you know, especially loss of life, loss of property, we're all over it. (Storey: Um-hmm.) So, that's a program we can be proud of.

Storey: Well, I know it . . .

86. See footnote on page 626.

Johnson: We need to do the same thing on urban canals.

Storey: Yeah. I know as you've been thinking I've been picturing like the Salt River Project canals, and New York Canal in Boise. (Laugh)

Salt River Project Is All Urban Now and They Have Been Able to Assure That Developers Build in the Costs of Safety and Drainage Measures

Johnson: The New York Canal in Boise is a cause for concern. Salt River Project canals are not. Salt River Project is very sophisticated, strong politically in the local communities, and they've done the things that I talked about (Storey: Um-hmm.) as growth's occurred in the Phoenix Valley. I mean, they were originally a hundred percent agriculture. Now they're a hundred percent urban. There is no agricultural irrigation deliveries, or if there are any they're a half of one percent of their deliveries. So, their whole system has been urbanized, (Storey: Yeah.) and they have done a ***very good job*** of ensuring the safety of their canals, through exactly the approaches that I talk about. As development occurred they required ***developers*** to bear the cost of making sure that the canals were safe and that the right drainage mechanisms were put in place. So, that's not one where we have a problem. We're very comfortable with that one.

The New York Canal in Boise Is an Issue

But, the New York Canal in Boise is one, and the district there works really hard to try to maintain that canal and make sure that it's safe. But I mean, it sets up thirty feet above, you know, residential housing and delivers water right through the middle of Boise for probably I don't know how many miles, but a number of miles. And, they've had a history of near failures. They had one very, a very near miss in the 1980s. They do find leaks in the canal, but they do a pretty good job of monitoring, (Storey: Um-hmm.) and looking. But, there's probably, that's probably a canal that's in need of a fresh look of what we need to do to make it safe. It's a lined canal, but even lined canals can fail. And, you know, I think the district is doing as much as it can, and it's very, very much in the forefront of the district's thinking, but that's one we need to be looking at. No question about it.

Shortage Criteria on the Colorado River

Storey: One of the things that I think would be interesting to talk about is the Shortage Criteria on the Colorado. I think that's advanced quite a bit since we last talked about it. First of all, how did we finally get them to sit down and talk about this?

"I think the drought probably . . . made it urgent to try to figure it out. . . ."

Johnson: Well, they had a, they had a big, you know, the drought. I think the drought probably brought it, to some extent made it urgent (Storey: Um-hmm.) to try to figure it out. And in, I think it was 2005 water levels in Lake Mead and Lake Powell had dipped seriously low and there's been a historic difference of opinion between the Upper Basin and the Lower Basin over our criteria for release of water from Lake Powell to Lake Mead.

". . . spring of 2005 the Upper Basin wrote a letter . . . [saying the] Secretary should limit the amount of water released from Lake Powell because conditions were so dry, and because . . . it was a wet year . . . on Lower Basin tributaries. . . . the Upper Basin maintains that the Lower Basin has an *obligation* to use their tributaries for meeting the water delivery requirements to Mexico. . . ."

And, in the spring of 2005 the Upper Basin wrote a letter to the Secretary saying that, that the Secretary should limit the amount of water released from Lake Powell because conditions were so dry, and because we had large, it was a wet year in the Lower Basin on Lower Basin tributaries. And, because of that the Upper Basin maintains that the Lower Basin has an ***obligation*** to use their tributaries for meeting the water delivery requirements to Mexico. And so, basically Upper Basin said is, "Look, you got all that water in those Lower Basin tributaries. You don't need to release extra water out of Lake Powell to meet the Mexican treaty obligation. That can be done, you know, with the tributary water in the Lower Basin."

". . . Lower Basin went ballistic because they . . . believe that the Upper Basin has an obligation to *always* meet half of the Mexican Treaty deliveries, and that Lower Basin tributaries are off the table for meeting that need. . . ."

And, the Lower Basin went ballistic because they don't believe, they believe that the Upper Basin has an obligation to ***always*** meet half of the Mexican Treaty deliveries, and that Lower Basin tributaries are off the table for meeting that need.[87] So, that sparked a very significant crisis between the Upper Basin and the Lower Basin over releases between the two big reservoirs. And, what the Secretary did is the Secretary said to–and then one of the things that the Lower Basin said is, "Not only that, the Secretary ***doesn't*** have the ***authority*** to reduce releases from Lake Powell. The Secretary's ***bound*** to make, by the ***compact*** and the ***operating criteria*** the Secretary's bound to make releases from Lake Powell for the Mexican Treaty obligation."

The Secretary of the Interior's Response Didn't Please Either Basin Totally, but the Secretary Informed the Basins That since the Colorado River Basin Was in Drought That Interior Would Move Forward with Developing New Criteria Regarding Operation of the Reservoirs and How Lower Basin Shortages Would Be Administered

And so, the Secretary responded in late April, I think it was late April of 2005, to the Upper Basin's request and basically said, "It's been a, it's a wet year." In fact 2005 turned out to be a decent year, not just on Lower Basin tributaries but in the Upper Basin as well, and so the Secretary wrote to the Upper Basin and said, "It's been a wet year this year, and as a result we don't think there's a need for us to change the releases from Lake Powell. However, just for the record, the Secretary ***does*** have the authority to modify the releases from Lake Powell." And so, the Secretary kind of very carefully "split the baby," refused the request from the Upper Basin specifically for that year, but they said, but the Secretary said, "But, I do have the authority," which really pleased the Upper Basin that the Secretary said that. It

87. Historian Norris Hundley Jr. discussed the question of tributary use in "Dividing the Waters," chapter 7 (pp. 169-214) of his book *Water and the West: The Colorado River Compact and the Politics of Water in the American West* (Berkeley and Los Angeles: University of California Press, 1975).

pleased the Lower Basin that the Secretary was not going to reduce releases that year, but it did ***not*** please the Lower Basin that she said that she had the authority to do it. So, it was a very carefully worded response. But, she went beyond that. In the letter she said, "This is a significant issue. We're in a drought on the Colorado River, and I'm going to have to be managing the river and operating it, and I'm going to move ahead. I'm going to initiate a process to develop new criteria on how we operate those two big reservoirs, and to also develop criteria on how shortages would be administered in the Lower Basin. And, I recommend that the Basin States get together and develop a consensus on what kind of criteria we should use. But, please ***know*** that I'm going to develop criteria whether you guys have consensus or not, and I'm actually going to begin the process ***immediately***."

". . . we *immediately* put out a *Federal Register* notice saying we were initiating a process to develop criteria. Well, there's nothing that motivates a group of states *more* than the thought that the Federal Government is going to make a decision *for* them. . . ."

And so, we ***immediately*** put out a *Federal Register* notice saying we were initiating a process to develop criteria. Well, there's nothing that motivates a group of states ***more*** than the thought that the Federal Government is going to make a decision ***for*** them. And so, immediately the Basin States started meeting ***with us***, you know, and the, you know, and all seven states and started hashing out all of the options and alternative approaches to developing this new criteria. We kind of served as a facilitator. Our staff did the technical analysis. They would develop concepts and ideas. We would go and model those ideas, provide data back. They would have give and take on how it ought to work. And, ***amazingly***, by February of 2006, and in fact the Secretary set a date and said, "I need a recommendation and I can't," and it might have been in a subsequent letter, but the Secretary set a date and said, "I've got to have an answer from you by February of 2006 and, because that's when I'm, you know, putting my final analysis together for the EIS [environmental impact statement]. And if you guys don't give me something by that date, we're going to, we're going to move ahead with our own."

"Amazingly, by the first of February of 2006 the Basin States came back with a consensus proposal . . . *beyond that* also, criteria that allows, that encourages *water conservation* and *water exchanges* within the Lower Basin. . . ."

Amazingly, by the first of February of 2006 the Basin States came back with a consensus proposal on how shortages ought to be shared and how operations of the Upper and Lower Basin need to occur, and ***beyond that*** also, criteria that allows, that encourages ***water conservation*** and ***water exchanges*** within the Lower Basin. Historically, the interpretation of the law of the river in the Lower Basin, particularly by the state of Arizona, was that ***if you conserved*** water, any water that was ***in*** the Colorado River system was system water and it belonged to the states collectively in proportion to whatever their allocations are. And, what that did is that doesn't provide any incentive for individual water users or states to manage their water supplies. It encourages a use-it-or-lose-it mentality, and if you don't take your water it stays in the system and then it ends up being shared with everybody else.

Storey: The state, a typical western attitude toward water rights?

Johnson: Right. Exactly. "If I don't use it, I'm going to lose it." (Storey: Right.) So, what we did is, in these new guidelines is we set up criteria that said, "We're going to allow ***storage credits*** in Lake Mead so that if you ***implement*** conservation and you don't use all of your ***entitlement*** you can leave it in Lake Mead and we'll account for it and you'll be able to take and use that water in a future year. To be on the safe side we're going to take 5 percent and leave it in the system for system losses and evaporation, and to make the system better off, but we're going to allow this criteria for storage credits."

". . . that was a huge breakthrough, and we now have a tool that allows the Lower Basin states, that encourages the Lower Basin states and water users in the Lower Basin to do conservation and save the water so that they're prepared for a drought when it comes, and a shortage condition when it comes. . . ."

So, that was a huge breakthrough, and we now have a tool that allows the Lower Basin states, that encourages the Lower Basin states and water users in the Lower Basin to do conservation and save the water so that they're prepared for a drought when it comes, and a shortage condition when it comes.

Nevada Is Funding Two-thirds of the Drop 2 Structure While Arizona and California Each Are Funding One-sixth–Conserved Water Is to Be Allocated to the States in the Same Proportions as the Funding Paid

As a result of that guideline that, I talked earlier about the Drop 2 regulatory storage structure, (Storey: Um-hmm.) and the fact that the three states were funding the development of that structure. Well, the reason why they're willing to fund it is because they're going to get the water. Nevada's going to fund, I think it's two-thirds of it and get two-thirds of the water, and Arizona and ~~Nevada are going to, or Arizona and~~ California are going to fund a third of it and they'll get a sixth, one-sixth each. Is that right? Yeah, one-sixth each.

Storey: Yeah, that makes another third.

The Lower Basin States Can Take Other Approaches to Conservation and Creating New Water Opportunities in the System

Johnson: Of the water. So, they're actually going to get the ***water*** and it'll save sixty or seventy thousand acre feet of water a year. So, they're actually going to get the ***water***. That's why they're willing to make the investment in the project. And, there'll be ***lots*** of other investments. They can invest in desalinization on the coast and make exchanges with California and Mexico, under those criteria. They can create new water on the system. California and/or Mexico could forebear and then Las Vegas will be able to divert and use that water upstream, or Phoenix would be able to do that. Los Angeles could do that. So, we really, to me that was the most significant piece of the breakthrough. ***We*** had been, the Bureau of Reclamation had been advocating doing that since 1994. We drafted a set of guidelines in 1994 that put similar kinds of concepts in place. And, in 1994 we ran into a roadblock and weren't able to move forward with that because of strong objections, especially from

the state of Arizona. The state of Nevada and California, even in 1994, were ***open*** to those kinds of ideas, being a little more creative. But, Arizona was always more conservative in their interpretation of things and didn't want to see those kinds of unique management concepts be implemented in the Lower Basin. So, so anyway that was a, that was a huge, that was a huge breakthrough. And, I think what we did to bring the states together is: one, the Secretary told them that she was going to do it whether they agreed or not; and, two, I think that we did a good job of facilitating the discussions and providing the technical analysis and advice to the states on the impacts of various alternatives. And so, (Storey: Um-hmm.) that's how, I think that's how we got them together.

The Colorado River, one of the reasons that I think we're successful, a couple of reasons while we're so successful on the Colorado River, because this is not the first time we've been able to bring together new, you know, deals on the Colorado River. We did it with the QSA [quantification settlement agreement] in 2003. I think I talked about that in a previous oral history, and we did some [water] banking guidelines in 1999, and we've had other successes in terms of getting the states to come together and resolve issues.

". . . the reason why we're so successful on the Colorado River . . . relationships among the parties. . . . people that have worked together . . . for *long* periods of time, and relationships develop. . . . the other thing that makes the Colorado River tick is there's a tremendous amount of authority vested in the Secretary of the Interior to *manage* the system. . . ."

And, the reason why we're so successful on the Colorado River, I think, a couple of reasons. One is the relationships among the parties. It's interesting, but on the Colorado River we have people that have worked together in the various states and on the various, with the various water users for ***long*** periods of time, and relationships develop. People get to know one another, and there's times when they're on the same side of the table and there's times when they're on the opposite side of the table. And so, they've worked together. Most of them have been there a long time and they've worked together. And, new people come in, but there's enough old people there, you know, and then the new people become part of that fraternity, and there's a set of relationships and they respect one another, and they work with one another. I think the other thing that makes the Colorado River tick is there's a tremendous amount of authority vested in the Secretary of the Interior to ***manage*** the system.

Most other river basins have very dispersed authority for managing the system. You know, you got the states. You might have the Corps of Engineers. You might have the Bureau of Reclamation. You might have a lot of private facilities. You know, you go to the Columbia system there's probably a hundred dams on the Columbia system, a bunch of Bureau dams, a bunch of Corps dams, and a bunch of private dams, and you don't have any single entity that has any oversight or responsibility for managing the whole, the whole system. And, you've got states and everybody with different–and, it's more difficult, I think, to get a consensus. But on the Colorado River, all of the river system, all of the dams and facilities on the river system have been built by Reclamation. So, you only have one entity that's operating

dams. And then you've got a history of legislation and court decisions that have ***vested*** a tremendous amount of ***authority*** in the Secretary to manage that system. The Boulder Canyon Act, in 1928, put the Secretary in charge of the Lower Basin, clearly because California and Arizona couldn't agree on how water was allocated. And so, this tremendous amount of authority got put on the Secretary in the Boulder Canyon Act. But, as time went on more and more authority was added. In 1968, the Colorado River Basin Project Act required the Secretary to develop long-range operating criteria for how you manage the river system. And then, in 1964, prior to that, the Supreme Court ruled, in *Arizona versus California* and really put even ***greater*** emphasis on the Secretary's role as watermaster, under the legal authority of the Boulder Canyon Act. The Supreme Court really reinforced the Secretary's authority. So, you got, and you got ESA and you've got the National Parks, and you've got the Bureau of Reclamation that operates the facility. The Secretary of the Interior oversees all of that. So, you have ***one*** governmental entity that has a tremendous amount of authority and responsibility for managing the river, and ***that allows*** the Secretary to drive consensus solutions, because the Secretary can do, just exactly . . .

END SIDE 1, TAPE 1. NOVEMBER 14, 2008.
BEGIN SIDE 2, TAPE 1. NOVEMBER 14, 2008.

Storey: So, Gail Norton had the authority and the capability?

Johnson: Right. And said, "I'm going to do it whether you guys agree or not." Other river basins we don't have that. We don't have anybody that can step up and say, "I've got the authority to solve this problem and I'm going to solve it." We don't have that in other river basins, so we just, it just goes on and on. And so, the Colorado River is a great model and the Secretary's got to use that authority very carefully. I mean, you don't want to become a dictator, you know.

States, traditionally in the western United States, have maintained autonomy in the matter of managing water supply. State law applies. Reclamation law ***says*** that Reclamation is to defer to state law in the management of its projects. But, on the Colorado River that's a little, a little, you know, been modified, ***especially*** in the Lower Basin. Upper Basin state law still applies to allocations within, but the Bureau comes into play in operating the facilities up there and the Bureau comes into play under the long range requirement to do long-range operating criteria in the, for the whole river system. And, I am not aware of any other river system where you have that kind of authority and responsibility in one entity to try to drive solutions. But, I think the Secretary does it in a very careful way, and uses that, that leverage, sparingly and, as much as the Secretary can, defers to the prerogatives of the states on management issues, if it's possible. So, anyway, if you can ***revamp*** water systems nationwide to set up similar models I think you could, you could really have better river management, and more successful river management without as much controversy, and litigation, and . . .

Storey: Um-hmm. And when you say the Secretary wrote this letter, I'm assuming you mean Reclamation wrote it, and she edited it?

". . . Reclamation *is* the main player on the river, and . . . we do draft the letters,

we do do the technical analysis, we do do the facilitation in working with the states, and we do advise the Secretary on what steps should be taken. But, I mean ultimately it's the Secretary who has the authority. . . ."

Johnson: She signed it. I mean, you know, it's a joint effort, certainly. Yeah. Reclamation drafted. We worked very closely with the solicitor's office. We've got Bob Snow, and John Bezdek, and Katherine Verburg in the Lower Basin. We've got–I can't remember his name–in the Upper Colorado Region that are all lawyers that work with us on the Colorado River, that are very knowledgeable on the, you know, on the law of the river and, you know, provide good legal advice. But yeah, Reclamation, Reclamation ***is*** the main player on the river, and, you know, we do draft the letters, we do do the technical analysis, we do do the facilitation in working with the states, and we do advise the Secretary on what steps should be taken. But, I mean ultimately it's the Secretary who has the authority. (Storey: Right.)

And, when you get into these high profile issues, you know, if the states don't like what the Bureau's doing they're going to go to the Secretary. So, the Secretary does have to lay his or her authority on the line in order to really make the system work. (Storey: Yeah.) And, but yeah, Reclamation is the one that really does all the on-the-ground stuff. And the expertise and the relationships, I talked about the relationships among the states and the longevity of the people that work on the river, Reclamation brings that to the table as well. I mean, the Reclamation staff are part of those relationships, and we do have people in Reclamation that work on the river for whole careers, (Storey: Um-hmm.) and develop those kinds of relationships, and are able to help be real players in solving problems.

Storey: Clarify for me, if you would, basically by the time water gets to Lake Powell, behind Glen [Canyon Dam], the Upper Basin can't use it any longer? The only use that I think I'm aware of is Page has a straw in the lake. So, why does it matter to them whether or not this year we release our half of the Mexican Water Treaty? Why does it matter to them whether or not this year we deliver our seven and a half million acre feet, because effectively that water is, it isn't ***in*** the Lower Basin but it's effectively ***only useable*** by the Lower Basin?

The Upper Basin is concerned about operation of Lake Powell because ". . . if they can't deliver it out of Lake Powell they have to *shut off* their uses with their Upper Basin users in order to meet the compact delivery requirement. So, Lake Powell is their bank account to deliver water to the Lower Basin. . . ."

Johnson: Because, if they can't deliver it out of Lake Powell they have to ***shut off*** their uses with their Upper Basin users in order to meet the compact delivery requirement. So, Lake Powell is their bank account to deliver water to the Lower Basin.

Storey: Without drawing on the upriver resources?

Johnson: Right. Without drawing on the upriver uses. If Lake Powell goes dry the Upper Basin has to make a call on their river, on their rivers, on their tributaries, and ***make*** their water users ***reduce*** their use so they can meet their compact delivery to the Lower Basin. So without, you know, if Lake Powell goes dry they're going to have

to make a call on their water use and they don't want to do that. So, Lake Powell is very valuable and they care ***greatly*** how much, they want to keep as ***much*** water in Lake Powell, they want to keep that bank account as flush as they possibly can so that they can write a check every year to meet their Lower Basin obligation. If the bank account goes to zero, then they've got to start taking money from other sources, or water from other sources to meet the obligation.

Storey: So, do these new operating criteria help them do that?

Johnson: Yeah. They do. In fact, the new operating criteria, the way–and I'm oversimplifying because it's more complicated than this–we had operating, when I say "long-range operating criteria," Congress told the Secretary to develop long-range operating criteria to define, basically, how those reservoirs in the Upper and the Lower Basin were going to be coordinated to meet the requirements of the compact. And, the Secretary developed criteria in 1970, as required by the 1968 Act, and that criteria has been used for thirty, was used for thirty-seven years. Or, yeah, thirty-seven years. And basically, that criteria said that the Upper Basin, that the Secretary would always release a minimum, the words were "minimum objective release from Lake Powell of 8.23 million acre feet." ~~And, that's 750,000 acre feet. No,~~ 7.5 million (Storey: Acre feet?) acre feet (Storey: Right.) for the Lower Basin, ***plus half*** (Storey: Of the Mexican Treaty?) of the Mexican entitlement. Now, it's 8.23 million acre feet, because there is an Upper Basin tributary, the Paria River, that flows into the Colorado River before Lee's Ferry, the compact point. So, there's 20,000 acre feet on average, and so that helps meet the extra. So, it's only 8.23 from Lake Powell, but it's basically half of the Mexican Treaty obligation. Now, the Upper Basin has–and then, so that's the minimum objective release. ***And then***, if Lake ***Powell*** is fuller than Lake Mead then in addition to the 8.23 release, the Secretary would release additional water from Lake Powell so that the storage levels in Lake Powell and Lake Mead are equal.

Storey: Those are the old criteria?

Johnson: That's the old criteria.

Storey: Okay.

Johnson: And, the result of that was that Lake Powell would have great fluctuations, because they were always going to release at least 8.23, and if you got into a dry cycle, where there's less than 8.23, Lake Powell falls. And, Lake Mead is getting a fairly steady, regular flow, and Lake Mead at 8.23 will decline ***some***, because of evaporation and losses, but it's a relatively slow decline. In a dry cycle, Lake Powell can drop fairly quickly. And ***then***, if it's below, you get into a wet cycle Lake Powell fills quickly, because it doesn't make anything more than the 8.23 until it gets roughly equal to, or you know, equal or greater than Mead. And so, what we had is an operating criteria that allowed Lake Powell to do most of the fluctuation and Lake Mead to be relatively stable. The new Criteria make modifications to that approach, and actually provides criteria that allows the two lakes to fluctuate more consistently. So, Lake Mead will fluctuate more under this criteria than Lake Powell.

Storey: Sort of in parallel?

Johnson: More in parallel. Not exactly. Lake Powell still will fluctuate ***somewhat*** more, but there's, there's now more equal fluctuations between the two, between the two lakes (Storey: Um-hmm.) than it was prior. So, (Storey: Interesting.) and that's an oversimplification. It's more ***complicated***, but that's probably the simplest way to describe it.

Storey: But, it sounds as if under the old operating criteria that there were years in which the Upper Basin delivered more than its 7.5 (Johnson: Um-hmm.) to the Lower Basin?

Johnson: Um-hmm.

Storey: Do you happen to know whether or not that counted against future deliveries or whether that was just lost water, from the Upper Basin's point of view?

Johnson: The Upper Basin would say that if they delivered each water–the compact says that they'll deliver 75 million acre feet over ten years.

Storey: Yeah. And . . .

Johnson: So, the Upper Basin would (Storey: Right.) go back and add up for ten years and if releases were made above the 7½ million acre feet, and then you got into a drought and they were making less releases, the Upper Basin would argue that those ***extra*** releases in those years count towards their compact obligation.

Storey: Okay. I was wondering if that worked that way or not? (Johnson: Um-hmm.) Yeah. Most people say, "Well, they have to deliver 7.5 a year," (Johnson: Yeah.) and they don't recognize that the compact actually has that averaging (Johnson: Right.) capability in it?

Johnson: Right.

Storey: One of the interesting things that has happened fairly recently is that Senator McCain, while running for the presidency, apparently said that he wanted to revisit the Colorado River Compact. (Laugh) Did that have any implications for Reclamation? I ***know*** the ***states*** got upset about it. (Laugh)

Senator Mc Cain's Suggestion That the Colorado River Compact Be Revisited

Johnson: No, you know, we stayed out of it. I think that, that Senator McCain got set up by the newspaper, personally. That was the *Pueblo Chieftain*, (Storey: *Chieftain.*) and he was doing an editorial board, and if I understood it right they kind of asked him a leading question.

Storey: Yeah. I don't know the circumstances.

Johnson: And, the leading question was, "Well, what do you think about the Colorado River? The data, you know, we've had an extended drought and the data indicates that it's over-allocated, and that the flows into the river are not equal to what the states agreed, you know, under the compact on how the water ought to be allocated among

the states? And, you know, it's an over-allocated river. What do you think ought to be done?" And, you know, I'm sure that Senator McCain is probably not well versed in–he probably does know that he's not well versed in the intricacies of the Colorado River law and but he is, he does understand that it's important for states and state water rights to be respected. So, I mean his comment back was, "Well, if that's the case then the states ought to get together and agree, you know, on how it ought to be changed," which is a kind of a logical–if you don't ***know***, if you don't understand the details it's kind of a logical response. Well, especially since Senator McCain is from Arizona and there's always been a conflict, or the appearance of conflict between Arizona and the state of Colorado on Colorado River matters, they're . . .

Storey: You mean California?

Johnson: No. The state of Colorado.

Storey: You mean Colorado?

Johnson: Yes. Uh-huh.

Storey: Okay. (Laugh)

Johnson: The state of Colorado and Arizona ***tend to be***, in the Basin States' discussions, the two most outspoken states taking the strongest views on various issues. And very often you see in those discussions those two states at odds with one another. Although, the other states might be with them, but they'll be the leaders in (Storey: Um-hmm.) in each of their respective basins in arguing points. And, you know, the fact that Senator McCain was from Arizona, a Lower Basin state, saying that in Colorado, probably leant some additional concern, you know, within the state of Colorado. But, I don't think, he wrote a clarifying letter saying that "The compact shouldn't be changed if the states don't want to change it. And, you know, all I was saying was that the states need to work together to find solutions on the Colorado River system. That's all I was saying." And, I think that's all he meant to say. (Storey: Um-hmm.) And, I think that the *Pueblo Chieftain* set him up with the question, and then once he answered it, you know, made a big deal out of it. (Laugh) (Storey: Yeah.) And, created a controversy where I don't think there was one.

Storey: Yeah. I think one of the news stories suggested that he hadn't transitioned from being a senator from Arizona to being a presidential candidate, (Johnson: Right.) or something like that.

Johnson: Right. Yeah. Yeah. He wasn't, I don't think he got treated fairly on the issue, personally.

Storey: Another issue that, as I recall, has come up, I think I'm correct in thinking that Nevada and Arizona have some sort of an arrangement where Arizona would take water and ***bank*** it by putting it underground, and then when there's a shortage Nevada would be able to ***draw*** on that? (Johnson: Um-hmm.) And, I think I was reading news stories like last year or maybe the year before about Nevada wanting to tap that water, and then there was a dispute over who had to pay pumping charges, and a bunch of other things. Are you familiar with that at all?

Johnson: Yeah. Um-hmm.

Storey: Could you talk about that a little bit?

Water Banking in the Lower Colorado River Basin and the Relations Between Nevada and California on the Issue

Johnson: Well, you know, I mean that was something, you know I mentioned earlier that one of the things that we did in 1999 we put a Colorado, Lower Basin banking program in place.

Evolution of Groundwater Banking in the Lower Colorado River Basin

We actually developed and created a Federal regulation that laid out procedures under which we would allow Lower Basin states to cooperate with one another by diverting Colorado River water, storing it in groundwater, and then in future years making that groundwater available for use in the state that paid for the storage. And, so the states have entered into agreements among themselves to do that and the Secretary enters into an agreement with the states that agrees to operate the river to accommodate those exchanges.

Nevada Has Banked Water in Both Arizona and California

And yeah, that did happen. I think they did get into a dispute over who paid what costs, but I, you know, I think in general that's a tool that works and Nevada has banked water in the Arizona groundwater basin. I think California has. Nevada's banked water in groundwater basins in California. So, there's been joint mutual agreements between the three states in the Lower Basin. And, it's a good water management tool. It's something that helps expand the storage of Lake Mead. Because, you can now use groundwater, use, you know, underground storage as a means of storing water for future use, and you don't have to use space in Lake Mead. So, it's a good tool. And yeah, they've had, you know, like everything else, you know, there's always room to have a dispute over something. But, my guess is they could work out what the costs are and pay, figure out, you know . . .

Storey: They can figure out how to do this?

Johnson: They'll figure out how to fix that.

Storey: And, I guess the thinking is that for groundwater there's less loss because of evaporation and those sorts of things?

Johnson: Yeah. And, you know, what that role has been–well, yes. I think that's true. There's less loss. Although, there's ***more expense*** because you've got to pump it up, put it in storage, and then you've got to pump it back out in order to claim it and put it to use. (Storey: Um-hmm.) So, there's some expense associated with it. But, in essence ***now***, when we put that groundwater banking rule in place in 1999, we hadn't yet gotten agreement that you could bank water, that you could store water and have credit for that water in Lake Mead.

"Now, we have the new rule that says you can bank and have credit for water in Lake Mead. . . ."

Now, we have the new rule that says you can bank and have credit for water in Lake Mead. That could set off, offset the–you wouldn't have to pump it up and put it in. You could just store it in Lake Mead. (Storey: Um-hmm.) So, I think groundwater banking will continue to be used. And, you're right. There is an advantage in that you don't lose, you don't have evaporation losses, and that sort of thing. So, that's nice. And, you don't take up storage in the system that could otherwise, that might otherwise cause spills to occur if you have some real wet years.

Storey: Um-hmm. One of the interesting things along the Lower Colorado has been Ciénega de Santa Clara, the lining of the All-American Canal, and the controversy with Mexico over the seepage water that was flowing down that way. And then recently, we had our, the U.S. ***and the*** Mexican representative, I believe, to the IBWC [International Boundary and Water Commission] killed in a plane crash. How is this affecting Reclamation from the Commissioner's point of view?

Loss of the American and Mexican Representatives to the IBWC in a Plane Crash, Ciénega de Santa Clara, and Lining of the All-American Canal

Johnson: Well, it was a tragedy that we lost those two Commissioners. They were personal friends of mine, and they had both worked on the border together for, you know, twenty years each. (Storey: Um-hmm.) And, in fact, I had worked with both of them and known both of them for that period of time. And, because of–I mean, it's just like the relationships that I talked about among the states, that you have people that have been there for a long time, that have worked with one another, that have achieved common goals together and yet still are at odds, you know, from time to time on various issues. Well, that applied to the relationship between the United States and Mexico because of those two Commissioners. And so, it's a huge blow to have two people that have such experience and such a relationship between one another, and such a relationship with everybody else on the Colorado River, to lose them both is a huge loss ***personally***, but also for the Colorado River system and for relations between the two countries. So, yeah, it's definitely, that's definitely, that's definitely had an impact.

You're absolutely right about the lining of the All-American Canal, the seepage losses, the impact that has in Mexico. That was a ***huge*** issue for Mexico. It was a ***huge*** issue for the United States. The Mexican Congress actually ***passed*** a ***law*** saying that there were two issues–the two most important issues between Mexico and the United States. One was immigration and, you know, the border, the border, (Storey: Yeah.) you know.

Storey: You mean, just because ~~we're supporting~~ one-eighth of the ~~American, (Laugh) or~~ Mexican population [is in the United States]?

Johnson: Yeah. And the other, the other issue was the lining of the All-American Canal. So, that was the kind of significance that the country of Mexico placed on lining the canal. On the other hand, it's a very important issue to water users in the United States, and the United States Congress passed a law that said, "The Secretary is

directed to line that canal ***without regard*** to any other provision of law," meaning that the Secretary did not have to comply with Endangered Species Act, or National Environmental Policy Act, or Clean Water Act, or ***any other*** act that could be interpreted to somehow, and could be used in litigation to somehow stop the lining of the canal. And, it left ***no discretion*** to the Secretary. It said, "The Secretary ***is*** *directed*," post haste, you know, immediately to move forward with lining the canal. So, it was a very significant issue for the American Congress as well. And, as a result of that legislation we've moved forward with lining the canal and it's being lined as we speak.

Storey: But is that legal for the Congress to direct an Executive Branch official to do something?

Johnson: Sure. Congress authorizes and directs Federal agencies to do things. Sure it's legal. I mean, Congress writes the laws. (Storey: Um-hmm.) They get to determine the law. And, if Congress wants to write a law that says, "The Endangered Species Act doesn't apply," they can do that. They have that authority. They did that, that's similar to what they did with Homeland Security on the border fence. In that law, they said that, "Without regard to any other provision of law." (Storey: Um-hmm.) So, the same thing was done on the border, and absolutely Congress has the authority to do that. That's, their purpose is to pass laws.

Storey: Yeah. I wasn't questioning passing laws. I was questioning in effect asserting control over an Executive Branch agency.

Johnson: Well, Executive Branch agencies and the Executive Branch as a whole, is charged with carrying out the laws that Congress passes. (Storey: Um-hmm.) The Executive Branch, when I took a, when I took my oath of office, when we all, as Federal employees, take our oath of office we say that, "We will support, uphold, and defend the laws of the United States," and those laws are determined by Congress, whether we agree with the laws or not. (Storey: Yeah.) You know, we as individuals don't get to pick and choose what laws we're going to support, protect, and defend. (Laugh)

Storey: Well, is anything going on in terms of maybe supplemental water supplies or anything for Mexico?

Dealing with Water Issues with Mexico

Johnson: Yes, there is. And, in fact, that's why the loss of the two Commissioners is so tragic, because there has been a significant effort between the two countries to come together and work on common projects that will enhance water supplies in Mexico and also enhance water supplies in the United States. And, those two Commissioners were very active in helping to facilitate those discussions. And, because of their loss those discussions, I won't say they came to a stop but they've certainly been slowed down. (Storey: Um-hmm.) And, it'll be difficult to–we were actually hoping to get something by the end of this year, and with the loss of those Commissioners that's not going to happen. So, it's made things, it's made things more difficult. The Secretary signed a joint statement with the Ambassador of Mexico saying that the

two countries would work together to find "holistic approaches to managing the Colorado River to the, for the benefit of both countries." And so, that's kind of served as a policy statement for the two countries to move ahead and try to find these common ground. And, the things that were being worked on were things like, "Can we let Mexico, why don't we let Mexico do what we're letting water users in the United States do with storage credits in Lake Mead? If Mexico wants to conserve water and not take all of its entitlement and have carryover storage in Lake Mead, let's let Mexico do that too." That would be a huge benefit to Mexico. Right now, we treat them like we used to treat users in the United States. Use it or lose it. (Storey: Um-hmm.) So, we could offer that to them and they were very interested in that. Also, the United States could pay for water conservation in Mexico. The United States could pay for desalinization in Mexico. There's lots of brackish water. There's also ocean water, Gulf of California. Or, yeah, Gulf of California or the Pacific Ocean that could substitute for Colorado River water and allow exchanges to occur upstream, and in the process create better quality and improve quantities of water as well for Mexico at U.S. expense, in exchange for some of the water getting used in the United States. So, those were the kinds of things that were being talked about. And so, there's some real win-win approaches to working with Mexico and with U.S. entities being able to provide revenues to help Mexico improve their system.

Storey: Yeah. One of the pressures that's fairly new, I think is that drain water from Wellton-Mohawk that's been bypassed and sent down to this Ciénega de Santa Clara? And, I believe we operated the desal plant this year to look at conserving some of that water. How did things go and what's going on?

Test Operation of the Yuma Desalting Plant

Johnson: Last year we did a test operation of the plant. We operated at 10 percent capacity for ninety days, just to get better handle on what it would take to operate the plant. And, it was a successful test operation. It operated at a higher efficiency than we had hoped for, and at, and produced more water than we anticipated would be. But, it's still a small amount. I mean, 10 percent for ninety days, I don't know, it was four or five thousand acre feet of water. So, pretty small. But, nevertheless, we demonstrated the plant can operate.

Reclamation Is Discussing the Idea of the Lower Basin States Paying for Operation of the Desalting Plant and Receiving the Water in Return

We're now in discussions with the three states about operating it, doing another test operation and operating it at a third capacity, and with the states paying for the operation. We paid for the 10 percent operation, but the states would actually pay for, and then they would get the water for operating it. And so, we've been in discussions to see if we could make something like that work. We're getting ***strong objections*** from the environmental community. We're being told that if we do operate the plant we'll have litigation over the impacts on the Ciénega [de Santa Clara] and the need to address environmental concerns, Endangered Species, NEPA [National Environmental Policy Act]. So, I think, you know, we've expected that. I mean, you know, we've understood all along. And, there's no question in my mind that if you operate that desalting plant at a high capacity–I don't know about a third.

I mean, maybe you can operate it at a third and not have big impacts on the ciénega, because you're still going to be putting 60,000 acre feet of water in the ciénega. And so, that's still a lot of water that goes down there. You're ***reducing*** it from 100,000 acre feet . . .

END SIDE 2, TAPE 1. NOVEMBER 14, 2008.
BEGIN SIDE 1, TAPE 2. NOVEMBER 14, 2008.

Storey: This is tape two of an interview by Brit Allan Storey, with Bob Johnson, on November 14th, 2008, at, beginning about ten o'clock in the morning at the Main Interior Building.

So, it would be operating at a third capacity and still putting about 60,000 acre feet into the ciénega?

Johnson: Right. Right. If you operate it at full capacity, you know, you'd be, all you would be putting in the ciénega would be the reject water, which would be very, very high in salinity and you probably ***would*** have some impact. So, but even at third capacity the environmental groups are very upset and they're telling us that they're going to litigate. So, we're being careful to do a very thorough environmental analysis of the impacts of our operations so that if we do have litigation that we'll have a good defense. That we have . . .

Storey: Have we had previous litigation?

Johnson: Not on the desalting plant. We've had previous litigation over our operations of the Colorado River and its impacts in ***Mexico*** in the Colorado River Delta. But, the issue, no, we've not had–because we haven't operated the desalting plant. So, we have ***not*** had litigation over the impacts of operating the ***desalting*** plant (Storey: Um-hmm.) on the ciénega, which it happens to be located in the Mexican [Colorado River] Delta.

Storey: Yeah.

Johnson: The litigation that we've had in the past on impacts in Mexico, so far, has always ruled in favor of the United States. We have not–the environmental litigation that's been filed, to date, has never been successful.

Storey: Yeah. If I'm recalling correctly the court's saying that we aren't responsible for what happens in Mexico?

Johnson: That's correct. I mean, our argument has been, you know, once that water crosses the border the country of Mexico can do whatever it wants with the water. And, I mean, even if we made extra releases, Mexico might divert it, and it might not do anything good for the environment anyway. (Storey: Um-hmm.) So, we really have no discretion over what happens down there and therefore we're not required under the Endangered Species Act to do formal consultation.

Storey: Yeah.

Johnson: It's a little harder to make that argument with the desalting plant, because it's poor quality water, it's not suitable for irrigation use, and the likelihood that Mexico would mess with the deliveries to the ciénega are much smaller. (Storey: Um-hmm.) But, that's going to be an issue, and stay tuned. We'll see how it plays out.

Storey: Yeah. Let's see, we talked yesterday about your selection of Don Glaser. (Johnson: Um-hmm.) I'm trying to recall whether you did any of the other Regional Director selections, Great Plains–who else was–Upper Colorado, and so on?

Selections of Senior Executives in Reclamation

Johnson: I have hired three regional Directors as Commissioner. (Storey: Uh-huh.) Upper Colorado, Lower Colorado, and Mid-Pacific. Great Plains is Mike Ryan and he was selected by John Keys prior to my tenure, and Bill McDonald has been there for ten years.

Storey: Since Eluid?

Johnson: He was, yeah, he was selected by Eluid Martinez. So, yeah, I selected–actually, (Laugh) since I've been Commissioner I've probably selected roughly half of the senior executives in Reclamation.

Storey: Could you talk about that?

Johnson: Yeah. You know, I think that that is probably–I always say that the most important decisions that we make are who we hire. And certainly, I've had ample opportunity as Commissioner to hire senior leadership in Reclamation, and I feel pretty good about it. And, I think, and I have never really counted up, but since I left, or since I've been Commissioner, I've had the TSC [Technical Service Center] position open up. I've had the, I can't remember the title, the Director of Operations, Maryanne Bach retired. I had the Administrative Officer position in Denver open up. We've had the senior leader position, senior leader positions for both power and the design review process open up. I've had three regional Directors position open up. I've hired three Deputy Commissioners in Reclamation in my tenure. So, there's been a ***tremendous*** amount of turnover in senior executives and I've had an opportunity to, ***with*** my other senior managers, make selections for replacements. They're all career Reclamation people that we've selected, with the exception of one, Debbie Clark, who's taken the position of Director of Administration in Denver. But, all of them have been Reclamation people and I think all of them are top-notch people that are going to do a good job for Reclamation into the future. And so, I feel like hopefully I've done a good service for Reclamation in putting the right people in place to ensure that Reclamation continues to be a well managed organization.

Storey: Who are some of these people?

Lorri Gray, Don Glaser, Larry Walkoviak, Darryl Beckman, and Carl Wirkus

Johnson: Well, Lorri Gray in the Lower Colorado Region is the new Regional Director. Don Glaser we talked about in Mid-Pacific. (Storey: Um-hmm.) Larry Walkoviak is Regional Director in the ***Upper*** Colorado Region. Both Larry and Lorri are ***long-time***

Reclamation employees. They ***both worked*** for me (Laugh) when I was Regional Director in Lower Colorado. They were both my Deputy Regional Directors. So, I know them both very well. They're outstanding people. And so, I have every confidence that those two regions are in very good hands. Both of those people are going to do great jobs. And ***so far***, the feedback that I'm getting on both of them is just absolutely–they've both been in their jobs now for over a year and the feedback that I get is just they're doing a great job (Storey: Um-hmm.) from our customers, from our staff, and from my own view just looking at what they've done, and how they're working, and the accomplishments that they've had in their short tenures. They're doing great jobs. Don Glaser's doing a great job in Sacramento. The other senior executives, my ***Deputy Commissioner*** I hired Darryl ***Beckman*** to be my Deputy Commissioner for Administration here in Washington. I hired Karl Wirkus to be my Deputy Commissioner for operations. Both of those folks are long-term Reclamation employees. Darryl was a Finance Officer, an Assistant Regional Director, and a, he was a Program Manager for a while, and then he was the Director of Administration in Denver, and just a long-time, very experienced, solid Reclamation, with demonstrated leadership, and he's done just a great job for me. We selected him ***first*** as the Director of Administration and then as the, in the position of Deputy Commissioner for Administration. Karl Wirkus similar background. Deputy Regional Director, Area Manager, worked in several regions of Reclamation over the years. Been back here in Washington previously, served as a liaison back here for the Pacific Northwest Region. Managed the Klamath office, which was a hotbed of issues and activity, and so I'm very lucky to have Karl.

"It's hard to get people to come to Washington. . . . I've used some of the tools that we have, relocation bonuses, those sorts of things, to try to attract people to come back here. . . ."

It's hard to get people to come to Washington. You really got to beat the bushes. I mean, if you advertise a position back here and you just advertise it, you're probably not going to get any applicants, or not very many applicants, because nobody really wants to come back here. So, in ***both*** of those ***positions*** I've had to go out and beat the bushes and call people up and say–I mean, that's how you get good people is, you know, you know people in the organization. You reach out to the ones that you think would be good candidates for a job, and you encourage them to apply. And, I've used some of the tools that we have, relocation bonuses, those sorts of things, to try to attract people to come back here.

Kris Polly and Ryan Serote

The other position here that I've hired, I hired Kris Polly to be the Deputy Commissioner for external affairs. That's a political position, and Kris has been a ***tremendous asset***. In fact, he's been such a tremendous asset that when the Deputy Assistant Secretary position came open downstairs in the Assistant Secretary's hallway Kameran Onley asked Kris to come down and fill that spot. So, Kris is now down there. But then, I've replaced Kris. In fact, just this week I got White House approval to place Ryan Serote in the position of Deputy Commissioner for external affairs, and Ryan has been our Legislative Affairs Director. I talked yesterday, I think, about the success that we've had in working with Congress, (Storey: Um-

hmm.) and working with our external customers, and I think it all comes back to the quality of the staff that we've had, Kris Polly, Ryan Serote, and the congressional affairs staff. And certainly, Kris Polly in terms of reaching out to our customers. He came from N-W-R-A [National Water Resources Association], which is our customer organization, and Kris has been ***very*** effective in reaching out to those folks, staying in touch, making sure that we were keeping our ear to the ground on issues, and hearing what our, what our customers have to say about what we're doing and being able to get out ahead of issues when we see them coming along. And, you know, Mark Limbaugh did that for us for a period of time, as well, when he was the Deputy Commissioner. (Storey: Um-hmm.) But anyway, we've had great, we've had great people there.

Lowell Pimley, Mike Gabaldon, Dave Achterberg, Dave Sabo, and Perry Hensley

Then the other positions that I've hired in Denver, we hired Lowell Pimley as the Director of the Technical Service Center, a very solid engineer. He had been through the SES [Senior Executive Service] training program and a long-term employee of the Technical Service Center, ***highly*** respected by the staff, ***highly*** respected by our customers and the professional world. So, we put Lowell in that position, really important position, for Reclamation. We put Mike Gabaldon in the – and, I don't remember the title of the position, but it oversees the Technical Service Center and it also oversees the research programs, and we put Mike in charge of that. I think it might be called Director of Operations in Denver, Director of Denver op–I'm not sure what the title is. But anyway, we selected Mike Gabaldon for that position. Dave Achterberg we hired as the Safety, Security, and Law Enforcement. I think I picked Dave Achterberg. I think we picked him shortly after I came onboard as Commissioner. (Storey: Um-hmm.) Dave's great, a long-time employee, has great skills and relationships with the Department and has been heavily involved in the Safety of Dams Program for years and is a real asset for us there. We've hired Dave Sabo as our senior leader for power. Dave worked for Western Area Power Administration. He was a Deputy Regional Director. He was head of the Klamath Office for a period of time. He's really a ***power*** guy, spent a whole career dealing in hydroelectric power. And, what we've done in Denver is we've consolidated all of our power staff into one ***group***. We used to have them in a couple of different groups. We put them all in one group in Denver and we placed a ***senior*** manager in charge of our power function. So, we brought power as a, our hydropower function to a higher level in the organization. Dave will be a member of the Reclamation Leadership Team, and power will have a higher level of visibility and a more significant voice in the decision making and discussions on the Reclamation programs. So, I feel really good about putting Dave in that slot. Uhm . . . Perry Hensley, we selected as the design review chief.

Storey: D-S-O/D-E-C, or whatever they call it?

Johnson: D-E-C, DEC. And I'm not sure what that–Design Engineering–I don't know what the C stands for, but . . .

Storey: Yeah.

Johnson: But anyway, senior leader position, senior executive, member of the Policy Team,

probably the best engineer in Reclamation. ***Technically outstanding*** and respected. Probably one of the world's greatest experts on dams, Perry Hensley. So, we've put him into a senior leadership position. And, I'm sure I'm leaving someone out, but I mean that's a pretty long list. I think we have seventeen senior executives in Reclamation, (Laugh) and as Commissioner I've probably hired about half of them. (Storey: Um-hmm.) And, I feel really good about them. I'm absolutely convinced that when I leave we'll be in good hands.

Storey: Good. Why don't we talk about the secretaries of the Interior you've worked with?

Johnson: Um-hmm.

Storey: There are at least three that I can think of.

Bruce Babbitt, Gale Norton, and Dirk Kempthorne

Johnson: Yeah, you know, I've worked with, I've worked with Bruce Babbitt very closely. I worked with Gale Norton, and now Secretary [Dirk] Kempthorne. And, I've enjoyed working with all three of them. Manuel Lujan was the Secretary prior to Babbitt and he was not very active in water issues, and we did not have a lot of involvement, and quite frankly I don't think anybody in Reclamation had a lot of involvement with Manuel Lujan. Prior to that I wasn't at a high enough level in the organization to have much interactions with Secretaries of the Interior, so I couldn't give you much insight on them. But, those three I've worked pretty closely with personally in my role as Regional Director and enjoyed working with all three. They're different personalities and, you know, all brought somewhat different perspectives to issues, but I would say on ***water*** there's not a big difference between the three. I really think that ***water*** is a nonpartisan issue. It's a regional issue. It's a ***controversial*** issue among ***states***, and among different water interests, and among environmental groups, and recreation interests, and water and power, hydropower interests. I mean, it's full, but it's not partisan in terms (Storey: Um-hmm.) of being Democrat or Republican. And, decisions that get made on water are pragmatic and are based on the facts and circumstances and the law and the policy, and not necessarily on any kind of political consideration.

Water Is a Nonpartisan Issue as Far as the Secretaries of the Interior Are Concerned

So, I think there's been, in my role in working with all three of those, there's been very consistent decisions as it relates to the Bureau of Reclamation and water management. You know, my experience with both Gale Norton and Bruce Babbitt was as Regional Director of the Lower Colorado Region. So, my interaction with them was as it related to the Colorado River, not as it related to the broader role of Reclamation. (Storey: Um-hmm.) And, I can tell you that there is absolutely no difference. I am convinced that Gale Norton would have made the same decisions that Bruce Babbitt did, and I'm, and vice versa on the issues that came up. There was no difference. In fact, all of the initiatives that we started with Bruce Babbitt on the Colorado River, ***every one of them*** carried over into the new Administration in a seamless fashion. There was ***no*** rethinking of what was going on on the Colorado

River when we had a change of Administrations. We were on solid ground, and we had developed consensus around the issues, and there was no ***basis*** for a new Administration to come in and make changes. And, you know, I really, I have ***always said*** that there's large philosophical differences between the two political parties, but as a practical matter when it comes to making decisions on the ground there's very little difference, because the decisions . . .

Storey: In terms of water?

Johnson: In terms of water, right. Because, the decisions are driven by, you know, "What's the law? What's the policy? What are the pragmatic considerations?" And, you know, smart people and good decisionmakers kind of get to the same place when it comes to the set of facts that you have to deal with. ***Babbitt*** took a very strong interest in the Colorado River. I got to interact with him extensively. He was very smart. He was very engaged. He was a pleasure to work with. Water, at least the Colorado River, was a legacy item for him. He saw making progress on the Colorado River as something that he would be able to look back on as, in his role as Secretary of Interior and be ***one*** of the things that he could point to that says, "Look what I did." And, in fact, he did. He did a great job. One of things that when Babbitt came in as Secretary, among the water community there was a lot of concern, skepticism, everybody knew that he was, had strong environmental credentials and in the water community that sometimes is a potential issue for concern, or a potential area of concern. And, when Babbitt first went to the Colorado River–you know, prior to Babbitt it wasn't normal for Secretaries to go and make speeches at the Colorado River Water users. I'm not aware of, prior to Bruce Babbitt, ***anybody*** doing that.

Storey: I remember he came and told California they had to figure out how to live within 4.4 [maf]. (Laugh)

Johnson: He did that. Exactly.

Storey: And, I'd like to talk a little more about that when we get done with this.

Johnson: Yeah. But anyway, he started coming and making speeches, and he made annual speeches there for about five years in a row. And, when he started off he got polite applause, you know, in the first year. And in the second year it was stronger, and in the third year it was stronger. The last year he made a speech he got a standing ovation among the, for what he had done and for what had been accomplished on the Colorado River. Because he had driven, we had brought home a number of very difficult, complex issues, and everybody felt pretty good about what he had done. (Storey: Um-hmm.) And, in fact, Pat Mulroy, who's the manager or water manager in southern Nevada, did not like Bruce Babbitt when he was, prior to the time that he had been Secretary he had represented some interests in northern Nevada that were ***opposed*** to Pat's water project, and Pat was just very concerned about Bruce Babbitt, and what he would do, and the positions that he would take that would have a bad impact on Nevada. And, in the last year that he spoke at the Colorado River Water users, Pat introduced him, and she gave him the most ***glowing*** introduction that anybody's ever heard. And ***when*** he got up to speak, he made special note of the fact that he would have never dreamed, when he became Secretary of the Interior, that he would ***ever*** get an introduction ***at all*** from Pat Mulroy, let alone the kind of glowing

introduction that he got from her when he spoke. (Storey: Um-hmm.) So, ***anyway*** it was fun working with Bruce Babbitt.

We'd come back here and I remember one time I was back here on something else and he says, "Well, let's talk about the Colorado River," and he took a couple of hours. We scheduled a couple hours the next day and we went in and sat down and talked about all the things that were going on, what we were trying to do, and how we could, you know, advance, you know, his agenda on things. He used to travel out. He got very directly involved in trying to facilitate among the Basin States. We hired a ***very high*** profile facilitator, former Federal judge, Middle East negotiator in the Reagan Administration, a guy by the name of Abe Sofaer to help us facilitate some of the Colorado River issues that we were dealing with under Babbitt, the California overuse issue and the surplus water issue. We brought him in. (Storey: Um-hmm.) And, Babbitt would personally come to some of the meetings. I can remember him flying out and me going to the–this was before 9/11. So, he used to travel by himself. I mean, now you don't see the Secretary going ***anywhere*** without security guards and an entourage. But, he used to fly out and I'd go to the airport and pick him up and we'd drive to the meeting and, you know–and there were times when he would have somebody with him, but there were also many times when he just traveled by himself. So I felt, I always felt very comfortable with him and enjoyed–he got very much involved in the Central Arizona Project and the issues that we had there. That became very difficult. Early on he wanted to negotiate a solution. It got caught up in some pretty tough differences of opinion between Nevada and Arizona. There was actually some involvement of the President, because Secretary Babbitt was being accused of favoring his home state of Arizona over Nevada, doing favors for Arizona but not doing similar kinds of things for the state of Nevada. Not favors that impacted Nevada, but he, you know, he was trying to fix the problems in the Central Arizona Project and Nevada was having their own set of water problems and he wasn't giving them the same kind of care and attention, and there was some dispute between Arizona and Nevada on some Colorado River issues at the time. The governor of Nevada called the President, complained. Nevada Senators were meeting with the Secretary, complaining. So, and then his own state turned against him. They didn't treat him well ***at all*** in the state of Arizona. And, through it all he stayed above the fray. I was really impressed with the way, you know, he took the broad view. He did not overreact to what was going on. He took a beating in the press in Arizona, and you didn't see him overreacting to that. I thought he was very even keeled. Nor did he try to blame anybody for the problems that were, that occurred. And, he just hung in there and in the end we got a solution on the Central Arizona Project and a good portion of that was negotiated when he was Secretary. Interestingly, when Gale Norton came in, perfect continuity. No changes. We had major problems on Central Arizona Project. We had made great progress with Secretary Babbitt. When the new Administration came in it was seamless and the new Administration picked that up and carried it. The new Secretary picked it up and carried it forward. So it was, you know, I just enjoyed working with him. It was a great pleasure to get to work closely with the Secretary. I had instances when we were doing the Central Arizona Project negotiations and initially Don Glaser was involved with me, I was involved in it all, and then Betsy Rieke was personally involved, and towards the end they had both left, and it was just me trying to bring the deal together. Babbitt was very interested in it. He was calling me up on the

phone in my–I was Assistant Regional Director then. I wasn't the Regional Director. He'd call me up on the phone, "What's going on? What are the problems? You know, where are we headed?" I'd tell him. So I–he didn't call me a lot but on occasions he would call me and ask about (Storey: Um-hmm.) what was going on. So, it was– and, you know, I was very impressed with the way, the way he worked.

"Gale Norton . . . relied very heavily on the advice of Bennett Raley. . . ."

Gale Norton, we interacted with her on the QSA. We briefed her a number of times on Colorado River matters. She was ***very*** attentive. She was ***very*** smart. She is a lawyer, so she had a tendency to look at things from a lawyer's perspective, but she also had a good political sense and a sense of the Basin States. She had Bennett Raley as her Assistant Secretary, who was also from Colorado, and she relied very heavily on the advice of Bennett Raley. And, you know, we did some great things under her tenure. The QSA [Quantification Settlement Agreement] in California was completed. She signed the agreement. She took some pretty strong stands with the state of California, with our advice. I mean, she backed up the advice. She supported the advice that we gave her on actions. We took beneficial use action against Imperial Irrigation District reducing their, or approving a water order that took into consideration what we saw as their misuse of water. It took some, it took some courage to do that. It took some political determination to decide that you were going to cut 800,000 acre feet out of California's use of Colorado River water. I mean, that's a big issue. (Storey: Um-hmm.) And, I think that in, under Gale Norton's tenure those were issues that were actually discussed at the White House level, with the President personally. (Storey: Okay.)

END SIDE 1, TAPE 2. NOVEMBER 14, 2008.
BEGIN SIDE 2, TAPE 2. NOVEMBER 14, 2008.

Storey: So, she talked to the White House about these issues?

Johnson: Yeah. I'm certain that there were discussions. If you're going to reduce California's water use by 800,000 acre feet and it's going to have an impact on seventeen million people in Los Angeles and San Diego, and the surrounding communities, that's an issue that you want the President to know about, (Laugh) (Storey: Yeah.) and that's what we were doing on the Colorado River. And so, she also supported and signed the Multi-Species Conservation Plan for the Lower Colorado River. And, you know, so I participated in a lot of briefings with her. I don't think that my relationship with her was ever quite what it was with Babbitt. I think she relied more on Bennett Raley (Storey: Um-hmm.) as the go-between, and I certainly worked closely with Bennett on Colorado River matters. So I didn't, I didn't experience the phone calls like I did from Babbitt, or me picking him up at the airport, or anything like that. Although, I did accompany her on an editorial board one time. Just, she and I went to the *Arizona Republican* editorial board to talk about water issues. So I did, I did a little of that sort of thing with her. But, I found her to be very congenial and easy to work with, and very supportive and making solid decisions on what we had to do on the Colorado River. (Storey: Um-hmm.)

Then, Dirk Kempthorne, let me tell you what, I've had the opportunity to work with Secretary Kempthorne not just on the Colorado River but on water issues

Westwide, and he has been a pleasure to work with. He has been supportive of Reclamation. I think I made the point the other day, going beyond, you know, in a much broader perspective he's very interested in water. He's a former western governor. He understood what a big issue water is in the western states, and so he also wanted water to be one of his legacy items. And, you know, I talked about Water for America, and the basin studies, and those sorts of things. Those are things that Dirk Kempthorne supported and went to bat for. In fact, he asked us to develop those as a water initiative, because he saw water as a major issue that needed to be dealt with and he wanted some initiative programs and some funding to help move the ball forward on those issues. I've never gone to an issue on water with him that he wasn't, that he wasn't supportive of. He's gone to the Colorado River Water users and spoke, ***twice***, and has been well received both times. He's going to speak again this year. What else?

Storey: That'll be next month, I guess?

Johnson: Right.

Storey: In Las Vegas probably?

Johnson: Right. Right. Yeah. So. So anyway, he went to dedicate the Animas-La Plata Project. He went to the groundbreaking for the Drop 2 reservoir. He signed the Arizona Settlement Act determinations, allowing that Act to be implemented. So, he's been a great Secretary. I've enjoyed working with him, and I've had the opportunity to travel with him. I spent a lot of time with him in the airplane, in the Bureau's airplane, (Storey: Um-hmm.) with some pretty isolated time and a good chance to visit with him personally on . . .

Storey: That's the plane that moved down from Upper Colorado to Lower Colorado?

Johnson: Well, that and then the Lower Colorado plane too, both planes I've spent flight, you know, spent time with him on. (Storey: Good.) And, I spent time with Babbitt on those planes as well. (Storey: Um-hmm.) So, I've gotten to know Secretary Kempthorne quite well and, and I would say he's ***not*** as involved in the details as Babbitt was, and I don't think Norton was involved in the details as Babbitt was. Babbitt had actually practiced law and water law between the time he was governor and the time he was Secretary of the Interior. And, Babbitt, ***actually*** when Babbitt was doing that there were times when he actually came to our office in Boulder City to work with us on issues and we would meet with him (Storey: Um-hmm.) when he, between the time he was governor and Secretary. So, Babbitt was much more intricately, personally involved in some of the details than either Norton or Kempthorne. (Storey: Yeah.) But, Kempthorne is a great water ~~component, or~~ proponent and, you know, has been very supportive. I get to go to weekly staff meetings with Secretary Kempthorne, and that's really neat. (Storey: Um-hmm.)

One of the other things that I got to do is I got to meet the President. (Storey: Um-hmm.) The President came to a lunch here in the Interior Department with all of the agency heads. So, you know, and the assistant secretaries. And actually, I ended up setting right across from the President at lunch. So, he was about as far from me

as you are. (Laugh)

Storey: About three or four feet, huh?

Johnson: Yeah. Um-hmm. And, spent a whole hour and each of the agency directors got an opportunity to talk to him about their programs and what they were doing. He, you know, I wasn't sure that he even knew who the Bureau of Reclamation was, but he did, you know. He knew who the Bureau is. He knew what we did. I started talking to him about some of the major things that Reclamation had accomplished, Colorado River, Animas-La Plata, under his, under his Administration. And, he asked questions. He asked everybody questions. You didn't get very far. We actually had to ***rehearse*** what we were going to say to him. We all had ninety seconds to tell the President, you know, and then there was time for give and take. And, we actually had to go down and rehearse our ninety-second pitch. Well, nobody got more than fifteen seconds into their discussion with the President that the President didn't interrupt them with a question. So then it became very much a give and take. So, we probably spent, out of the hour, you know, with all the agencies there, we probably spent, oh I don't know, five to ten minutes talking about the Bureau of Reclamation with the President. So, that's pretty good. (Storey: Um-hmm.) Pretty exciting. That was neat.

Storey: What about other presidential events? I think, as the Commissioner, you got invitations to certain things?

Johnson: I got invited to a couple of barbecues at the White House. I attended one, and while I was there, I took my wife and we actually got a chance to meet the President. We got a picture with him, very informal picture. It was in the summertime. We had our casual clothes on and, so it was neat. It was really just an honor. It made the whole two years here, for my ***wife***, worthwhile, (Laughter) to get to meet the President and to get a picture with the President. That was really pretty exciting for her to get to do that. (Storey: Um-hmm.) But, so that's my, the limit of my involvement with the President, you know. One barbecue and one lunch, and we got pictures with the President when he came to lunch. He did individual pictures with all of us. (Storey: Yeah.) So.

Storey: You've been with Reclamation quite a time now?

Johnson: Um-hmm.

Storey: When was it you came?

Johnson: 1975.

Storey: In '75?

Johnson: Thirty-three, over thirty-three years.

Storey: So, over thirty years?

Johnson: Thirty-three years. Yeah.

Storey: What was your worst job when you were at Reclamation in that time?

Thoughts on Reclamation

Liked All His Jobs at Reclamation

Johnson: I never had a worst job. I liked every job I had. No, I mean that sincerely. Now, I got . . .

Storey: I wondered if you were going to answer it that way. (Laugh)

Johnson: No, it's true. I, ***honestly*** I'm not making that up, I liked every job I had in Reclamation. Now, I got my ***tail*** in a crack on a number of occasions, (Laughter) (Storey: Yeah?) but I ***never disliked*** the job, you know. It was over specific things that were, you know, that were happening. But, I certainly never, never for a moment had a job that I didn't like. I guess in my career with Reclamation I had one, two, three, four, five, six, seven, ***eight*** jobs. I've held eight different titles with Reclamation.

Storey: Um-hmm. So, what was the best one then?

Johnson: Commissioner.

Considers His Best Job at Reclamation to Be Commissioner

Storey: Being Commissioner?

Johnson: Yeah.

Storey: Interesting. A lot of people will respond it was either when they were Regional Director or when they were in what we would now call an Area Office. (Johnson: Um-hmm.) Why do you like Commissioner the best?

Johnson: Well, Commissioner is a harder job than Regional Director. Regional Director is the second-best job. That is absolutely a great job and I enjoyed being Regional Director for a lot of years. Regional Directors have a lot of autonomy to get things done on the ground, things that never get back to Washington. A lot of things get done in the regions and the Area Offices that ***we*** never see back here in Washington. But, for me the, I mean I've gotten to do things as Commissioner that I never dreamed I would get to do, you know. Working, getting to meet the President, getting to know members of Congress on a personal basis, testifying before Congress, you know, multiple times. Getting to interact in the Department of Interior with the Secretary, the Deputy Secretary, all of the Assistant Secretaries. Getting the perspective of how the Department works with the ***multiple agencies*** and the sometimes-conflicting ***missions*** of the agencies in the Interior Department. Being the head of the agency. I mean, you know, having the opportunity to try to provide leadership, you know, vision, direction to try to help the agency advance the mission of the organization. To, you know, interact with the customers. To try to make the organization one that works in a more efficient and collaborative, transparent process, all the things that we

did with Managing for Excellence. I mean, that's just an opportunity–it's ***hard***. It was harder. I worked harder. It was more stressful than being a Regional Director. It was an exposure to a ***lot*** of things that I hadn't been exposed to before. But, it was just exciting, more exciting, invigorating, and an honor. I mean, how, I mean for me I never imagined that it would happen to me and just a huge honor to get to be Commissioner, confirmed by the Senate, appointed by the President. Just, you know, how could you not say being Commissioner is the best job you ever had. (Music in background)

Storey: Um-hmm. What are your retirement plans now? Anything you'd like to share?

Retirement Plans

Johnson: Well, I am not ready to quit working. I'm fifty-seven years old and I want to continue to work for a while, but, I can't say–***I don't know*** what, exactly what it is I'm going to do. It'll be something in the water business, and that's about all–all I really know at this point in time. (Storey: Um-hmm.) I mean, I know there will be lots of opportunities for me to do things in the water business, and I'm going to do it like I've done the rest of my career. When I come to the fork in the road I'm going to take it. (Laughter)

Storey: You're going to go left or right, huh?

Johnson: That's right. I can tell you this. I will ***never*** take a job that's going to put me at odds with the Bureau of Reclamation. I will ***not***. I will not allow myself, if there's something where I am going to be at odds at Reclamation I won't do it.

Storey: Good. Well, since we have a few minutes, I'd like to talk about rural water projects. Has the new legislation (music on cell phone ringing in background) assisted us in terms of those? My impression before was that these rural water projects were given to us to do, but then the Congress didn't give us the money to go with it, so we were sort of scavenging our budget in order to do these, and it made the projects go slowly and so on. Has the new legislation helped us that way?

Rural Water Projects

Johnson: Not yet, because we haven't implemented it. (Storey: Um-hmm.) We have to write regulations on how the program will be administered, and we've done that. They're drafted. And, in fact, they're ready to go to the *Federal Register* for publication, and that'll happen, my guess is, within the next week. We've gone through a fairly extensive review with the Office of Management and Budget, but we think we've got a decent set of regulations. They're going to be what we call "interim final regulations," which means that as soon as we publish them we can start implementing the program based on those regulations, ***but*** there will also be a public comment period. The public can comment on the regulations and then ***we*** can make revisions to the, to the regulations at some point in the future, based on the public comment that we hear. But, we don't have to wait to get public comment and to change and make final regulations before we implement the program. We'll be able to implement it right away. So, we finally got the program up and running. What it allows us to do–what was really happening to us in the Rural Water Program is the,

these states, you know primarily Montana, North and South Dakota, I mean that's where all the rural programs are, would go out and plan a project and then go to their congressman and get their congressional delegation to authorize a project. There was ***no involvement*** of Reclamation in the planning process, in the design process, in coming up with an alternative that we felt was reasonable and doable. I mean, and they would, you know, just come up with their plan and get Congress to authorize it, and then they expect us to put funds in our budget and get it, and get it funded. What this new act does is it provides authority for us to get involved with rural communities in the beginning, in the planning process, so that we can help them plan any project that they may have and then get a project that we think can be supported, and then provide support for that if there's need for congressional authorization. And, it also gives us some financing tools. It gives us the ability to use loan guarantees rather than direct Federal appropriations. It also has cost sharing criteria in it that says this is how, how much would be local, how much would be Federal. (Storey: Um-hmm.) So, it gives us a framework around which to plan, and to give ***us*** more ***control*** over the development of these projects. Because quite frankly, we were getting large, grandiose projects that are very expensive, and we're still struggling with that. We have a $2 billion backlog of rural water projects that have been authorized and we just haven't been able to seek funds. We ***have increased*** our funding. I mean, our funding for rural water, our ***request*** for rural water has been in the neighborhood of $50 million a year, which is significant for our budget. Although, $50 million a year doesn't do much to eat into a $2 billion backlog. Congress has consistently increased the budget. I think we got over ***$100*** million last year (Storey: Um-hmm.) for rural water, after we got congressional write-ins. So, Congress has funded, provided additional money. But, even $100 million doesn't, (Storey: Yeah.) doesn't do a big dent in a $2 billion backlog. But, so I mean that's rural water, and, you know, my guess is unless there's significant changes in the budget climate we'll continue to limp along with the projects that have already been authorized, and hopefully we'll get some control over what happens in the future with this new program that we've got. I think this new program is a good one. I'm ***glad*** Congress passed it. That's, I think that's one program that we give John Keys credit for, because he's the one that worked very hard, he's the one that testified before Congress.

Storey: He was very excited about it.

Johnson: He was very excited about it, and I think it's fair to say that John deserves the credit for getting that program in place.

Storey: Um-hmm. Good. Well, it's almost time, I think. Let me ask you again if you're willing for the information on these tapes and the resulting transcripts to be used by researchers?

Johnson: Yes.

Storey: Great. Thank you very much.

Johnson: You're welcome.

END SIDE 2, TAPE 2. NOVEMBER 14, 2008.
END OF INTERVIEWS.

Appendix 1

RECLAMATION
Managing Water in the West

Fall/Winter 2008

ETA Efficiency Transparency Accountability

The Privilege of Service

A Letter from Commissioner Bob Johnson

In January, I will conclude my 33-year career with the Bureau of Reclamation. During my career, water management has changed considerably, from constructing dams and water delivery facilities to a complex balancing of often-competing demands for water.

Because water is vital, eliminating problems is impossible; our success is reflected in how well we deal with the problems. Working in water resources management has taught us some important things. One is that developing solutions requires hard work and a lot of time. Another is that there is no universal solution for water problems—one size does not fit all. The most effective solutions usually employ a combination of tools. With ingenuity, we can sometimes satisfy a greater number of interests by creating a bigger pie.

Reclamation is one of the few government entities that works directly with customers, and strong relationships with customers and partners is vital to our success. As I look back at the formidable challenges we have met, I feel great pride in those who have worked at and those who have worked with Reclamation. We have accomplished a great deal together to stretch supplies and get water where we need it despite staggering population growth and record drought.

In order to continue our success, we are looking broadly at future water management challenges. A key part of this approach is the Department's *Water for America* initiative. Through a number of approaches, *Water for America* promotes conservation, technological advances, and

environmental enhancements through Challenge Grant programs. The initiative also includes a significant new effort focusing on water planning. Using a basin-wide approach, the planning program will focus on climate change and ways of meeting future water supply and demand imbalances.

Reclamation's river restoration activities are addressing the challenge of satisfying environmental requirements while providing certainty to water users well into the future. The Lower Colorado River Multi-Species Conservation Program looks ahead 50 years to protect endangered and threatened species and to keep other species from being listed. More than 50 parties signed the agreement. The Platte River Recovery Implementation Program Agreement was signed by the Governors of Colorado, Nebraska, and Wyoming and the Secretary of the Interior, ending 12 years of negotiations. In two other river basins facing extremely complex issues, we are helping to balance water user and environmental needs through the Klamath Conservation Implementation Program and the Middle Rio Grande Endangered Species Act Collaborative Program.

Questions about dam operations and effects on downstream resources require long-term investment in scientific study. A recent example of this type of work was the high-flow experiment at Glen Canyon Dam, which will increase our understanding of whether higher flows can rebuild eroded beaches. Other research is fostering innovative solutions to water supply challenges, such as desalination and the control of invasive species.

We have made tremendous progress in the management of resources in a number of river basins. In the Colorado River basin, we have reached agreements on surplus, the quantification of water entitlements in California – the QSA. Most recently, we have reached a historic milestone in the management of the Colorado River system with the new guidelines to address potential shortages in the Lower Colorado River Basin and operation of Lakes Powell and Mead under a wide range of hydrologic conditions. The signing of the Truckee River Operating Agreement on management of water in the Truckee River basin by Secretary Kempthorne and 16 other parties ended 18 years of negotiations among numerous Federal and non-Federal entities.

We have made progress on satisfying Tribal water rights claims, including the Arizona Water Settlements Act, which resulted in the largest Native American

Continued on Page 8

IN THIS ISSUE

Desalting Research 2
Leadership Development.....2
International Visitors 3
Deterring Quagga Mussels....3
Animas-La Plata Project.....4
Denver's "Building 56" 6
Faces of Reclamation.....7
Managing for Excellence 8

U.S. Department of the Interior
Bureau of Reclamation
Washington, D.C.

Managing for Excellence: Team 12 Effort Reveals Reclamation's Emerging Future

Few *Managing for Excellence* action items are better examples of how Reclamation is transforming its efficiency, transparency, and accountability than Team 12's Customer Collaboration and Business Model for Managing Engineering and Other Technical Resources

Originally directed to do a "right sizing" exercise related to engineering services, Team 12 quickly realized that it takes more than engineering to get a construction job done and that engineering and all interrelated technical services across Reclamation needed to be reviewed. Furthermore, Team 12 determined that Reclamation had a 106 year history of continuously right-sizing itself as projects, budgets, and needs changed. Finally, Team 12 also determined that the core capability of Reclamation needed to be better defined and protected.

Complicating the issue is a mandate from Congress that 40 percent of Reclamation's technical services work be contracted. The problem was a lack of clear direction or priority as to what work was contracted. Because of that, work considered as core expertise work has been contracted out while other work less related to Reclamation's core was done in house. For example, it made no sense to contract core activities, such as dam safety and comprehensive facilities reviews, while doing other work outside of core capability.

The solution, approved by the Reclamation Leadership Team, is a several-pronged approach. First, technical services will be delivered on a consistent fee-for-service basis across all of Reclamation. This means statements of work, service agreements, and completion reports will enable a common efficiency review of all technical work to take place, thus delivering that work in the most effective and transparent way. As a result, advanced planning and scheduling of future workload will be improved. Guidance will be provided for workload distribution between all levels and offices of Reclamation.

Finally, to tie it all together, a Coordination and Oversight Group, called the COG, will support the Deputy Commissioner for Operations in reviewing workload distribution, performance, core capability, and outsourcing. Through the reporting of the COG, Reclamation and its customers will now have common data related to program accomplishments, costs, and accountability.

The initial COG has now been appointed, with first reporting results due in 2009.

Continued from Page 1

water rights settlement in U.S. history. The Act also provides funding and water to address other Tribal claims in Arizona.

We continue to work with partners on significant construction projects such as the Animas-La Plata Project, the Drop 2 Reservoir Storage project, and the Joint Federal Project at Folsom Dam, a collaboration with the U.S. Army Corps of Engineers and the State of California that improves flood control for Sacramento and addresses dam safety at a significant cost savings. The Rural Water program that we are implementing addresses supplying high quality water reliably to people in remote rural areas and the aging of infrastructure. In August, we celebrated the first delivery of water from the Mni Wiconi rural water project to the Oglala Sioux Indian Reservation.

We undertook the self-study that led to the *Managing for Excellence* action plan. When I came in as Commissioner, I made the implementation of *Managing for Excellence* a top priority. We have issued the concluding report and continue to implement the recommendations, which we developed with significant stakeholder input and which will better position us to meet the challenges of 21st century water resources management.

Most of the great successes we have produced took significant amounts of time. The Colorado River shortage criteria took 10 years. The QSA took at least 10 years. The MSCP took 10 years. The Arizona Settlements Act negotiations have been proceeding

Bob Johnson served as Lower Colorado Regional Director from 1995 until his appointment as Commissioner in 2006

more than 25 years. The Platte River agreement took 7 years. Strong leadership, strong relationships, and perseverance are at the foundation of our success.

We should feel great pride in looking back at these accomplishments and great energy looking ahead. We have surmounted many, many obstacles by working together, and I am confident that this success will continue well into the future.

I am proud to have served in an agency performing such vital services to the people of the United States and grateful for the opportunity to have worked with this group of dedicated public servants. The spirit and can-do attitude of the people in Reclamation is second to none. I am also grateful for the opportunity to have worked with Reclamation's partners and stakeholders. As you continue to work together in this spirit of service to the people of this nation our future will surely be as bright as our past.

News Team

Executive Editor
Dan DuBray, Office of Public Affairs, Commissioner's Office

Managing Editor
Peter Booth, Office of Public Affairs, Commissioner's Office

Assignment Editor
Becky Fulkerson, Office of External and Intergovernmental Affairs, Commissioner's Office

Editorial Assistants
Gertel Harris-Brace, Office of Public Affairs, Commissioner's Office
Kip White, Office of Public Affairs, Commissioner's Office

Contributors
Stanley Dembroski, Office of Public Affairs, Commissioner's Office
Warren Hurley, Upper Colorado Region
Norma Martinez, Human Resources, Commissioner's Office
Angela Medina, International Affairs, Commissioner's Office
Christine Pfaff, Policy and Program Services, Commissioner's Office
John Redding, Pacific Northwest Region
Jack Simes, Lower Colorado Region
Allen Skaja, Technical Service Center, Commissioner's Office
Barry Wirth, Upper Colorado Region

Photographers
Walter Justus
Andy Pernick
David Walsh

Editorial Board Members
Rick Ehat - Four Corners Area Office
Lorri Gray - Lower Colorado Regional Director
Fred Ore - Special Asst. Deputy Commissioner PAB

To submit an item or story idea for a future issue, please email: eta@usbr.gov

The Meritorious Service Award was established in 1948 and is the second highest Department of the Interior Honor Award granted to a career employee. The award recognizes important contributions in science or management, a noteworthy career, superior service in performance of duties, improving safty or health environment for morale, or accomplishing equal employment opportunir' objectives. Each recipient receives an engraved silver medal and a certificate and citation signed by the Secretary oft/ic Interior.

Retirements

Robert Johnson, Commissioner of Reclamation
By Henry Brain, Las Vegas Review Journal

Robert Johnson was shaped by Reclamation before he even knew what it was. "Interestingly, as a kid growing up I didn't know what the Bureau of Reclamation was," Johnson said. "When they offered me a job, I had to run to the library and look the Bureau of Reclamation up."

More than three decades later, Johnson is retiring as Commissioner of Reclamation, a top post that required a presidential appointment and Senate confirmation. His last day was January 2, 2009.

"All I've ever done is work for the Bureau of Reclamation," the 57-year-old said. "I never had a day when I didrit feel challenged and when I didn't enjoy going to work."

Johnson would spend most of his 33-year career in Boulder City, where he headed the river operations division before being named regional director in 1995. Much of his early work in Boulder City involved the Central Arizona Project, a 336-mile aqueduct from Lake Havasu to Tucson that took 20 years and more than $4 billion to build.

Johnson became the nation's 20th Reclamation commissioner on Sept. 30, 2006, when the Senate confirmed his appointment.