

ORAL HISTORY INTERVIEWS

V. LEGRAND NEILSON



STATUS OF INTERVIEWS:
OPEN FOR RESEARCH



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



Interviews conducted—1995, 1997, 2000
Interview edited and published—2017

Oral History Program
Bureau of Reclamation
Denver, Colorado

SUGGESTED CITATION:

NEILSON, V. LEGRAND. ORAL HISTORY INTERVIEW. Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, Senior Historian, Bureau of Reclamation, in Boulder City, Nevada. Edited by Brit Allan Storey, further edited and desktop published by Andrew H. Gahan. 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
Statement of Donation.....	iv
Editorial Convention.....	vi
Introduction.....	vii
Oral History Interviews.....	1
Early Life.....	1
Father's Employment with Reclamation.....	2
Moving to the Columbia Basin Project.....	5
Differences between Moon Lake and Columbia Basin Projects.....	9
Growing Up on Reclamation Projects.....	10
Interest in Agricultural Economics.....	13
Problems Getting Approval for Thesis Theme.....	15
Getting Hired with Reclamation.....	16
Central Utah Office in Provo.....	19
Salt Lake City Office.....	20
Planning Projects.....	22
Move to Denver–Lower Missouri Region.....	24
Contract and Repayment Specialist.....	25
Contract and Repayment Specialist in Washington, D.C.....	27
Differences Working Various Reclamation Offices.....	28
Contract and Repayment Division in Washington.....	29
Troubles Getting Out of DC.....	31
Contract and Repayment Specialists–Lower Colorado Region.....	32
Wellton-Mohawk Payment Negotiations.....	33
Renegotiating the Central Arizona Project Contract.....	34
CAP Repayment Contracts.....	35
Agricultural User Unable to Meet Obligation.....	37
Rethinking Water Usage.....	38
Issues with Contact Negotiations.....	39
Colorado River Allocations.....	42
Regulating Colorado River Use.....	43
Water Transfers along the Colorado River.....	45
"No Harm, No Foul".....	45
Colorado River Compact Situations.....	47
Keeping the Colorado River Aqueduct Full.....	49
Region's Contract and Repayment Branch.....	50
Costs of Operations on the Lower Colorado River.....	52
Water Distribution Issues.....	53
Replenishing Groundwater Supplies.....	56
Implementing Water Conservation Efforts.....	57
Managing Lake Mead Water.....	59
1922 Colorado River Compact Repercussions.....	60

Meeting Future Water Needs.....	61
Colorado River Decree.....	63
Illegal Water Users.....	65
Diverse Interests along the River.....	67
Laughlin, Nevada Water.....	69
Water for Power Facilities.....	70
Huge Demands in the Southwest for Power.....	71
Finding Harmony Among the States.....	72
Smaller Water Contracts.....	73
Contract Activities.....	75
Water Charges.....	76
Finding a Job with Reclamation.....	78
Moved to Provo.....	80
Moved to Salt Lake City.....	81
Developing an Environmental Statement.....	83
Justifying the Jensen Unit.....	84
Pick-Sloan Missouri Basin Program.....	86
Contracting and Repayment Issues.....	88
Moved to Washington.....	89
Commissioner's Office Basically Reviewed.....	90
Living arrangements in DC.....	92
Broadening Perspectives Working in Different Offices.....	93
Washington Office Leadership.....	94
Getting Out of Washington.....	95
Hired by the Lower Colorado Region.....	96
Renegotiating CAP Repayment Contract.....	97
Lower Colorado River Water Contracts.....	98
Differences in Contracting for Water along the Lower Colorado River.....	99
Lower Colorado Region Contracts Branch.....	101
Central Arizona Project Water Contracts.....	102
Reclamation Reform Act.....	103
Water Service Contracts.....	105
Different Positions within the Region.....	106
New Waddell Dam.....	107
Assistant Regional Director.....	109
Spring Canyon Project.....	111
Secretary's Speech on Colorado River Issues.....	112
Fluctuating Water Usage.....	113
Issues on the Lower Colorado River.....	114
Deputy Regional Director.....	116
Regional Director's Management Style.....	118
Managing the Day-to-Day Issues.....	118
Regional Resources Needs.....	119
CAP Settlement Negotiations.....	121
CAP Indian Water Negotiations.....	122
Secretary's Refusal to Participate in Indian Settlement.....	124
Negotiations for Lake Waddell.....	125
"The Devil's in the Details".....	128

L-CROP.....	129
Formulating Administrative Fees to Water Users.....	132
"The California Thing".....	133
Mexico's Colorado River Entitlements.....	136
Restoring the Colorado River Delta.....	136
Current Issues within the Region.....	138
Title Transfer Initiatives.....	139
Las Vegas Water Needs.....	141
Off Stream Storage Rule.....	142
Issues Filling Personnel Slots.....	143
Attaining Diversity in the Workforce.....	145
Parking and Office Space Needs.....	146
Traveling for the Region.....	148
Regional Design and Construction.....	150
Determining Expertise Levels in the Region and Area Offices.....	151

Statement of Donation

STATEMENT OF DONATION OF ORAL HISTORY INTERVIEWS OF V. LeGRAND NEILSON

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, V. LeGrand Neilson, (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 February 22 and 23, 1995, January 15 and 17, 1997, and July 19, 2000, at the Lower Colorado Regional Office in Boulder City, Nevada, and 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 remains with the Donor until acceptance of the Donated Materials by 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, and the Donor places no restrictions upon their use.
 - 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 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: 7/19/00

Signed: 
V. LeGrand Neilson

INTERVIEWER: _____
Brit Allan Storey

Having determined that the materials donated above by V. LeGrand Neilson 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

Editorial Convention

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.

While we attempt to conform to most standard academic rules of usage (see *The Chicago Manual of Style*), we do not conform to those standards in this interview for individual's titles which then would only be capitalized in the text when they are specifically used as a title connected to a name, e.g., "Secretary of the Interior Gale Norton" as opposed to "Gale Norton, the secretary of the interior;" or "Commissioner John Keys" as opposed to "the commissioner, who was John Keys at the time." The convention in the Federal government is to capitalize titles always. Likewise formal titles of acts and offices are capitalized but abbreviated usages are not, e.g., Division of Planning as opposed to "planning;" the Reclamation Projects Authorization and Adjustment Act of 1992, as opposed to "the 1992 act."

The convention with acronyms is that if they are pronounced as a word then they are treated as if they are a word. If they are spelled out by the speaker then they have a hyphen between each letter. An example is the Agency for International Development's acronym: said as a word, it appears as AID but spelled out it appears as A-I-D; another example is the acronym for State Historic Preservation Officer: SHPO when said as a word, but S-H-P-O when spelled out.

Introduction

In 1988, the Bureau of Reclamation created a History Program. While headquartered in Denver, the History Program was developed as a bureau-wide 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 preserved data available to researchers inside and outside Reclamation.

Questions, comments, and suggestions may be addressed to:

Andrew H. Gahan
Historian
Environmental Compliance Division (84-53000)
Policy and Administration
Bureau of Reclamation
P. O. Box 25007
Denver, Colorado 80225-0007
FAX: (720) 544-0639

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

(Intentionally Blank)

Oral History Interviews
V. Legrand Neilson

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing V. LeGrand Neilson of the Bureau of Reclamation in the Lower Colorado Regional Office at Boulder City, Nevada, on February 22, 1995, at about nine o'clock in the morning. This is tape one.

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

Early Life

Neilson: I was born in Roosevelt, Utah, 1941. We lived in that area until I was about eleven or twelve years old. My father was a Bureau of Reclamation employee and worked on the Moon Lake Project there as a ditchrider.¹ Then he and the local watermaster there decided they'd like to try something a little better, and so they both transferred to the Columbia Basin Project in Washington. So we moved there and lived in the Quincy and Ephrata area. That's where I did middle school and high school.

So I became well acquainted with the Bureau of Reclamation at that time and got a fairly good idea of the real functions that the agency served. Although it never entered my mind, not once, that I would work for the Bureau of Reclamation, but I did become very familiar with it. My father would take me out on the ditch with him occasionally and tell me how it was very important that he do his job right. His philosophy was that he always looked at the facilities he was responsible for as though they were his own and tried to take the very best care. That's sort of become my philosophy, too, the way I try to do my job when I'm working and so on.

Anyway, he later on became a watermaster up there and served in two or three offices there. I graduated from high school, from Ephrata High School, and immediately went into the service. I spent three years working in the Army Signal Corps and spent two and a half years in Germany. Didn't take advantage of the wonderful opportunity to learn how to speak the language. I was kind of sort of lazy.

But then after completing my service, I went to college and spent a little bit of time in Washington, one quarter, but basically went to Utah State University. My major was in agricultural economics. I also did a year of graduate study, same field, and did not complete the thesis, and so I did not get my Master's. But I have done a year of graduate study.

Then, that's right, we need to tell you how I got with the Bureau of Reclamation. As an economist, after I'd been involved, I really enjoyed economics in college. That was basically the reason why I selected it as a major. It's pretty difficult to become

1. Approved by the President in 1935 under provisions of the National Industrial Recovery Act, the Moon Lake Project, in northeastern Utah, provides supplemental irrigation water for over 75,000 acres in Duchesne and Uintah counties. For more information, see Zachary Redmond, "Moon Lake Project," Denver: Bureau of Reclamation History Program, 2000, www.usbr.gov/history.

employed as an "economist." Banks will hire economists to serve sort of as glorified bookkeepers, having to do some analyses, but mostly it's facts and figures, kind of doing reports and things like that.

Colleges, universities hire economists to teach economics. As I was getting close to finishing up my research for my thesis, I got an offer from Iowa State University to do a doctorate there. They offered me, I believe it was, a teaching assistantship.

So at the same time, lo and behold, I was notified that there was a vacancy at the Bureau of Reclamation for an economist. By this time, I had three children, and I had struggled through school. I did have some G-I Bill benefits that helped me there. But a Bureau candidate, I was kind of up to here with education and, you know, the struggle by then. Knowing that there was sort of a rare opportunity, because there weren't too many jobs that came along for economists, I, after a lot of thought, debate, and consultation with my wife and everyone else I thought might be able to give me good advice, I decided that, well, I'd go to work.

I didn't have any real deep-seated need to be a Ph.D. It was attractive. I thought I would enjoy being a teacher. It had always been something that, you know, in my church and so on I've done a lot of that, and I really enjoyed teaching. So that was sort of a plus. But, anyway, on balance, I opted for taking the job with the Bureau.

So when I hired on, I had a lot of hours in biological sciences in addition to my economics. So they hired me as an economist/environmentalist. So I had two hats that I wore. This was in 1970 and the National Environmental Policy Act [NEPA] had just passed a couple of years before. So they gave me the job of writing the Environmental Impact Statement for the Central Utah Project.² By the way, I went to work at the Central Utah Project Office.

Storey: In?

Neilson: In Provo. So I guess that gets you started. That's sort of, in a nutshell, my education, background, and so on.

Storey: Let's go back and talk about your dad's work with Reclamation.

Father's Employment with Reclamation

Neilson: All right.

Storey: How long did he work for Reclamation?

Neilson: Let's see, he retired in, I think, around the late sixties, and I believe he started with them in like 1948. I think it was maybe like twenty-three, twenty-four years with

2. Reclamation designed the Central Utah Project to allow the state of Utah to utilize its allotment of Colorado River water based on the Upper Colorado River Compact. Reclamation planned to develop water from Utah Lake, the Provo River and tributaries of the Colorado River for use in the Uinta Basin and the eastern portion of the Bonneville Basin.

them.

He got drafted in the Navy in the Second World War when he was about thirty-five years old. I think it was in that area, in that age group. They all called him Pops, and he was very bitter about that. But, anyway, he told me that during the Depression everybody was out just scraping, trying to survive and doing anything and everything they could. And he married and he couldn't support his wife. So she finally ended up living with her folks, and he would job around and work for basically room and board is the way it worked out.

He observed that in his area, about the only people that really were employed were government employees. So he resolved that after he got out of the service, he was going to get him a job working for the federal government, because he was very conservative and he felt like he'd be able to support his family and be pretty well assured of employment during the hard times. So that was his very clear objective when he got out of the service, to go to work for the federal government and got the job with Reclamation. I think it would be soon there, maybe like in the forties, '46, '47, somewhere around in that time.

I think he enjoyed it. He took a lot of pride in what he did. My father, I think he made it through like the seventh grade or something, so he didn't have a high school education. He always took quite a bit of pride in the fact that he was able to rise and become the watermaster, you know, that was responsible for a certain area of the project and all of the functions that went on there and supervising a large staff, like I think he had thirty people in one office. I guess I share that. I was pretty proud of him, too.

Storey: Where is the Moon Lake Project?

Neilson: That's in the Uinta Basin. Do you know where the Uinta Basin is in north Utah?

Storey: Yeah. Over toward Duchesne?

Neilson: Yes. It's on the Lake Fork River, which is a tributary of the Duchesne River.

Storey: Now, where did you live?

Neilson: We lived in a place called Arcadia, which is north of Duchesne. Well, actually it's northeast of Duchesne. I don't know how to tell you. It's just a very small, very rural area. And then one year we lived in government housing. We lived on what they call the Red Cap Canal. It's the last diversion off of the Lake Fork River, and it serves the area that's called Arcadia. It's just a rural, little farming area. Pretty poor soils, a lot of clay. In the upper end of the little valley there, it's fairly productive, but as you get further down it becomes less and less.

Then we moved to Myton. I don't know if you've heard of Myton, Utah. It's about halfway between Roosevelt and Duchesne. We lived there a year in the government housing.

- Storey: Now, when you say government housing, do you mean that you were in a camp, or was it just an individual ditchrider's house?
- Neilson: In Arcadia it was an individual ditchrider's house. In Myton, there was a small camp. I think there were like three houses and a maintenance yard, and the watermaster's office was there. My father, in Arcadia, he rode the Red Cap Canal. That was his responsibility. And then also—gosh, I forget the name—another canal that diverted out of the Duchesne River and brought water over into the area. He rode that canal, too. And then he rode canals around Myton and the north and south Myton ditches, part of the same project, for a year.
- Storey: Up to the Columbia Basin?
- Neilson: Yes.
- Storey: So he really worked in Utah for two years? Is that right?
- Neilson: Oh, no. Let's see. We moved—well, gosh, let's see. We moved to the Columbia Basin when I was eleven. So that would be 1952. And I think if he started with the Bureau like in '46, he probably had maybe about six years on the project. He'd ride ditches in the summertime, deliver the water, and in the winter they did all the maintenance. So he'd put on like three or four pair of underwear. It's very cold out there. And then they'd spend the winter doing concrete work and replacing structures, whatever needed to be done.
- Storey: But he wouldn't be doing that alone, would he?
- Neilson: No. No. They had several ditchriders, and then they had a small maintenance crew. So they would get together and they'd lay out the work in the winter, and they'd do the projects as crews. They'd go here and there as crews.
- Storey: You mentioned you went out with him on the ditches sometimes. What do you remember about that?
- Neilson: Oh, I remember how clean he kept them. Most of my memories are on the Columbia Basin Project, because I was fairly young. But he did take me a few times in the Uinta Basin, too. There was all the difference of night and day, you know. The Moon Lake Project was an older project, and the canals were not lined, you know, and they were small, usually small laterals, small canals. They didn't have the resources as that new glamorous Columbia Basin Project had. But they kept things functional. They worked very well.

I remember my father took me once with him and let me drive his Jeep. I was probably about ten. There was an old retired ditchrider that was a real good friend of his. And so we were cruising down the ditch and he saw this guy at his house, and he had me drive in. He was bragging about what a good driver I was, and he chewed the fat with this guy for a few minutes. And he said, "Well, we've got to go, LeGrand. Let's go." And so I threw it in reverse, backed that old Jeep up, and ran right into a

telephone pole. Bent his weed hook all the heck, you know. (laughter) And he face went red. He was really embarrassed. So was I. So he says, "You better let me drive." And his friends, they just laughed him out of town over that. I remember they were just rolling on the ground. But it was good times. My dad, I loved him, and he took good care of me.

Storey: When you say that he kept his ditches clean, what do you mean?

Neilson: Weeds, anything. I mean, they were slick. You know, one of the things we're concerned about when we do reviews of operation and maintenance is we don't want brush or trees growing in the canal linings. They tend to clog the canal, impede the flow of water and, you know, start breaking lines and things like that. He kept them spotless, and he would keep the structures clean. Always the weed racks were cleaned out so the water would flow well. He kept the meters and gauges, you know, just almost like new so that the data would be accurate. Just enjoyed that kind of stuff. He did excellent work.

Storey: Do you remember anything about his hours?

Neilson: Yeah. I think mostly his hours were pretty standard. I think he'd like work from eight to five or something like that. In the winter, sometimes they'd do some overtime if they had a big project they were pushing to get done. But, yeah, pretty much standard. I don't think he spent long, long hours working at work.

Storey: Do you remember any emergencies or unusual situations that came up?

Moving to the Columbia Basin Project

Neilson: You know, I know there must have been many, but nothing really pops into mind. I guess you might call this an emergency. In the Columbia Basin Project it's, I don't know, I think like a 500,000-acre development or something like that, and they had huge canals. They had one main canal that comes from [Grand] Coulee Dam down through, I believe it's Banks Lake or something like that. Then it moves down into the basin and then bifurcates and there's the big west canal. I think they call the West High and the East Low or something like that.³

They were running a lot of water through that canal, and they had lining give way along one stretch. I know my father said that they were standing on the lining taking some data and doing some observations. Like they went somewhere and came back in a hour and the lining, all the lining where they'd been standing, was gone. I mean, we're talking this canal was a huge—it's like a big river and the water is just boiling through there. So they had to repair that, and it was an emergency because they couldn't shut the system down because it was in the height of the growing season. So I remember him telling me about that, and they were really scratching trying to keep

3. The Columbia Basin Project is a multipurpose project to develop waters of the Columbia River in central Washington. Project construction began with the authorization of Grand Coulee Dam in 1933. For more information, see Wm. Joe Simonds, "The Columbia Basin Project," Denver: Bureau of Reclamation History Program, 1998, www.usbr.gov/history/projhist.html.

the system up. I'm not sure whether they actually put cofferdams in to put the lining or whether they actually drained the canal for a day or two.

One interesting thing he told me was that in the area where the break occurred, it's basalt, it's volcanic stuff, tough and thick. They lost, I think, like a third of the flow of the canal or something like that, just—poof—down into the ground, you know. Who knows where it went? (laughter) So that was sort of an impressive thing. I know he was totally amazed at how much water they had lost, just disappeared, you know, from that. So I guess it points out the importance of good lining when you need it.

Storey: Yes. So you would have been maybe about fourth or fifth or sixth grade when you moved up to the Columbia Basin?

Neilson: Yeah. I think that I was finishing up the sixth, the sixth grade, yeah. Whole new world. You know, I was a very secure young man where I lived. I had all kinds of friends and relatives. I mean, everything was great. They ripped me out of there and hauled me up to Washington. I think probably the most traumatic experience of my life was that move and suddenly being thrown into this new environment where they weren't all my relatives and friends, and I had to make my way and make new friends. That was a very traumatic thing for me for some reason. Then we started into what we called middle school or junior high school.

Storey: But you made new friends, I take it?

Neilson: Oh, yeah. Sure. Yeah. Had a few fights. You know how it goes. Made some good friends.

Storey: Who was your best friend back in Utah before you moved? Was it another Reclamation kid?

Neilson: No. I had some real close relatives and then the neighbors that were good friends, kind of ran around. We all had horses and we'd ride the horses around and kind of lived a good life, you know.

Storey: Out in the country.

Neilson: Yeah. I lived out on what we called the river bottom on the Lake Fork River, had a lot of good times running out to those woods and chasing animals, snakes, you know, fishing and doing whatever. It was a good life. Couldn't ask for better.

Storey: Where did you move to in Washington then, the Ephrata area, I believe you said?

Neilson: Well, we moved to a Bureau camp. It was called Winchester. I think they had like maybe eight houses there, and it was ditchriders and maintenance people. We lived there like for about three years. Then we moved to another Bureau camp called Adco. That's when my father was given the job of the watermaster, and he had responsibility for maintenance of that huge main canal, maintenance and operation, and in both sections, the East Low and the West High, until, you know, they went out of his

territory.

This Adco camp—and I don't know what Adco stands for; I think it's some sort of a railroad abbreviation, it had about five houses. So we lived there until I graduated. My father and mother continued to live there after I left. But I lived there until I graduated from high school.

Storey: What do you remember about life in the camp at Winchester?

Neilson: The camp was sort of oval in shape, and there was a nice grassy field, a big park-like kind of thing, in the middle. It was big to me. It was probably a third of an acre or something like that. It wasn't a big deal. But we had good times. We played all kinds of games out there.

In the wintertime, they'd take the water. They'd de-water all the canals and we'd go up and play in the big old canals. We'd climb on the structures. Sometimes in the summertime, even though we weren't supposed to, we'd sneak up there and we'd swim in those big old canals. They had a tremendous undertow. So, you know, you'd tread water and you could feel the current just whistling through your feet, you know. So you'd pull them up and lay on your back or something or swim so that you wouldn't get caught.

Occasionally we'd go to a railroad bridge or where they had big tubes, rather than just a regular bridge over it, it would be big tubes, and so the water would back up a little behind and come out on the other end with great force. It was the most fun in all the world to dive into the outlet side and get down into that current and that would just scoot you along, you know, and pretty soon it would push you back up to the top. Great times. Then we'd also go swimming in smaller canals.

We had a neighbor, his name was Red Walker, an old rodeo man. He could tell some of the stories that, you know, you couldn't believe. But we really thought he was a neat guy. My friend who was the son of the watermaster who had been also down in Myton—he's the other guy that moved up there—my dad's boss, we were swimming in the ditch, in one of his ditches that he rode. He come along and told us to get the hell out of there. And we laughed, you know, and said, "We're okay. We won't hurt anything." We really thought he was just, you know, kind of harassing us, because we couldn't understand why he'd be concerned. But it turned out he was real serious, and the madder he got, the less apt we were to get out of the water because we were afraid he'd grab us and wring our necks. Oh, he was upset. So he went back and told my friend's father and mine. We had to go apologize to him, and the old sucker wouldn't accept our apology. So that was the end of that good relationship.

You know, we had a good old normal country life. We'd do whatever we could to keep ourselves entertained. We spent a lot of time working. We'd go work in the fields, you know, weeding beans or whatever, you know, whatever crop there was. Did some top and thinning of beets. When I got a little older, I got a job working changing sprinklers, hand-move sprinklers.

Storey: Picking up the pipes and moving them over?

Neilson: Yeah. And made a lot of good money. I found one kid in high school that made more than I did. But I made good money. I worked about eight hours a day, four in the morning and four in the evening, and got in pretty good shape, too, hauling those things.

Storey: Eight hours, between four and four?

Neilson: No. From four 'til eight and then from four 'til eight again. You know, I'd work morning and night.

Storey: Oh, I see.

Neilson: And I'd work for two farmers and did all right. In the summer, they'd hire me to mow or bale or stack hay. So it was a pretty good life for a kid like me. The one thing I regret is that we lived usually so far out of town that I couldn't do much as far as sports or anything in high school. But other than that, it was all right.

Storey: What was the social life in the camp at Winchester like?

Neilson: Well, from the adults' perspective, I don't know if they were all that close. You know, we were like maybe seven or eight miles from Quincy, and maybe ten or twelve from Ephrata. So when they first started the project, the reason they had those camps and that housing was because theoretically there wasn't housing available. That's really why they had them, as I understand it.

Then right away as the project took off, we had pretty good growth in Ephrata and Quincy. So there were maybe 5,000 in each. So I don't think the adults in the camps really relied on one another as sort of their sole source of social interaction. I think they were all fairly friendly, but I don't remember them spending a lot of time together and doing parties and things like that together.

But the kids, you know, we would play Kick-the-Can and sneak around and smooch on one another, you know, all the stuff kids do. You know, it was a lot of fun. It was neat having girls there you could tease, and the boys, a couple of three there, and we'd run around together and do all kinds things that the boys do.

Father, wherever he went, he had to always have a pasture and a shed and a little corral for a cow and a beef. So my job was kind of, as soon as I got old enough and talked him into letting me milk, and then as soon as I learned how, he made me milk. But, anyway, I'd milk the cow and feed the calves and stuff like that.

Storey: Are you an only child?

Neilson: No, I had a sister.

Storey: Younger?

Neilson: Older. Four years older. Made my life miserable. (laughter)

Storey: How many kids were in the camp?

Neilson: Oh, gee, this is tough for me. Let me think a minute. You know, it was dynamic, the people would move in and move out. But I would say on the average, probably, oh, ten or twelve, maybe fifteen occasionally, in that range.

Storey: Do you have any recollection of how the nature of your father's work changed between Utah and the Columbia Basin Project or any impressions about how it changed?

Differences between Moon Lake and Columbia Basin Projects

Neilson: Well, like I said, the Columbia Basin was a brand-new project, and they were just sort of breaking the facilities in, you know, all the shake-down stuff, things that might go wrong there. So I think I would say one thing that might be a substantial difference would be that on the Moon Lake Project it was more all maintenance, trying to keep old things going and replacing old wooden structures and using ingenuity and things like that to sort of just keep it going, keep it functional.

I don't think that the measuring devices were anywhere near as sophisticated. It was probably a lot of judging involved in measuring the water and so on. Smaller scale stuff, smaller farms, smaller ditches, whereas on the Columbia Basin they were large. They were concrete-lined, a lot of them, and they were state of the art.

So it would be, you know, more training. And on the Moon Lake, they were all old. They'd been around forever, you know, and they knew the ropes. The water users, they knew how the system worked. Up there they were all new people and so there was a lot of education involved and probably a substantial amount of strife and people not understanding why they got their water cut off or why they couldn't have all they wanted whenever they wanted it and things like that. I think that would be the big difference.

I know that my father told me he figured that it took about two owners. The land in the Columbia Basin, he figured that the land had to turn over about twice before it would support a family, when it actually became economically viable. Usually there was one failure, maybe two, before the second or third person could make it really stick and make a living on it.

Storey: Did he have any thoughts on why that was?

Neilson: A lot of start-up costs. You know, a big investment in equipment, machinery, developing the land, putting in your canals. It was just hard. That was more the average. The real sharp operators that, you know, were good managers were probably okay. But if you were kind of an average Joe that didn't have a lot of money to start with—see, the way a lot of those people got their land is they put in. They were veterans and they would draw out and get like—I think that they limited them to 160

acres. If they had a wife, I think they could put in, and if she drew out they could get like 320. This is my recollection. It may not be factual, but that's what I remember. So they were fairly small units. So, you know, with huge start-up costs and sometimes a lack of real good knowledge about farming practices and management, I think they had a lot of strikes against them when they started.

I don't know if financing, you know, I was too small to observe that kind of stuff, but I suspect maybe there were problems obtaining some financing. Particularly if you'd had a couple of bad years, you know, the bank may not be willing to go with you again. So I think the farmers get to the point where they can see the writing on the wall and they probably had to sell for whatever they could get.

It's my perception that the second owner probably got to take advantage of a lot of the investment of both resources and time that the first person had put it, and they probably got it at a discount, were able to build on that. So, you know, I think that's why maybe one or two owners before they actually, in a lot of cases, got the thing up to an economic unit where it was producing.

That's a fantastic project. I don't mean to say that that wasn't a good Bureau project. It's a wonderful thing, that project. In fact, I take great pride, great pride in the fact I work for the Bureau of Reclamation. I think it's a fantastic organization. It's done tremendous things for the western United States. When people start harassing me about working for the government, I'm not an easy kill. (laughter) I really do take a lot of pride in it. I think the Bureau has done its mission and done it very well and very effective and contributed immensely to the development of the western United States. You didn't ask me that question, but I'll share that with you.

Storey: That's fine.

Neilson: Okay. I don't know. Did I give you enough on the social?

Growing Up on Reclamation Projects

Storey: Sure. But let's talk about now there was a watermaster at Winchester as well as several ditchriders, I gather?

Neilson: Yeah. And then maintenance, maintenance crews.

Storey: And you moved there about 1952, as I recall?

Neilson: As I recall, that's basically right.

Storey: Do you remember when you moved away?

Neilson: Yeah. I was in the middle of my sophomore year in high school, and so that would probably be when I was around fifteen, pushing sixteen, maybe. So that would be '57, right? I was born in '41. So it would be around '57.

Storey: So you were there about five years?

Neilson: Yeah. Sounds like it.

Storey: And then your dad got a promotion?

Neilson: Yeah. He got to be a watermaster, which is kind of the guy that's in charge, you know, of an area.

Storey: But it was a different area, I guess?

Neilson: Yeah. This is when we moved to the Adco.

Storey: To Adco. Was that far away?

Neilson: Oh, yeah. All of probably thirty miles.

Storey: So you had to get a new set of friends?

Neilson: Oh, yeah. All that.

Storey: New school?

Neilson: New school.

END SIDE 1, TAPE 1. FEBRUARY 22, 1995.
BEGIN SIDE 2, TAPE 1 FEBRUARY 22, 1995.

Storey: You were saying that you moved about thirty miles, and it turned out that the school at Adco was the rival of the Quincy school where you'd gone before. Is that right?

Neilson: Yeah. I went to Ephrata High School. They were big rivals, really. So I had some interesting times when I first—and I made the big mistake. I loved motorcycles jackets, so I had my mother buy me a motorcycle jacket for my winter coat. And that doggone motorcycle jacket caused me more grief when I moved to Ephrata than anything you could ever imagine. I mean, it was just like, "I think I'm tough, hit me," you know. (laughter) And I didn't catch on right away. So as soon as I figured out what was going on, I stopped wearing the stupid motorcycle jacket. But I had some interesting times for a while when I first moved there. But it was a good school and I made some real good friends and enjoyed it there, yeah.

Storey: Were you still in government housing?

Neilson: Yes. We were living at Adco in that camp I said they had like five houses or so, I think.

Storey: Was that in town? Out of town?

Neilson: It was about twelve miles out of town. It's clear up on the upper end, the far upper end of the Columbia Basin where the main canal comes in from Grand Coulee and divides. So it's right up there in the very uppermost end.

Storey: How did your father's work change? What are your impressions of that?

Neilson: When he became watermaster from being a ditchrider?

Storey: Yes.

Neilson: Well, as a ditchrider he had very specific duties and responsibilities. He was given certain canals and laterals that it was his sole responsibility to do the water orders, to maintain the flows, you know, and to satisfy the needs of his customers. And then if there were minor maintenance things, that was his responsibility as well. So he had a very clearly defined area of responsibility, and it was to operate the canal and to maintain it, and he'd call for help if he needed help with bigger items on maintenance.

When he became the watermaster, then it was his responsibility for all the canals and all the laterals and all the facilities within a geographic area. Then he was responsible to make sure the ditchriders knew what their assignments were, that the maintenance people, that they knew their assignments, and he oversaw it all. And you do the hiring and the firing, the rewarding and, you know, the disciplining and all those things that go with it and responsible for all of the headquarters buildings and their maintenance yards and all of the assets they had to maintain the system.

Storey: All the vehicles and things.

Neilson: Yeah. All of the equipment, right.

Storey: Did the social life change any in your move from Winchester to Adco in terms of the government camp, I mean?

Neilson: We were a little further out and a little more remote, so I think there was a little more interaction with the other adults that lived there. Again, we had a pasture and a barn, shed. My dad, he'd always see if anybody wanted to move in with him, and so occasionally they'd share ownership or they'd have a couple of cows. That would provide them with sort of a vehicle for spending some time off work where they were associated.

I remember that my parents had real close relationship with their neighbors there, and that went on after they retired. Well, my mother was killed in an auto accident. Until my father retired and after that, they still maintained a good close relationship with the neighbors.

There weren't many kids there, so it was a little different for me. A lot of them were younger. I was older by quite a bit than the rest of them. I had close friends. I had a car by then. You know, I had wheels, and my close friends were in town. So it was a little different ball game for me as I got over there.

Storey: And you were still working for farmers?

Neilson: Yeah.

Storey: Different farmers than when you lived at Winchester?

Neilson: Yeah. In Winchester, I kind of jobbed around. You know, it was weeding and thinning, working with crops and did more manual labor. Where I did the sprinklers and the hay hauling and baling and all that stuff was with farmers around Adco. I was a little older then.

Storey: What got you interested in agricultural economics?

Interest in Agricultural Economics

Neilson: Well, even though we didn't have any farm, I had spent a lot of time working with farmers, and I liked it. I felt it was a noble pursuit and something that was rewarding. You know, you plant things and you watch them grow, you know, or you have livestock and you take care of them, become attached to them.

I went into the service, and one of the reasons I went in the service was because I knew I wanted to go to college. I was kind of a goof-off, you know, I got like Cs and Bs in high school. I never studied. I figured if I'd gone right into college, I probably wouldn't have done very well, and didn't know what I wanted to do, so I went in the Army.

Well, then when I got out, I decided I wanted to be a forester. You know, every young man's dream, "I want to be on the forest." Utah State has an excellent School of Natural Resources. I mean, like top two or three in the country. I was a resident of Washington state, and Washington State University also had an excellent program. I found that I could go Utah State as a nonresident cheaper than I could go to Washington State as a resident. And being a native of Utah anyway and having relatives and always, you know, having this romantic concept in my mind of the state because I was raised as a young man in these ideal conditions, I really liked Utah.

So I went there and after, you know, I worked around. I had the kids by then. I got married while I was in the service. I went to freshman orientation. They had this huge auditorium in the College of Natural Resources, and there were probably 500 freshmen. They had forestry, range management. You know, in the course you usually get to the Forest Service and Range Management with B-L-M [Bureau of Land Management]. And then they had fish and wildlife. I can't remember exactly what they called it. But they had those three areas, main areas, majors that they offered. And they said, "Okay, now we've had our general orientation. All of you who want to be in forestry, stand up and go over here." About 450 of the 500 got up and walked into this other place.

Well, see, I was a little older and I knew that I was going to have to get a job when I got out of college. And I said, "Good grief. I know that if this is the case at this

university, it's got to be the case at every other university. There must be, you know, hundreds of thousands of people who are aspiring to work for the Forest Service, and I know there's not that many jobs." So I said, "Well, what the heck. I don't care whether I'm working in the forest or I'm working out on the range." So I said, "Well, I just go into the range management."

Well, I did take a few courses with that, and I found that it was interesting, but all the guys who were graduating in range management were not finding employment. They were having a hard time. Again, I thought, "Well, my main purpose here is to prepare myself for work and, why, if I know now I'm going to get a job in this major, why do it?" I changed to agricultural education after about a couple of semesters. They had two people on staff, and they drove me nuts. I mean, they were the whole program. I observed that, you know, if you kind of hung around the teachers and stroked them a little, you'd do better. I figured myself a salty old dog and didn't want to do that and decided, well, I'm not all head up about agricultural education anyway.

So then I had taken some group fillers, some courses in economics, and I just ate it up, for some reason. This old instructor that had taught me the general economics, I just basically worshiped the ground he walked on. He was just salt of the earth. I liked him. And so I thought, "Well, what the heck." You know, "Why not? I like it and I'm not going to be guaranteed a job no matter what I major in. So why not do something I like." So that's how I got into the ag economics.

Storey: You went into the Army about 1959?

Neilson: Yes. 1959.

Storey: And graduated in '59.

Neilson: Uh-huh.

Storey: And so then you would have entered Utah State the fall of '62? Fall of '63?

Neilson: I spent three years in the Army. I got out of the Army and went back to Washington and went to work to save money to go to school. I don't know if you're familiar with that drill, but, you know, I was making enough to live on, but I wasn't making much money. I just picked up lock, stock, and barrel. I had like fifty bucks in my pocket and an old beat-up car and a wife, and I think I had two kids by then, and hauled off for Utah. Got a job down there. I went to work on a turkey farm, vaccinating turkeys and feeding turkeys and throwing turkeys. I could give you two hours on that. That's another experience.

But, anyhow, I stayed there a few months and then got a job working for Thicol [phonetic] Chemical Corporation. They were doing the first stage of the Minuteman missile. Making great money. I worked for them like two years. So I really didn't start college until about 1964, late '63, early '64. If you're curious, even though I was making good money, I didn't save any money while I was working at Thicol either. So finally I realized, "LeGrand, you've got to bite the bullet. Find yourself some part-

time work and go to school." You know, I had wasted like three years trying to save money, and it just wasn't happening. So I think I started in like late '63.

What happened was my father and mother were coming to see us, and they were in an auto accident. She was killed and my father was really broken up bad. I mean, he was physically severely injured. So I quit my job at Thicol and went to live with him. My wife and I took care of him. He was living back up in Washington. And then I went to one term—I think it was a quarter or semester—of school there.

Then my father got back on his feet, so then I went to work for my father-in-law, another whole story, very interesting, you know. It drove me crazy. I was able to stand that about three or four months. And then once again, packed up everything I had in a U-Haul trailer and a car and did my pilgrimage again back down to Logan, Utah, and that time I went to school, got a job working—actually, I got a job working with a crops research lab, U-S-D-A [U.S. Department of Agriculture], there.

It turned out it was the only job on campus that was a federal position, you know, a student job. So I got credit. I worked like four years there on part-time, full-time basis, and got credit for Civil Service purposes for term of service. So it worked out real well. I had insurance. Really was lucky. I got a good job. So then with that and my G-I Bill, I was able to go ahead and finish up my school.

Storey: You ended up doing ag economics.

Neilson: Ag economics.

Storey: What were you writing your incomplete thesis on?

Problems Getting Approval for Thesis Theme

Neilson: Factors affecting farm firm growth in the state of Utah.

Storey: Farm firm growth?

Neilson: Farm firm. In other words, the farm corporate or whatever, the firm, you know, the business. But I'll tell you, I noticed you have a Ph.D., so you're familiar with all the things that go on. But it took me about four months just to get my thesis statement through, what I wanted to do. I had been very much impressed with this young instructor. I'm trying to remember his name. I guess I've blotted it out of my mind deliberately. He really seemed to know his business. So I asked him to be on my committee, and it turned out to be a nightmare. Then I had like three or four other old salty old professors, and they knew the ropes and they were very helpful. But this guy, he would never help me. All he would do is chop and cut. He said, "This is stupid. Why are you doing this? Why are you doing this?" But he would never give me any constructive suggestions or advice as to how I could fix what he saw as deficiencies. It was a very difficult situation and really made me pretty damn bitter, to be candid.

So, anyway, after I got my thesis statement through, I worked up my questionnaire. I had to do my hypotheses as to what really was affecting—you know, what was happening in the state in Utah, and I really didn't know it that well, but I sort of assumed, the farm units were getting smaller rather than larger during that period. So it was kind of a strange thing, and I postulated this, that, and the other.

So then I went out and I did a lot of interviews. At random I selected areas and at random I selected farmers to interview. You know what it was that was really affecting it more than anything else? It was the inheritance process where an old farmer would have amassed this farm and then when he died, it would be split up between ten kids. That was the biggest thing that I was able to identify. It wasn't so much economic factors or anything else. It was just the fact that, you know, when someone died, the estate would be split up in ten different ways. Now suddenly you've got ten ownerships.

Storey: Really?

Neilson: Yeah. That was very interesting.

Storey: That is interesting.

Neilson: I tell you, though, candidly I was so disgusted with the process, that really was another convincing factor was I knew if I was going to go to Iowa State I needed to finish my thesis. I was in despair because I knew that if I had had that much trouble with this guy just getting my thesis statement through, that actually trying to do the thesis was going to be a living nightmare. So, anyhow, when the job came along, I said, "Well, I guess I've had about all this I can stand." So I packed up my stuff and headed for something else.

Storey: You mentioned that you were told, I believe is the way you put it, that there was an economics job at Reclamation.

Getting Hired with Reclamation

Neilson: Yes.

Storey: Do you remember who told you, where that came from?

Neilson: I believe what happened was someone that worked at the project had contacts with some of the professors there at the school, and they called and told them that they had a position for an economist, and the word got down to my professor that I—gee, I forget now what you call him. But he was the one I was working for, my sponsor, whatever. And so he told me about it. He said, "You know, you ought to really consider this. It's a pretty good deal."

I had graduated from college and went to work immediately for a bank, First Security Bank of Utah. Boy, that's a real quick way to starve to death. They didn't pay much. But I was optimistic and hoped that after I had been there they would give

me some decent raises and I'd be able to support my family. I worked for them about a year and a half or so.

That's one thing I told them. Sort of the crowning indignity was they hired me, I worked for like ten months' training, and then went out and went to work, and they gave me a big raise, like \$500 when I finally finished the training and went to work. Well, then I found out that they had increased the amount they paid recruits that they were bringing in to as much as I was making after I had spent a year, and that disgusted me. So I went to the branch manager and said, "Hey, I've got to have more money." My wife was having to work and I wasn't—"

And he said, "Well, how much do you think you need?"

And I said, "I don't think you can pay me enough."

And I wasn't trying to be smart or sarcastic, it was just like they were paying me, I don't know, like \$6,000 a year, and I knew that I could go to work for the federal government as a GS-5 at the time like for \$8,000. So I should have told him \$8,000. But I said I don't think he could ever pay me that much. So I said, "I just don't think you can pay me enough to stay." And that really made him mad. So he gave me two weeks' severance pay on the spot and told me to clean out my desk.

I knew when I went back to graduate school that one very likely place that I would like to work would be with the federal government. So then when the job, this opportunity with the Bureau, came along, I knew the Bureau, I was really excited, and jumped at the chance. Even though I wasn't wealthy then and I'm not now, it did go a lot further to help me support my family, to meet my obligations there than working at the bank. So I had a pretty good understanding and knowledge and expectations. I was hoping that I'd be able to get something with the Bureau—well, not the Bureau, but the government somewhere.

Storey: You mentioned a professor who influenced you, an economics professor. Do you remember his name?

Neilson: Ernie Morrison.

Storey: Why did he influence you that way?

Neilson: I kind of consider myself to be a down-to-earth, kind of practical person, and he just made it live for me that way. The theory was always applied to really down-to-earth examples that really fit and worked well for me. He was no-nonsense. We just clicked. I understood him. I really got to like the guy.

Then after I had some classes from him, he actually hired me to help grade papers and do things. But this was later on. You know, there are certain people that, you know, you enjoy, they seem to have a good understanding and knowledge about life, and he just really made the science, this dismal science of economics, just sort of live for me. It was a lot of fun going to his classes. He always had a joke or two. He

would give you credit if you worked hard. I mean, if you attended a class—a lot of college professors don't care if you ever show up. He said, "If you're dedicated enough to come to this class, I'm going to give you some credit for that." He and I kind of were like peas in a pod in a way just from a philosophical point of view.

Storey: How did you apply for the job at the Bureau of Reclamation?

Neilson: W-171. W-171. Filled it out and was extremely distressed to find out that I had to take the—what was that old exam, the government entrance exam or something like that? Do you remember that?

Storey: Yeah. It was a general entrance exam. I don't remember the name of it or anything. You went in with the stenographers and everybody else in the world and took this in a big room.

Neilson: Right. Yeah. By then if I had finished my master's, they could have picked me up, I think, like at a GS-9 or something like that, and I wouldn't have had to have taken it. But since I didn't have it done, I had to go in at what they call an entry level and so I had to go take the test. I did okay on the test. I guess I had a little advantage over most other applicants. I already was a permanent employee. I had already gone through my three years of permanent federal employment because of my military and then this job, this neat job I had on campus. Remember I told you that it was a neat job?

Storey: Yeah.

Neilson: Then I had G-I benefits or veteran's preference. So it turned out all right.

You know, an interesting thing. My name is LeGrand. I don't know if you've ever heard that name before, but there's not that many of us around.

Storey: Yeah.

Neilson: And the guy, my first boss in Provo, his name was LeGrand Ward. And I thought this was so ridiculous because they actually a conversation, the personnel officer told me—or maybe it was LeGrand—but anyway, whether they could hire me or not because they didn't know if it would be confusing to have two LeGrands in the office. (laughter) You know, you have Bobs and you have Joes, you know, all over the place.

Storey: Johns and Bills and—

Neilson: But we had two LeGrands and that was actually a topic. They had to consider whether it would be confusing, maybe, you know. But, anyhow—

Storey: Which office was this?

Neilson: The Central Utah Project Office in Provo.

Storey: In Provo. And when did you go there?

Central Utah Office in Provo

Neilson: 1970. June of 1970.

Storey: Who hired you?

Neilson: Darren Reese [phonetic]. He was the Personnel Officer. Unless he's retired, he's now the Personnel Officer in the Salt Lake Office, the Upper Colorado Regional Office. He was the Personnel Officer. But the boss, the Project Manager, was Palmer Delong [phonetic]. Fine gentleman. I really admired him. He was a good man. In the division, our Division Chief was a guy by the name of Ed Wiscom [phonetic]. He was an old military retiree. He was like a colonel or something in the military. He was a character. It was a good office. I really enjoyed working there. Good people.

But I figured out right away, planning, an economist, a planner, you do a lot of number smashing and a lot of repetitive work. They had two other economists, staff economists, there and a lot of the stuff was updating studies, you know, and rehashing this, rehashing that. So it wasn't quite the exciting and rewarding job that I had hoped for working as an economist.

Now, the environmental side was a little different. It was kind of new and wonderful. I'd go to somebody and say, "Well, what do I do?" "Well, I don't know. You figure it out." So I got the law out and I read the law, you know, and what little bit of policy there was at that time, and launched into my analysis of the environmental impacts of the Central Utah Project. I did probably about a half-an-inch thick little report of all the impacts that I could identify based on what I had read in the law and things that were there, and there wasn't much. You know, I just started this thing out.

An interesting thing happened. When I turned my report in, my draft, the fellow that was I working for on the environmental side—because they didn't have anybody else to even supervise me—was the reports writer for the project. He come back to me later and confided in me that when they saw my report, they had a long debate over whether or not they should fire me. And I said, "What are you talking about, Bill? Was it that bad?"

He said, "Oh, no. It wasn't the style or the way you had done it. It was the fact that you were a fire-breathing environmental radical and that you had listed all of these impacts of the project that could be used by the opponents of the project to get it de-authorized."

And I about swallowed my tongue. I couldn't believe it, you know. Apparently, that was very real. You know, this was back in the days when—that was the old go-get-'em Bureau, you know, and they steam rolled anything that got in their way. I mean, they had a mission and they did it well. And suddenly here was this new employee who had listed all of these things that were wrong with the project. And,

you know, I guess, in retrospect, thinking about it, it was probably a very normal thing. But I just was naive and had no idea that something like that would happen.

Well, then to finish the story, you know, then as they got professionals in and people who were, I guess, more knowledgeable than I was, they did all of their biological inventories, all the flora and fauna, and all of their analyses. You know, they had volumes like that when they got done. But it was just sort of interesting.

Storey: Yeah. Much thicker volumes later.

Neilson: Sure.

Storey: As they became more sophisticated.

Neilson: Yeah. My little bit of research became a section in the environmental report on the overall cumulative impacts of the project. So it survived. And I did, too. So then I thought, gosh.

Well, what happened was they had a RIF [Reduction in Force] after I'd been there like a couple of years, and I was in pretty solid shape. They hired on two other young engineers when I came on, and it came down to me and one other guy, one of these other guys that hired on when I did. They couldn't move me out of the office because I had the whiskers, you know, and I had the preference as far as, you know, how you line up for RIFs. So the Division Chief came to me and said, "LeGrand, we've got two things we can do. If you'll transfer to Salt Lake as an economist, we can keep this other kid. But it's your call. We can't make you do it. And if you stay here, we'll have to lay him off."

Boy, I'll tell you, I had to do some pretty serious soul-searching there. It meant like a forty-five to fifty-minute commute every day both ways. He said, "If you'll do it, I'll make it worth your while." And so I said, "Well, okay."

So I went to Salt Lake. I think maybe I spent three years there in Provo and then I went to Salt Lake and worked as an economist there for about three or four months and then transferred out of there and went to Denver. Had some interesting experiences in Salt Lake, if you're interested, that I could share with you on some of the old Bureau stuff.

Storey: I'm definitely interested.

Salt Lake City Office

Neilson: I was on staff there. The job they gave me, the major job, was to do an evaluation of the Jensen Unit⁴ of the Central Utah Project. They were really concerned about

4. Located in northeastern Utah, the Jensen Unit is a multipurpose project and part of the Central Utah Project to develop roughly 22,600 acre feet of water for M&I, power, irrigation, and recreation. For more information, see Adam R. Eastman, "The Central Utah Project, Jensen Unit," Denver: Bureau of Reclamation History Program, (continued...)

whether it was justified. You know, it had been authorized. They had some concerns about the viability of the thing. So they gave me an assignment to go out and gather some data and do some research to see if it really was economically and financially viable. The reasons they had concerns was because it's out by Vernal. I don't know if you know where Vernal is.

Storey: Yes.

Neilson: They already had a project there. It was the—what the heck is the name of that project? Anyway, they had one there, a Bureau reservoir there, and they were basically irrigating all the main part of the area with that project. The Jensen Unit, a major part of the justification was oil shale development. They were going to need lots of water for oil shale, and there was just a little bit of ag, you know, just almost de minimis, hardly anything there.

So I went out and I did my research. I interviewed lots of people and did everything I could to try to get a good feel for would oil shale go or not, you know, because it really hinged on that. And so I came back and I prepared my report. Here I am a three-year Bureau employee, kind of still fuzzy in the face. I wrote up this thing and said, "You hadn't better build the project. The demand isn't going to be there. Oil shale is not going to go. It's just too expensive. It's not economically viable right now and it may not be for another fifty years."

Well, my boss got that. His name was Paul Sand [phonetic], and Paul was a great guy to be around, you know, socially, but he was not going to stand for my report to say that that project wasn't justified. And so we went round and around with that. You know, I've always tried to be my own person, and it was important and I wanted to do right, do the right thing. We went around and around and around on that thing, and finally he made me change my report and say that, you know, I listed my concerns, but he said we thought there was a reasonable chance that development would occur and that the project should be built.

I hung on to my draft of that report, I'll bet you, for fifteen years after that, because I knew in my heart of hearts that that thing wasn't going to go. Well, they went ahead and built the project, and here about three or four years ago they had to restructure because they didn't have any means to pay for the project. There were no customers, you know. It was there. It's a nice recreational development. I threw my report, you know, my draft, away. After a number of years, I realized it's probably childish. Anyway, the upshot of that was that I sort of had a bitter taste in my mouth, the way that went.

They brought me to Salt Lake to replace this old-timer, you know, about as old as I am now. He was going to retire soon. We were sitting in the same room and our desks were facing one another. One day I was bitching and grouching about having to redo something, and he kind of got this look and he said, "LeGrand, you haven't

4. (...continued)
www.usbr.gov/history/projhist.html.

figured it out yet, have you?"

I said, "What?"

He said, "It all pays the same. What the hell. Why do you care whether you have to do something over? You get paid, you know. Enjoy your work, you know."

So we got to talking then. There was a job in the O&M section in Denver in the Lower Missouri Regional Office for a Contract and Repayment Specialist available. I was still smarting because of the way old Paul Sand had treated me on my study. I asked him what I should do and he said, "If it were me and I had my career to do again," he said, "I would get into operation or maintenance [O&M], into the contracting, in less than a heartbeat."

I said, "Okay, I'll take your advice." So I applied and got this job in Denver in contracts and repayment, which got me over on the O&M side, and that's where I've been ever since. I've been working in that until I got to be the Division Chief down here. But, great. I'll tell you, I've just—

END SIDE 2, TAPE 1. FEBRUARY 22, 1995.

BEGIN SIDE 1, TAPE 2. FEBRUARY 22, 1995.

Storey: This is tape two of an interview by Brit Storey with V. LeGrand Neilson on February 22, 1995.

You were saying you had gotten into O&M, and Mr. Sands had done you a favor, in retrospect.

Planning Projects

Neilson: Yes, that's correct. I guess I really can't fault Paul, because it's my perception based on what I've seen, you know—I'm like a twenty-five-year Bureau employee—that even though the Bureau had all of these additional people that they had hired, all these additional skills, because, you know, they'd had some earlier projects go sour, like the Taskeech Project—I don't know if you're familiar with that.⁵

Storey: Up there along the Bear River, isn't it?

Neilson: There was just no way. The growing season is so short, you know, that it never was viable. Then they had a project where there were drainage problems and things like that where the land went bad on them after. So they got soil scientists, they got economists, and all of these special abilities to make sure the projects would go. But

5. Mr. Neilson is referring to the Upalco Unit in northeastern Utah, where Taskeech reservoir on the Lake Fork River. Reclamation planned the project to develop 18,000 acre feet of water for supplemental irrigation for 42,5020 acres on both Indian and non-Indian land. For more information, see Adam Eastman, "The Central Utah Project—Uintah, Upalco, and Ute Indian Units," Denver: Bureau of Reclamation History Program, www.usbr.gov/history/projhist.html. Listed on the History Program website as Central Utah Project, Unbuilt Units, Utah.

it was not easy for those people to convince anyone in the Bureau of Reclamation who had proposed a project and it looked like it was a good thing that they shouldn't do it. So there was tremendous pressure. This is my perception. There was tremendous pressure to do everything you could as a scientist to justify and show that the project would work.

Paul had been around the Bureau for thirty years, and he'd lived through all that. I don't have any malice toward the guy, you know. I think he was just doing what he thought was right. But that was sort of the environment there.

Storey: Where did these projects originate from, in your experience? How did projects get started in Reclamation?

Neilson: The planners, and most of them were engineers. Their job was to just kind of scour the countryside to see if there was a need for reservoirs for water storage and for irrigation facilities, and they would spend years working with the interested publics to see what their needs were. They would conceive of these projects, and then they'd go through these rigorous analyses, you know, engineeringly are they feasible, are they economically feasible, are they financially feasible, are they needed, you know, all those kinds of things. Some of those planners would spend years working on projects, and they'd finally be determined, well, no, they aren't viable.

So this Jensen Unit was simply one of those. They had the Central Utah Project and they had several units, and out in that area they had the Jensen Unit, the Vernal Unit, the Upalco Unit, the Uinta Unit. I mean, they had units everywhere, you know. They had set down and spent countless hours working these things over and coming up with schemes—I call them schemes—plans to develop the resources. That was it. You know, that was sort of the Holy Grail, develop the resources, put them to work. So that's how it comes about.

I would say for every project that finally made it through authorization, there were probably ten to fifteen that somebody had spent who knows how long on that never made it. Sort of the final test was after you had proved viability, it still had to be authorized by the Congress. So it was just some guy with a green eyeshade on sitting at his desk working away, you know, and saw some opportunity and a need and went from there.

You're probably familiar with what the process was, you know, you'd cook up the idea and you'd do some sort of reconnaissance kind of work on it, and then if it looked good, you'd develop some feasibility data, you know, and then you'd do another big more detailed, more in-depth kind of analysis. And then if it turned out that it looked good there, then that's about when you'd go to Congress and say, "Okay, this is what we found. We think this is a good project." And usually, you know, these projects were always supported by the local politicians. It was great to have a project in their area. Then the Congress would hash it over, and if they authorized it, then you'd go to the final level, the definite plan report level of study, where you actually got down to the nitty-gritty and did all your volumes and your costs and all the things you needed to do and got into your specifications and all those things and got the project going.

Storey: When you went to work for Reclamation in 1970, do you remember what your grade was?

Neilson: I was a GS-7.

Storey: And did that change when you moved to Salt Lake?

Neilson: Let me see. I don't believe it did. I went to work as a 7 because I had a pretty good scholastic record. I had a pretty good grade point, so they were able to give me a 5. Somehow it was justified, they gave me a 7 based on that. And then after a year I got my 9, and after a year I got my 11. And I was an eleven, I think, when I transferred to Salt Lake, and they had a 12 for me when this Ted Goodsell [phonetic] fellow I told you about that sat across the desk from me retired. So I got a 12. I got a raise. I was only in Salt Lake for three or four months, and I got a 12 when I transferred to Denver. And it was about a year after I got my 11.

So the Bureau, from that standpoint, treated me very well. As soon as I was eligible for promotions, I always got them up through the 12. Then I spent two years in Denver as a 12, and then I took a job in Washington on the staff there as a 13. So I had two years between my 12 and my 13. But the Bureau just—they took good care of me. Treated me well. I got raises and promotions as soon as I was eligible and just moved right along.

Storey: Tell me about the move from—I guess you moved from Provo, actually, over to Denver.

Move to Denver—Lower Missouri Region

Neilson: Yeah.

Storey: Tell me about who paid for what and what kinds of issues came up in your move.

Neilson: They paid, the Bureau, the government, paid the fees, my realtor fees, and cost of sale of my home in Provo, or in the area, and they gave us allowances for mileage to move our cars. And they also paid for the cost of the moving van, the moving company, to move me. And they paid some of my acquisition costs, you know, points and things. I don't know if they paid points. But they paid closing costs and things like that when I bought my home in Denver. So it worked out pretty well.

I know that it left sort of a sour taste in my mouth because, as I recall, back then any of this reimbursement you got for a move was counted as income for tax purposes. So even though I incurred all these costs and was just reimbursed, as I recall, it was treated as income. So I had to take a hit on my taxes because of the reimbursement, and that was always sort of frustrating to me. But it went fairly well.

I made a mistake. I had heard how well the Hutchinson homes were built there in Denver, and it was an old reputable builder. There was a subdivision there that the houses weren't super fancy, but they were well built, and I talked my wife into moving

- into one of those. She didn't like it, didn't like the house, but I talked her into it. I never did that again. I mean, it just—bless her soul, she's a wonderful woman and I love her, but because I had talked her into moving into something she didn't like, every time something went wrong, she made my life miserable. (laughter)
- Storey: This is the subdivision down south of the Federal Center, maybe?
- Neilson: No, actually it's north and a little west. It's out by Golden.
- Storey: Oh, okay.
- Neilson: Applewood.
- Storey: Oh, yeah. I know Applewood.
- Neilson: There's two parts of Applewood. There's the old Hutchinson development, and then there's some nicer homes that are a little to the north. They're a little more affluent area. But we were in just sort of the tract homes there.
- Storey: And what job was it you moved to in Denver?
- Neilson: Contract and Repayment Specialist.
- Storey: In Lower Missouri Region.
- Neilson: In Lower Missouri Region, yeah, working for a fellow by the name of Ed Talbot, who had been around as long as the Earth. You know, he really seemed old to me. And Willis Ervin⁶ was the Division Chief there. And Jim Ingles was the Regional Director. A pretty good crew. And I learned a lot there. I was there two years, but I learned a lot.
- Storey: What does a Contract and Repayment Specialist do?

Contract and Repayment Specialist

- Neilson: Well, one of the things the Bureau found out after they'd been in business was that you really need contracts. You need binding commitments from the organizations, the water-user organization, that benefits from the project to repay the costs, to operate and maintain it properly, and to comply with all the rules, laws, and regulations, the myriads of things that the federal government has chosen to impose on the project beneficiaries. And so all of that was to be reduced to a contract. So that was the primary function, was developing contracts.

At the time, they had three projects going, two or three. They had the O'Neill

6. Willis J. Ervin participated in Reclamation's oral history program. See Willis J. Ervin, *Oral History Interviews*, Transcript of tape-recorded Bureau of Reclamation oral history interviews conducted by Christine Pfaff, historian, Bureau of Reclamation, edited by Christine Pfaff and Brit Allan Storey, 2012, www.usbr.gov/history/oralhist.html.

Unit,⁷ the Fryingpan-Arkansas Project, and they had the Twin Loups [North Loup] Unit going.⁸ Then also they were doing some things along the Front Range there in the—wait a minute, did I say Fryingpan? It's the Pick-Sloan Missouri. It's the O'Neill Unit of the Pick-Sloan Missouri Basin Project, and the Fryingpan-Arkansas was another project.⁹

Storey: Fry-Ark, yes.

Neilson: Right. They had some things going there. So I was involved and did the writing of the O'Neill and North Loup contracts during that two-year period I was there. And another function, there's a Contract and Repayment Specialist, the other function is to actually do repayment studies to run out, you know, the amortization of the terms and that for the project and reduce those to terms in the contract. And then you have to administer those contracts when you're done. You have to follow up and make sure that the payments are made on time and that, you know, the reserve funds are kept and all the other commitments that they make in the contract are actually adhered to.

So I think it's very worthwhile and it was fun. You know, I enjoyed doing that. Get out and do the negotiations, sat across the table and bang each other over the head. I enjoyed that work.

Storey: But you only did it for two years.

Neilson: In Denver.

Storey: In Denver.

Neilson: Then I went to Washington as Contract and Repayment Specialist in the Washington Office, and I spent three years there. You know, that was a good job, but I found out real quick that most of the work there was review and oversight, and so you were always asking people for information. They'd send in their contracts for review and you'd approve it. But I found out that that wasn't what I liked to do. I wanted to be back out doing the stuff, you know, dealing with the people and originating the work rather than back in Washington reviewing things. So I spent three years there and finally got a job here in this region as a Contract Repayment Specialist again.

Storey: Who hired you to go to Washington?

7. Located within the Niobrara River basin in north-central Nebraska, the O'Neil Unit of the Pick-Sloan Missouri Basin Program was planned as multipurpose project to serve 77,000 acres of farmland and provide recreation and fish and wildlife benefits and flood control.

8. The North Loop Unit of the Pick-Sloan Missouri Basin Program provides water to 53,000 acres in central Nebraska. For more information, see Kevin E. Rucker, "North Loop Division, Pick-Sloan Missouri Basin Program," Denver: Bureau of Reclamation History Program, www.usbr.gov/history/projhist.html.

9. A large-scale trans-basin project, the Fryingpan-Arkansas River diverts water from the Fryingpan and Roaring Forks rivers in southern Colorado's western slope and transport that water over the Continental Divide to provide supplemental irrigation for 280,000 acres in the Arkansas River Valley and M&I water to Front Range communities. For more information, see Jedediah S. Rogers, "Fryingpan-Arkansas Project," Denver: Bureau of Reclamation History Program, 2006, www.usbr.gov/history/projhist.html.

Neilson: Frank Ellis [phonetic]. I don't know if you've ever heard of him.

Storey: No, I don't think I have.

Contract and Repayment Specialist in Washington, D.C.

Neilson: He was there for a good long time as the chief of that branch, Contracts Repayments Branch, in the Washington Office.

Storey: This would have been about '75?

Neilson: Yeah.

Storey: So in '75 the Commissioner was Gil Stamm.¹⁰

Neilson: Uh-huh.

Storey: Did you ever have any dealings with Mr. Stamm?

Neilson: He was more remote. I think I may have talked to him once or twice, answered some questions for him, but it was always Frank would go up there if there was a meeting or issues to be dealt with. I was kind of staff, you know, and that's just the way they did business.

I will share a little story with you. When I went back there house-hunting, they had a Christmas party, and so they invited me to come in. I had on my brand-new suit, you know. I don't believe he was there. He may have been, but I don't remember seeing him. But they were introducing me to all these people and I had loaded up my plate with all the goodies, you know, and I had this drink. Everybody was wanting to shake my hand. So I balanced the drink on this paper plate. I was shaking someone's hand, and the plate gave way and this red punch all over my suit and down all over Gil Stamm's carpet, my food everywhere, you know. Talk about mortified. I was hoping the floor would open up and swallow me whole. Can you imagine? (laughter)

That's how I started off in Washington. I made a real good impression. But they were good folks. I enjoyed working there, too. But it was just the nature of the work just wasn't what I wanted, you know. And then, too, I got tired of commuting there. It's sort of hard. It was an hour in and an hour out, nerve-wracking stop-and-go traffic. I'm an old country boy, you know. So after three years, I managed to find work somewhere else.

Storey: Where did you live?

Neilson: We lived in Virginia in what's called Greenbriar. It's out south and west of Fairfax. It's in Fairfax County.

10. Gilbert G. Stamm was the Commissioner of the Bureau of Reclamation under the administration of President Gerald Ford, 1973-1977.

Storey: How did you get in?

Neilson: Carpool. We had a six-member carpool and we parked right in the basement of the building. You know, there were other arrangements earlier on, but finally I got into that. It worked out real well from that standpoint.

Storey: Three years. And you had one of those offices along one of the corridors, I guess.

Neilson: Oh, yeah. Right. Shared it with a couple of different people, yeah. Got to go over a couple of times and stand on the lawn when the President would welcome a visiting dignitary from another country and then they'd have the salutes and the Honor Guard standing there. It was a good experience. I don't want you to have any inkling that it wasn't good, because it was. That was an excellent opportunity for me. I got to take advantage of that and got to know some people, learn how the Bureau worked in Washington, and got to know a little bit about the politics, a very good experience for me.

Storey: You've already mentioned it sort of peripherally, but I'd like to explore a little further the difference in the nature and the responsibilities of the work going from a project office to regional offices to the Commissioner's Office. Could you talk about the way you saw that change?

Differences Working Various Reclamation Offices

Neilson: Well, you know, I had a person who worked for me here, sort of was the technician. Her name was Lois Casey [phonetic], and she used to love to refer to her worms-eye view of the world. She was a lovely person. She had this worms-eye view, you know. She was as low as you could get, you know.

So I guess maybe from that perspective, when you're in a project office in the old organization, you were kind of like that. You know, you had a very narrowly focused and directed world. You might have one project that was kind of your livelihood, and all of your energies and efforts were focused on that, making a goal or whatever your responsibility was associated with that, and in a way sort of isolated from the rest of the world to that extent.

So from a professional point of view, you didn't get exposed to a lot of things. It was kind of pretty well directed and pretty specialized in what was happening. Socially it's sort of the inverse. You knew everyone and everyone was friends. It was a good environment. You know, you go up on breaks. We used to take breaks, and we'd harass each other and just have a great time. And we had good parties.

So at the project it was a very close-knit group, friendly, and very much enjoyable from that point of view. But the work was much more narrowly focused, and as a lower-graded employee in the project office, you didn't get involved in a lot of the political activities or dealing with the issues with the local organizations and things like that.

I think part of that was because of the planning nature of the work I was in. They did have contract and repayment people at the project, and so had I been in that part of the work, I might have had more involvement with the outside world. Do you know what I'm saying? Because I'd be negotiating contracts and things. So the extent of my involvement with society, if you will, was if I was doing a questionnaire, going out and doing some economic data-gathering, things like that.

Then when I moved to the regional offices, your world kind of expanded, because now you're dealing with sort of an oversight or policy point of view with several projects. And then you had some interface with the Washington Office and with the E&R Center back then. So, you know, the scope of your world kind of was much greater, and you got a lot more variety in what you did, and you got involved more with the customers and things like that, because the projects would call you in and ask you to help them, you know, or like on the O'Neill and North Loup projects we actually in the Regional Office did the contracts. The projects didn't. From that point of view, it was more varied and there was more things going on, and you had a little better perspective of the big picture. You know what I'm saying?

Storey: Yes.

Neilson: Then when you go from the Regional Office to the Washington Office, an interesting thing happens. You sort of become removed from the real world in a sense that you aren't dealing—very rarely, at least, would you deal with some member of the public would come in and see you. You know, it was always sort of you have this division, the green eyeshade, and you're sitting at your desk, and one of these faceless bureaucrats, and you're processing paper day after day, you know, always after the regional offices to give you more information or to change something. "Dummies, why did you do it this way?" that kind of thing, you know.

So from that standpoint, very severely isolated from the customers—if you let me use that term—but more exposure to the Department [of the Interior]; to the Congress. You know, it sort of opens up for you in that sense, dealing with the lawyers down in the Department and the staffers down there that need help. You have more access to the power, I guess. Maybe that's the way to say it. But you're more remote from the people you're trying to serve.

You have more impact on policies, you know, when you're in Washington. If there's a contract or repayment policy that needs to be changed, you're the one who does it. You write it up, recommend it to your supervisor, and then it's distributed out as policy. So you have a little more clout as far as if you don't like something or if it isn't right, you know, making the changes. Am I getting close? I mean, does that give you what you're looking for?

Storey: Absolutely. How many other Contract and Repayment Specialists were there in Washington at this time?

Contract and Repayment Division in Washington

Neilson: When I went there, there were three others. Oh, shoot. I was going to give you their names. One of them was Pat Gallagher, a female. I think she was, maybe, the first to second they had had. She left. Shortly after I got there, she took the job as head of the Contracts and Repayment Branch in Boise for the Pacific Northwest Region.

Another fellow, Glen Johnson was his name. He had his thirty years in, plus, and I take personal responsibility for talking him into retirement. He was sitting there one day and I said, "Glen, how many years you got in?" I think he was pushing forty years. I said, "Well, why are you working?"

He said, "Well, I need the money."

I said, "Have you ever sat down and figured out what you're making per hour over what you'd be making if you retired?"

"Oh, no. I never bothered."

I said, "Why don't you do that?"

I think you come up with like a dollar and twenty-five cents an hour or something like that. (laughter) And so about two months later, he retired. Maybe I'm kidding myself. But he did. I always take credit for that.

And then we had another young woman there that was from Tennessee that worked her way up. She had been a secretary and worked her way up. She was sort of a lower-graded Contract and Repayment Specialist, and while I was there, she moved up in grade. And a couple of secretaries, and then Frank Ellis, the Branch Chief.

Storey: How was the work divided up?

Neilson: Well, I have my own theory. Okay? My perception of how it was done. To a great extent, it was based on your capability. When I first got there, I think I had like a couple of regions—Mid-Pacific Region and, I believe, it was this region, Lower Colorado Region. That's been quite a long time ago. And then when Pat and Glen both left—it's sort of an interesting thing, and this is an aside. It's very difficult to get people to go to Washington. I guess you're probably familiar with that. Nobody wants to go to Washington. So they couldn't find any well-qualified experienced Bureau of Reclamation employees that were willing to come back to replace them.

So Frank hired a couple of guys that they were both economists, as I recall. One had worked in the Peace Corps for a long time and was pretty sharp, very intelligent guy, and another fellow that was finishing up his doctorate from Chicago.

So you can see where I'm going with this. It ended up that I took several regions, you know, trying to keep them afloat. I ended up doing Upper Colorado and Southwest [regions], and occasionally, very rarely but occasionally, I'd get something from the Lower Missouri and Upper Missouri [regions], and some from the Pacific

-
- Northwest. It wasn't that I was so special, but it was the best he had. You know what I'm saying? And so I got a lot of responsibility and did a large share of the work.
- Storey: But they thought in terms of assigning somebody to a region, is what I think I'm hearing.
- Neilson: That was the way they had it when I moved there. Everybody had a couple of regions to do and you'd handle all the work. Then mine sort of expanded after the other two left, and so I was doing like three or four regions irregularly. I didn't mind, because it was good.
- Storey: And one of the regions was Lower Colorado.

Troubles Getting Out of DC

- Neilson: Yes. Okay, now I have an interesting career story to tell you, something that happened to me. I've always really been dedicated and tried to do the best job I could. Somehow I got derailed, because when I went to Washington, after I'd been there for a while, I decided, "Well, I'd like to get out of here." And so I started applying on jobs. I'd always be like three or four jobs, and I was always one of the two finalists, but I never was selected.

So finally this Pat Gallagher, she had a job, a 12. I was getting pretty desperate by then. So I was ready to take a downgrade to leave Washington, because I really wanted to get back out West. She had a job and she didn't hire me, and I had worked with her. Frank would always give me these glowing, you know, supervisor evaluations. I said, "Pat, what's going on? Why didn't you hire me?" And all she would tell me was that she said, "LeGrand, we're getting conflicting reports on you from people who we ask about your employment." But she wouldn't tell any more than that.

So finally they had a job here, a 12, you know. I had worked with a guy that was the boss here now for like three years. We had a good relationship and he knew what I could do. So same thing happened. They were getting near the end. Well, no, there was one other job in Amarillo. Thank heaven I didn't get that. But, anyway, same deal. I went for the Branch Chief there and I was one of the last two and they didn't hire me. Willis Ervin, the guy that I'd worked for in Denver for two years, he had an opening and he didn't hire me. So I knew something was badly amiss here.

So George Blake, bless his heart, I told him what was happening. I said, "George, when I apply, you're going to get something from somebody that says I'm no good as an employee. I'm pretty well convinced."

Well, it turned out it was old Willis Ervin, bless his soul. I don't know to this day why he did. But he would call. Whenever he found out there was a job, he would call and tell them not to hire me for some reason. I don't know why he did that. I have never confronted him. I probably should have done it, but I never did. But they knew me here well enough that they hired me anyway. So I was able to overcome

that, and then George left shortly thereafter and they gave me the job as the Branch Chief, and I worked there for like thirteen or fourteen years, and then finally they hired me as the Division Chief here of Operations and Maintenance.

It's interesting how that happens, you know, and I sincerely to this day to not know what it was that I did that made him do that.

Storey: This was the person in Denver for whom you had worked.

Neilson: Division Chief in Denver, you know, what would have been my counterpart now in Denver. I just have no clue as to why he felt—I know he felt like he was doing the right thing, you know, trying to help somebody with something. But, anyway, it was sort of frustrating for me.

Thank heaven for George Blake giving me the job here. Everything has worked out great for me. I am in an office where there's a lot going on, and I just love the work. Chance to make things better. It couldn't have worked out better for me. So in a way I guess I've got Willis to thank. I could have ended up in Amarillo unemployed now or, you know, who knows what would have happened.

So I'm very careful about that. I advise people to always be very careful and if problems to come up, you know, go to the person who's causing the difficulty and work it out, because those things just seem to hang on. You know, whatever it was I did, and I really have no idea, and I've watched and other people have sort of like made some mistakes, and it doesn't seem to matter how well they do later, whoever was there when they made the mistakes, they always sort of remember it. It's difficult. It's really unfortunate. That's my story there.

Storey: So what was your new job in Boulder City?

Contract and Repayment Specialists—Lower Colorado Region

Neilson: Boulder City. Contract and Repayment Specialist. Back to negotiating contracts, administering contracts, all that kind of stuff.

Storey: And this would have been about '79?

Neilson: '78. January of '78.

Storey: About '78. What were you negotiating contracts on?

Neilson: The first major one that I got involved with was the Wellton-Mohawk Division of the Gila Project. Do you know anything at all about the Wellton-Mohawk Project and the de-salter we built down in Yuma?¹¹

11. Located in southwestern Arizona, the Wellton-Mohawk Unit is part of the Gila Project and provides irrigation water to 65,000 acres of land. For more information, see Tina Marie Bell, "Gila Project," Denver: Bureau of Reclamation History Program, 1997, www.usbr.gov/history/projhist.html.

Storey: I just know it's there.

Neilson: Okay. Well, the Bureau built that project, and it's a real good project. But the problem is the return flows out of that thing, you know, the returns to the river, are just extremely salty. And here's Mexico, the next diverter downstream, and the salinity levels in the water we were delivering them just went up dramatically after that project come on line in the mid-fifties.

So Congress passed the Colorado River Basin Salinity Control Act and it authorized all kinds of things. But among those was provision for us to retire or withdraw from development 10,000 acres of the 75,000 acres that were authorized for this Wellton-Mohawk Division. So the negotiation was what do we do with the repayment obligation and what are the terms for withdrawing this land and on and on, all the issues associated with that. That was a very interesting thing, you know.

If you reduce the land base, you have certain fixed costs associated with the project. That means the remaining landowners are going to have to pay more, and the idea was to keep them whole. This was a federal initiative to try to address the salinity problem, and so we were authorized to give credits. So what we did is, first of all, we had to work out some sort of a credit on the fixed O&Ms so that the ones that stayed didn't pay more because of this action, and also the repayment obligation. You know, it was going to be spread over—

END SIDE 1, TAPE 2. FEBRUARY 22, 1995.

BEGIN SIDE 2, TAPE 2. FEBRUARY 22, 1995.

Storey: You were saying that you had to give credits in order not to unfairly charge the people on the Wellton-Mohawk District.

Wellton-Mohawk Payment Negotiations

Neilson: Right. So we went through a negotiation process, and part of the deal was we had to decide what costs on the project were fixed costs that were the same, you know, no matter how much water you delivered, and that was the base charge, and what were variable costs. Now, the variable costs, if you deliver less water and you've got less acreage in production, the variable costs would go down. So we had to somehow go through this very tedious process of looking at all of the costs that they incurred to say whether they were fixed costs or variable costs, and then we had to negotiate a percentage reduction in the variable costs to offset the additional that they would have had to pay if we didn't do that.

It was a very interesting negotiation. They had retained Maurice Langley as their consultant, who was the old 400 O&M Division Chief in Washington for the Bureau of Reclamation before he retired. So Maurice had real good knowledge and understanding of the way the Bureau worked and all our criteria and policies. Made for a very interesting negotiation. I really enjoyed it.

They had an attorney named Tom Chowells [phonetic], and every session we'd

have to listen to a twenty-minute harangue of what bastards we were, you know. It was just his style as an attorney, you know, is all it was. Trying to soften us up and make us feel guilty because we were being so hard on the district. Anyway, we worked out credits, draw on the repayment obligation based, and we just reissued it with what was remaining owing. We reduced it by 10/75ths, and then worked out like a 9 percent reduction each year in the O&M deal.

Now, one of the problems we had to deal with was the O&M costs were increasing, and so if we just said like they're entitled to a \$200,000 credit, well, that credit would become less and less as their overall costs went up if we had left it fixed each year. Do you know what I mean?

So we set it up so they would get 9 percent of their total end bill credit each year, and how we did that was—well, you probably don't need to know this, but we gave them sort of a present worth of that, and then we adjusted, we set up an adjustment each year in addition to that for the O&M. And it was complicated. A lot of fun. We came up with a good contract that was fair and everybody liked.

So that was my first one, and it lasted like for five or six months, going down there every week, every other week, sitting across the table and really trying to work. You know, and it's interesting how negotiations always go. When you first start, it's more adversarial and everybody's really posturing trying to, you know, get the best deal. But as you get into it and you get confidence and you really can establish a feeling of "Let's work it out and let's all win," it's amazing how that kind of smooths out and things become very productive.

Renegotiating the Central Arizona Project Contract

Then just to finish up here, the next big thing I got involved with was the Central Arizona Project contract. We had reached the repayment ceiling, and we had to renegotiate that, increase the ceiling. So we amended that big contract. Then we had all the distribution systems and all the subcontracts for delivery of water that had to be done. We were involved. I was involved in all that.

Storey: What's a repayment ceiling?

Neilson: Now? You estimate what the project is going to cost. You go through an allocation process and you say, "Okay, Central Arizona District, your share of the cost of this project is X dollars."

Now, under state law, a district can't enter into an open-ended obligation. So you can't say that it's X dollars plus or minus so much for inflation. You have to establish a fixed dollar amount that they pay. Then as construction went along and costs escalated, finally their share exceeded that. And so we had to go back now and negotiate a new contract to increase their share, and their share now is like \$2 billion. Pocket change, right?

Storey: And causing a lot of problems now, I gather.

Neilson: Unfortunately, the ag part of that project fell through. It's not viable, and so all the commitments and obligations the agricultural users took upon themselves to fund the project, it's not there. So that's now why the Department is involved. Ultimately it ended up being the Department that got involved in negotiating a solution to that problem. I understand they're close. I think they've got closure now after a long like year and a half of negotiations.

Storey: Difficult process, yeah.

Neilson: Well, I'd like to continue, but our time is up, and we can pick up with C-A-P tomorrow when we meet again.

Neilson: Sounds good.

Storey: I'd like to ask you now whether or not you're willing for the cassettes and the transcripts from this interview to be used by researchers both inside and outside Reclamation.

Neilson: I have no problem with that. None at all.

Storey: Good. Thank you.

END SIDE 2, TAPE 2. FEBRUARY 22, 1995.
BEGIN SIDE 1, TAPE 1. FEBRUARY 23, 1995.

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing V. LeGrand Neilson of the Lower Colorado Regional Office, in the Lower Colorado Regional Office at Boulder City, Nevada, on February 23, 1995, at about nine o'clock in the morning. This is tape one.

At the last interview, when we quit talking, we were talking about the renegotiation of the Central Arizona Project contracts. I was wondering if you could tell me more about that and then discuss what has happened since with the C-A-P and their contracts.

CAP Repayment Contracts

Neilson: The way the contracts were set up for the C-A-P initially, a master repayment, there's a master repayment contract, and then there are several contracts that we have entered into with entities we call subcontracts. So the Central Arizona Water Conservation District has been made the operating entity for the project and also has a responsibility to repay all of the costs that are properly allocable to the C-A-W-C-D and its customers.

Storey: C-A-W-

Neilson: That's Central Arizona Water Conservation District.

Storey: Okay.

Neilson: We also contracted directly, the Department did, contacted directly with several Indian tribes in the area, I think like eleven, that are direct contractors with the Secretary for water supplies from the project. So part of the costs of the project are allocated to the delivery of the Indian water, and C-A-W-C-D is not obligated to repay those costs that are obligated for Indian use and also for recreation, fish and wildlife, flood control, those types of things. Those are traditionally non-reimbursable costs. But C-A-W-C-D had a substantial amount of repayment commitment that was made. It was \$1.2 billion.

So as construction went along and inflation had its way, it turned out, it became painfully apparent that the \$1.2 billion was not enough to cover their share of the actual cost of constructing the project. So we entered into a negotiation with them. It was a fairly amicable negotiation, and we came to a meeting of the minds, we thought. It turns out that they had different views on some issues than we did.

We increased the repayment ceiling or the maximum repayment obligation to \$2 billion, and we had some examples of things that might affect that, computations we appended. One of the examples, if certain things happened, the repayment ceiling would only be \$1.8 billion. That came back to haunt us later, because the district tried to give that the force of contract, that really their obligation was only \$1.8 billion rather than \$2 billion, and that was a point of contention that carried forth and, I think, is now close to being resolved. But because as construction proceeded and as time went by, it turned out that 2 billion was pretty marginal, wasn't certain that that would cover it, and a lot of other issues happened.

Probably *the* critical factor affecting the viability of the project was the continued ability of the agriculture users to take water, pay for it, and repay their share of the costs of the project. Now, traditionally with Reclamation, the way we figure how much agricultural users will pay is based on what we call their ability to pay. And so we go through an elaborate computation process, data-gathering, and evaluations of how much capacity to pay for the project they really do have.

For the C-A-P, we actually only reserved two dollars per acre foot of cost that they would have to pay for every acre foot they took. And the rest of the money was dedicated to payment of this separate distribution systems that we built for the various agricultural entities, and they were obligated there to repay the whole cost of those systems.

We had a lot of interesting discussions. A lot of interesting things went on surrounding whether or not the agricultural users really could afford to repay the systems that were required to deliver water to them. We had numerous debates. We debated at the regional level, we debated at the Denver level, and we debated at the Washington level whether or not they had the capability to repay these costs.

Finally, after much painful discussion, we agreed that it was a reasonable and acceptable risk that we would go ahead and invest the money, build the systems, and

that it was likely that they would be able to repay. There was enough confidence there that the United States could go ahead and do that. So we built, I think, like \$250 million worth of distribution systems, agricultural distribution systems.

Agricultural User Unable to Meet Obligation

Well, the expectations and the assumptions that were made in calculating their payment ability did not come to fruition. So, consequently, the agricultural users are now, a large number of them at least, unable to meet their commitments they made to the United States to repay the cost of the project and to take project water.

In addition, one of the commitments that they made was that the agricultural users would take all water, all project water supplies that were available above that needed by the industrial and municipal users and the Indian tribes. And we allocated a large percentage of the fixed cost of simply just maintaining the canals and all of the facilities that have been built. The agricultural users were saddled with the responsibility to pay those. Of our three largest districts, two have declared and are in the process of bankruptcy, and another is either right there or has declared.

So, consequently, they have not stepped up and taken their responsibility to pay all of these project costs. That left the United States and the big district in a very serious situation, and fighting among ourselves as to who was going to pick up those costs that the agricultural users were going to pay.

So that's been the topic of a negotiation that's going on right now. It was a negotiation that was initiated at the commissioner's level. Don Glaser from Denver was the chief negotiator, was designated chief negotiator.¹² In the past, it had been done here, and the Regional Director was the primary negotiator and the staff represented him and we were at the table. Because of the serious nature of these problems, the agency elected to elevate the negotiations to a higher level.

I believe they've been negotiating now about a year, and we're not having very much success. It was a lot of different proposals, as I understand. I was not a direct participant, but as I understand, a lot of different proposals were made by the district, a lot of different proposals made by the United States, but there really wasn't much movement. Ordinarily, as you move into the a negotiation, you'll find ways of accommodating the needs of the other until you finally get to the point where you've got consensus and people are satisfied. But that didn't seem to be happening.

So Betsy Rieke, the Assistant Secretary, became involved in the negotiations.¹³

12. Donald R. Glaser served a number on high-level positions while employed with the Bureau of Reclamation. Mr. Glaser also participated in Reclamation's oral history program. See Donald R. Glaser, *Oral History Interviews*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, from 1993 to 2013, in various locations, edited by Brit Allan Storey, and further edited and desktop published by Andrew H. Gahan, 2014, www.usbr.gov/history/oralhist.html.

13. Elizabeth (Betsy) Ann Rieke was the first woman appointed as Assistant Secretary for Water and Science, 1993-1996. Ms. Rieke also participated in Reclamation's oral history program. See Elizabeth (Betsy) Rieke, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation oral history interview conducted by Donald B. (continued...)

She is from Arizona, to start with. And also instead of dealing with staff, C-A-W-C-D had the President and several board members step in and participate in the negotiations. Consequently, I understand that they now have the rudiments of an agreement, in principle, that would settle this thing. They intend to have actually a written agreement of principle next month. For a while I was quite pessimistic, but I think that we will be able to resolve these issues.

The ag users have defaulted on payments on these distribution systems that we constructed. I understand that the settlement that we've reached on the overall project has not solved those problems. So I'm assuming that they'll go through the normal bankruptcy process and the United States' interest will be addressed in that forum, and we'll probably get some partial repayment for our investment.

One of the unique things about the Central Arizona Project distribution systems is that the Congress required the entities, all the various districts, to fund, I believe it was 20 percent of the project cost with their own resources up front. So a lot of these larger districts issued bonds to finance their share. They are also defaulting on their bond obligations. It's kind of a complicated mess, and the bankruptcy courts are trying to weed through that. So we'll probably be in that process for a number of years. It's a very unfortunate thing.

It's my perception that politically it simply was not viable for the agency to make the decision they were not going to build those systems. You know, you could make a reasonably good case that they would be able to pay sufficient. It was something, I guess, politically had to be done and we did it. It's unfortunate that things are not worked out. And they may. You know, the future isn't here yet. Things may turn around and they may still be able to be successful there. But right now it's pretty bleak, at least on recovering all of the cost that the United States had invested.

Storey: And it isn't that we can take back the distribution systems or anything.

Neilson: That's right. They are in the ground and will be there.

Storey: Does that mean they're being used?

Rethinking Water Usage

Neilson: To some extent. The districts are still taking some water, but it's limited. C-A-W-C-D, the big water conservation district, has been working diligently to come up with schemes which will tend to keep the cost of the water down to these ag users. They've had groundwater recharge schemes, a whole raft of things they have tried to find financial participation and support from the nonagricultural community, the municipalities basically in the state, trying to find ways to buy the cost of the water down.

13. (...continued)

Seney, edited by Donald B. Seney and further edited and desktop published by Brit Allan Storey, senior historian, Bureau of Reclamation, 2013, www.usbr.gov/history/oralhist.html.

Usually that circle fits in with schemes to recharge groundwater, like the municipalities will agree to pay part of the cost to bring water into the area so the agriculture users will stop using as much groundwater and then the municipalities get ownership of some groundwater. They worked out a lot of pretty clever schemes to help with that. It has kept the water utilization up some, but not nearly at the levels where water use was when we initially started out. We sort of phased them in.

We gave them a break. When we started, we just charged the variable costs, the actual cost of energy and so on, to pump the water. And then we started adding in all the fixed costs associated with this gigantic project. It really pushed the cost of the water up to the ag users, much higher than it cost them to pump groundwater. One of the primary purposes of the Central Arizona Project was to import water supplies and reduce the overdraft on the groundwater, and it's not really done a lot of that.

I think that the Central Arizona Project is an excellent municipal project. It's not a good agricultural project. It probably was a good one back in 1940 when they first conceived of the project, but, you know, things have changed.

Storey: Given modern costs.

Neilson: Right.

Storey: And the fact that the inflation has been during the construction instead of after the construction.

Neilson: Right. Exactly.

Storey: Causes lots of problems.

Neilson: Yeah.

Storey: It's our most expensive project to date.

Neilson: That's what I understand.

Storey: I gather.

Neilson: I think that it's like 4 billion, something like that, in that neighborhood. I've been involved with so many other things on the river that I've sort of lost my real close connection that I had at one time with that project. But it's a tremendously expensive project.

Storey: What other things, when you moved to Boulder City, were you working on? You talked about the Wellton-Mohawk contract. What are the kinds of issues do you run into when you're renegotiating contracts?

Issues with Contract Negotiations

Neilson: Well, there's a statutory provision that directs the Secretary, as the watermaster on the lower Colorado River, to enter into contracts for permanent service. So all the contracts we write for delivery of water give people that entitlement in perpetuity. So those things are usually not issues.

Now, traditionally on a regular traditional Bureau of Reclamation project, the contracts for delivery of water give people access to the water for forty years. So this is a unique stipulation in the Boulder Canyon Project Act, this permanent right. So ordinarily we would be facing a problem similar to that that they've had in the Central Valley Project, where they had all their contracts that they had written back in the early fifties, and those contracts were forty-year contracts and they were expiring, and there were all the issues associated with the Bay Delta,¹⁴ you know, and the endangered species and the salmon runs and all those things.

So the United States, the Department in particular, was desirous of withdrawing some of that water and keeping it for minimum flows and for flushing and all those kinds of things. The water users were asserting that even though the contract had to be renewed, they were the water-right holders, they had a right to the water.

Storey: That was what they were asserting, yes.

Neilson: Right. And then another issue raised and that was, well, if we're going to renew these contracts, whatever we renew them for? There's probably going to have to be a big environmental statement done. And that was a big issue, whether we had to or didn't have to, and we ended up having to do that as an agency.

Well, we don't face those unique types of problems here, because our contracts don't expire. So usually when we renegotiate, it has to do with increasing entitlements, or like on the C-A-P you've got financial problems that you're trying to deal with.

A large percentage of our projects here in the lower basin, lower Colorado River or Lower Colorado Region, paid out their older projects and they've gone through a period of time and their obligations have been retired.

It's interesting to check the record. The problems we're experiencing now with Reclamation repayment are not unique nor new. They had a lot of those with the old Salt River Project,¹⁵ which is a fantastic Reclamation project. I mean, it's been

14. Referring to the delta of the San Joaquin and Sacramento rivers—often referred to as the Bay-Delta. This is located on the northeast quadrant of San Francisco Bay (San Pablo Bay). The water from the Delta exits to San Pablo Bay through the Carquinez Straits. “The Bay Delta Conservation Plan (BDCP) is a part of California’s overall water management portfolio. It is being developed as a 50-year habitat conservation plan with the goals of restoring the Sacramento-San Joaquin Delta ecosystem and securing California water supplies. The BDCP would secure California’s water supply by building new water delivery infrastructure and operating the system to improve the ecological health of the Delta. The BDCP also would restore or protect approximately 150,000 acres of habitat to address the Delta’s environmental challenges.” See baydeltaconservationplan.com (Accessed June 2014).

15. One of the Bureau of Reclamation's first projects when construction began in 1903, the Salt River Project is a multipurpose project providing irrigation serves, flood control and hydroelectric power in a around Phoenix,

(continued...)

successful, you know, extremely successful. It's really the basis for that entire Phoenix metropolitan development, and the power supplies are made available from that project. Fantastic.

But they had a lot of struggles repaying that thing. You know, the Depression came along, and there was this unreasonable expectation in the beginning that, you know, these Bureau projects could be paid off in ten years. So there were extensions and renegotiations of the repayment terms back there on those little projects as well. Same on the old Yuma Project.¹⁶ They were both about the same vintage, the teens, when they were completed, and they have many struggles and problems, though. Sometimes, for a while at least, I had the attitude, "Well, we've got special problems. Those guys are really lucky." But, in fact, that wasn't so. They were dealing with similar kinds of issues.

But, anyhow, the Yuma Project is paid off. The Salt River Project is paid off. The All-American Canal Division of the Boulder Canyon, it will be paid off within the next few years, like maybe five years. That's the Imperial Irrigation District in Coachella Valley Water District. Well, they'll have the cost of the canal paid. Coachella will still be paying on its distribution system for some time. The Gila Project, the Wellton-Mohawk contract I talked about, that's part of the Gila Project. Several of those organizations sold some of their water entitlement for Indian settlements in Central Arizona and had their obligations discharged, forgiven, for that.

On the old Gila-Yuma Project, we only one little tiny called a Unit B. It's like a 3,000-acre district that still owes us money there. So most of the projects have been repaid. Now, we also have this large southern Nevada water project now called the [R. B.] Griffith [Water] Project that's got a long time to pay.¹⁷ It's a municipal—

Storey: That's the one providing the water to Las Vegas from Lake Mead?

Neilson: From Lake Mead. And really, I guess, I have to say in their defense, who would have ever known that they just grossly underestimated the population growth here and the needs. And so right now the Southern Nevada Water Authority, which is an organization that's been created by all of the municipalities in Clark County, Nevada, Southern Nevada Water Authority is evaluating ways to enhance the capability of the existing facilities and to build another project in order to get more capacity to bring water to Las Vegas Valley. A very interesting situation there, you know.

15. (...continued)

Arizona. For more information, see Robert Autobe, "Salt River Project," Denver: Bureau of Reclamation History Program, www.usbr.gov/history/projhist.html.

16. Construction of the Yuma Project began in 1905 where the Colorado River marks the border between southeastern California and southwestern Arizona. The project supplies irrigation water to roughly 69,000 acres. For more information, see Eric A. Stene, "Yuma Project and Yuma Auxiliary Project," Denver: Bureau of Reclamation History Program, 1996, www.usbr.gov/history/projhist.html.

17. Completed in 1983, the Robert B. Griffith Water Project, formally the Southern Nevada Water Project, supplies 299,000 acre feet to communities in southern Nevada. For more information, see Jedediah Rogers, "Robert B. Griffith Water Project," Denver: Bureau of Reclamation History Program, 2006, www.usbr.gov/history/projhist.html.

Colorado River Allocations

Another problem that we're facing—I guess we can move into this—is the lower basin water, a share of the Colorado River, is seven and a half million acre feet a year, and it was allocated 300,000 acre feet in Nevada of the seven and a half million. They didn't get much. California gets 4.4 million and Arizona 2.8 million. California has, ever since the division of the supply, been using more than 4.4 million. They've been using unused entitlement from Nevada and Arizona. So they're in a situation where they're going to have to cut back eventually. They're using about 5.2 or 5.3 million acre feet now, and they've got to get down to 4.4.

Anyway, that's the big issue on the river right now is where are we going to find additional water for Nevada. They figure in about another seven or eight years, they'll be using their entire supply, and they're right in the middle of a fantastic population increase, population growth. So the issue here is now where do we find more water for us in Nevada.

So we're in the middle of negotiations to try to establish criteria which will allow the water to move sort of on a market basis, not entitlements. These entitlements I told you about, they were really established not only in contracts with a couple of the states, but by the Boulder Canyon Project Act and sort of sanctioned or approved by the Supreme Court. So we can't move entitlements between states, but we can allow water to move. In other words, an entitlement holder in Arizona could sell water, you know, yield from their right, to someone in another state.

So we're working now trying to accommodate that so that water can move from willing sellers to willing buyers on an annual basis or for a fixed period of time over state lines so that water can move into southern Nevada. And that's been a very interesting thing. That's basically been consuming nearly all of my time, the free time that I have here now, for the couple of years trying to get something in place to allow that to happen.

Storey: But doesn't that cause a lot of tension with the states?

Neilson: Absolutely.

Storey: Both upper and lower basin, I would suspect.

Neilson: Yes. Another issue is we have a very conservative operation on the river. Our operating criteria are extremely conservative. We have storage to carry us for about five years. If there were no water, additional water, to come, we could still even last for about five years. We try to keep the reservoirs up, and so when we have really good water years, we spill water. We waste water. It runs down the river and into—I call that waste—into Mexico and on into the Gulf.

So California, for the last four or five years, has been campaigning vigorously for us to declare surpluses. Even though we aren't in danger of spilling water, they've been negotiating with us and campaigning with the other basin states to get us to

declare a surplus so they can take more water now when they need it, betting on to come that there will be additional good water years in the future and we will fill.

Each year we have to do what we call an annual operating plan. The Secretary has to say, "This is the way we're going to operate the river this year." So each time now, for about the last five years we've been negotiating that annual operating plan, California has just really campaigned strenuously for a surplus declaration so they can continue to take more water than at 4.4.

That's one of the issues we've been trying to deal with. So Arizona has a need. The Central Arizona Project, in order for that to be built, be authorized, Arizona had to agree with California that they would subjugate the priority of the Central Arizona Project to all of the water users in California. So if we have a dry year, the Central Arizona Project has to go to zero before California takes any cut in their 4.4 million, and that's not a very good situation.

So everybody has some special needs on the river, and we tried to get some things going. We really couldn't. It was just very difficult. Arizona has sort of been the dog in the manger. They're the ones that's got a lot of unused entitlement, and they're just paranoid beyond belief that they'll lose that. If they start talking about allowing water to be marketed and things like that, they're fearful that they'll never get it back. Do you know what I'm saying? For future use.

Regulating Colorado River Use

So finally, we wrote some regulations. We had a lot of problems on the river. We've got water users that have drilled wells down alongside the river and they're pumping water out of the ground, which is really taking it out of the river. They're unauthorized users, and we had no way of dealing with that. So we decided we'd write some regulations which would give us, I guess, the force of the law for our administrative scheme, whatever it was going to be.

We wrote these regulations and included water marketing provisions and released them for informational purposes. Well, actually we didn't. We had an initial draft and we sent it to the states and gave them an opportunity to comment. Then it took us another year and a half to work through the comments and get something we thought was a viable package. We released it for public information purposes, and the state of Arizona in particular just—they came unwound.

We received correspondence from the entire congressional delegation from the state of Arizona. They all signed the same letter saying, "Don't you dare adopt those regulations." So Betsy Reike stepped in and said, "Okay, we'll hold off on our regulations and give the basin states an opportunity to try to come up with some alternative water marketing criteria." The reason they didn't like what we had was primarily the Secretary was so much in control, and we were going to allow transactions between individuals in states, and the state wanted—the state of Arizona, in particular, but the other states as well—wanted a bigger voice in what went on there.

So they started meeting and they invited us to attend and participate in these sessions where they were working on the criteria. So that is going on as we speak. I had a meeting yesterday. You know, I told you I had to leave to negotiate on those issues, and we will be meeting again weekly trying to get through this, developing some consensus on criteria for water marketing.

Storey: So all of the states are sending representatives to these meetings?

Neilson: I've lost track. The lower basin states are. The upper basin states got so tired of this constant unchanging debate over surplus, and the real fight was between Arizona and California. They finally threw their hands in the air here about a year ago and said, "Listen, we think we're protected by the operational criteria and the laws of the river. We only have to deliver you so much water each year, and how you want to manage that, you just decide and let us know. We're sick of this, you know. Just make up your mind, will you." It's really down to that.

So they got the seven basin states together, and there's ten Indian tribes that are also located along the river to form the coalition. So they got them all in a room, and the upper ones, even the upper basin Indian tribes, and all the Indian tribes want to market water, but they say, "We recognized that in the lower basin there's an immediate problem, and the lower basin tribes, we'll step back. We'll defer our action to try to market water for up to five years, and the lower basin tribes, you go ahead and cut your deal with the lower basin states on how tribal water may be marketed. So the upper basin, in a sense, has sort of said, "Just keep us posted.," including the state entities and the tribes.

So we have periodic meetings, what we call principle meetings. We call them the Seven-Ten Principles, where we brief them and keep them up to speed on what's happening. But basically they are not directly involved in these negotiations. It's a lower basin negotiation. Now, I neglected to tell you that there are five lower basin tribes that are represented. They have a representative at the table in these negotiations as well. So we're trying to accommodate the Indian needs as we move through it.

This, I think, is probably the most worthwhile thing I've been involved with as a federal employee. It's got almost unlimited future impacts, what we do here, and we'll facilitate continued growth in the lower basin, not only in Nevada but in Arizona and California. We'll be able to work some things out and allow water to move, you know, from—basically, let's face it, the agricultural users have most of the water, and it's a lower economic value use than municipal and industrial use. At the same time, we know that we need to continue to have water available for production of food and fiber. So if we can allow the market to step in here and allow for transfers of water on some limited basis, we'll still be able to preserve the rights the ag users have to provide the food and fiber we need but still allow the cities and so on to meet their needs.

Storey: When you talk about transfers, are you talking about permanent transfers, or are you talking about maybe Farmer X in Arizona says, "I'll sell you my water for five years"?

Water Transfers along the Colorado River

Neilson: That's what we're talking about. On an interstate basis. We are allowing permanent transfers on an intrastate basis.

Storey: Within states.

Neilson: Within the state of Arizona or state of California, but not on an interstate basis. So, yeah, that's what's happening there.

Now, it was interesting. I'll just give you a little flavor for what's happened. The state of Nevada has been out beating the bushes trying to find sellers of water, and the only ones that have really been willing to sell, to come forward so far, has been kind of what we call paper water.

What happens is the upper basin doesn't use water. It comes to the lower basin anyway. It flows down the river and into the reservoirs in the lower basin and it's available for allocation among the lower basin users. There have been several upper basin entities that have stepped forward and said, "Hey, we'll be happy to sell you water in Nevada." And at one time the city of San Diego was out, you know, stirring, trying to find water, too, and they were all saying, "Well, we'll be happy to sell you water, San Diego."

But what really was happening is they want to take the water that's going to flow to the lower basin users anyway and somehow earmark it for a specific entity and get money for that. That's why we call it paper water. There's really no more water coming into the system, you're just redirecting it.

So right now our big user of what we called unused apportionment or unused entitlement is Metropolitan Water District [MWD] in the Southern California coastal plain. So if we're going to take 200,000 acre feet a year and say, "Okay, now, we've sold 200,000 acre feet to Las Vegas Valley Water District," guess what? Do you know where that comes from? 200,000 acre feet less available to M-W-D. So that's the rub, you know.

So in our discussions we focus almost exclusively on saying you've got to have wet water. In other words, if Las Vegas Valley Water District is going to buy 100,000 acre feet—

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

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

Storey: You were talking about all of this is predicated on there really has to be what you call wet water.

"No Harm, No Foul"

Neilson: Right.

- Storey: Water that somebody is using that they would release to go to somewhere else to be used, is that right?
- Neilson: That's correct. They would have to stop using that water, the 100,000 acre feet, so the Las Vegas Valley Water District could start using it. Now, the purpose of this is, one of the cardinal principles we've all agreed on is "No harm, no foul." Okay?
- Storey: No harm, no—
- Neilson: No harm, no foul.
- Storey: Foul? F-O-U-L?
- Neilson: Yes. So that there's no change really on the amount of use on the system, so everyone else continued to use all the water they were using. It's just a deal between these two entities. One cuts back by an offsetting amount that they've sold to someone else. So that everything stays in balance. Okay? It's really critical that we deal with that and try to keep that in focus.

If everyone has agreed, they will not object to a transaction. I want to say everyone. I'm talking about the state's representatives and Indian tribes, that we will not object to a water transfer or transaction as long as we're not hurt by it. Okay? That's the no harm, no foul thing. That's been very helpful for us, because every time a proposal comes up, we sort of weigh it against that criteria. Is there a harm here to someone or not? If you're not harmed, you don't have a legitimate voice to say it shouldn't be done. That's been very helpful for us in our negotiations.

- Storey: What I get the impression that I'm hearing is that these negotiations are protecting California's overuse, are protecting California receiving more than its entitlement.
- Neilson: If we have no new criteria allowing water transfers to occur, over time there will be less and less and less unused apportionment for California. As use develops in Arizona, additional uses develop in Arizona and in southern Nevada, there will be less water available for M-W-D. Everyone recognizes, including M-W-D, that over time they will not have any water in excess of 4.4 million available for the state of California. All right?

So the rub becomes, or one of the things we have to look at is, in the interim will some action that we take, some transfer action, result in a reduction of deliveries to M-W-D during that interim period? That's really what we're looking at. It's been very difficult to get that out on the table, but in our last meeting it was clearly defined, described, and laid out there. That's been their concern. They recognize they don't have a permanent right to that water, but it's also recognized that they have been using it and will continue to be able to use it during some interim period, and they expect some sort of compensation or at least to have that considered when we develop this great package that we come up with. So they need some offsetting benefits in these negotiations, of course, before they'll be willing to agree to something, which will tend to keep them whole for their water deliveries and during that interim period. So

that's an issue we have to deal with.

Storey: Now, somewhere else, I think maybe on the Rio Grande, though I'm not sure, I ran across a situation where water was allowed to flow to New Mexico even though there was storage capability and so on in Colorado, and they kept books on how much extra water New Mexico had gotten, and then New Mexico had to pay it back. This doesn't work in the upper basin-lower basin Colorado River Compact situation, I take it.

Colorado River Compact Situations

Neilson: No. In this situation, if there is entitlement that is not used in a year, it is made available. The Secretary can make it available to another entity, and there is no obligation to repay. Okay?

Storey: So California, Utah. Let's see, who else is up there? New Mexico, I think, has a little bit of entitlement.

Neilson: Colorado, Utah, New Mexico, and Wyoming. And a little piece of Arizona, but not much.

Storey: They can't say, "We're only using four million, so that gives us three and a half million for you people downstream to use." That's what you're calling paper water.

Neilson: Well, no. If they're using four million, that means three and a half million of entitlement that they have they're not using. It stays in reservoirs and eventually gets passed downstream. You know, we only have so much capacity, and we can't accrue this three and a half million indefinitely because there's not capacity. So it moves through the system.

If no one had any kind of water marketing deals made, that would continue to happen. So that three and a half million is now available for use in the lower basin every year with no obligation to repay the upper basin for it. It simply moves through the system and it's available for someone else to use.

Storey: And the upper basin can't, as it were, transfer it.

Neilson: No. There are entities in the upper basin who would like to say, "Well, okay, we're going to designate part of that 3.5 million for the city of Las Vegas, and Las Vegas will pay us money for that." Other lower basin states say, "No deal," because they're now all participating getting this water free. That's the issue.

So all they're really doing is in these marketing transactions that have been proposed is they're trying to redirect who gets to use part of this 3.5 million that's not being used in the upper basin and try to get some money for it. And that's why it's such a sticky wicket. All they're really doing is taking some that like M-W-D may now be using for free and giving it to Las Vegas Valley Water District and charging for it.

Storey: But whatever surplus is coming past Lee's Ferry that they weren't able to use isn't part of the transfer capability. So where's that water going?

Neilson: It's coming down to Lake Mead and is allocated.

Storey: And then?

Neilson: It's kept in storage here and then allocated and used by the lower basin entities, primarily now it's Metropolitan Water District.

Storey: I'm just trying to get this clear in my mind, and I'm not sure I–

Neilson: Well, let me further muddle it for you.

Storey: Yeah.

Neilson: When they cut the deals, dividing the Colorado River water supply between the lower and upper basins, they estimate that there's about sixteen million acre-feet of long-term average yield. It turns out it's more like thirteen to thirteen and a half. So even though there is less use in the upper basin, that's really our salvation, because usually our annual operating plans provide for the release of just about the seven and a half million.

Plus we have an obligation that I have not mentioned. We have to deliver a million and a half acre feet each year to Mexico, and the upper basin and lower basin are each committed to provide half of that. But with the slow development in use in the upper basin, it out works very nicely that it's just about right. Right now there's enough water to meet all the lower basin requirements and our commitment to Mexico and that's about it.

Storey: Plus five years of storage, if I understand.

Neilson: But that's already in the reservoir. Do you understand what I'm saying?

Storey: Yes.

Neilson: It's already there. So we're able to maintain the storage, and we've got a couple of years where we've actually spilled some and we'll have some more of those in the future. But everything is pretty much in balance right now. All right. If the upper basin proceeds with development, it's going to be a very interesting situation.

Storey: Or can the upper basin, for instance, transfer to other basins?

Neilson: They do that now.

Storey: In Colorado-Big Thompson, for instance. Fry-Ark.

Neilson: Central Utah Project in Utah, the San Juan-Chama Project in New Mexico.¹⁸ There are out-of-basin diversions in all the states. I think that Wyoming even has some now. But, yeah, that's basically how they use the water. And our studies show there's not much likelihood for large development within the Colorado River basin in those states.

Storey: Of course, the Metropolitan Water District recently lost the use of the Owens Valley water, evidently.

Neilson: That's right.

Storey: Do you see any impacts on Colorado River operation from that?

Keeping the Colorado River Aqueduct Full

Neilson: One of the objectives of our negotiations has been to continue to keep the Metropolitan Colorado River Aqueduct full, and we have done. For the last several years, they have pumped capacity through that system. One of our objectives for M-W-D is to continue to get some kind of framework in place which will allow them to continue to divert that canal full at all times. They've never had the audacity—well, in passing, sort of in joking will say, "Well, we're going to build another one." But, in fact, that's sort of a sacred point that nobody touches, the Metropolitan when they have existing capacity and will we'll try to work out an arrangement where they can keep it full. But don't even talk about trying to increase capacity. Do you know what I'm saying?

Storey: Yes.

Neilson: So that's sort of one of the, more or less, unspoken but nonetheless very real assumptions that M-W-D will "never" try to increase their capacity there on that system.

Storey: So now let's see if I have a layman's vision of the lower river. We have Nevada, Arizona, and California. Currently California is using maybe 25 percent more than what it's entitled to under the Colorado River Compact.

Neilson: In a normal year.

Storey: In a normal year. Arizona is not using its entitlement fully.

Neilson: Right.

Storey: And Nevada is sort of bursting at the seams and soon will be using its small entitlement completely.

18. The San Juan-Chama Project is a trans-mountain diversion that transports San Juan River water to serve municipal, residential, and industrial purposes in the Rio Grande basin, primarily the Albuquerque area, in New Mexico. For more information, see Leah S. Glaser, "San Juan-Chama Project," Denver: Bureau of Reclamation History Program, www.usbr.gov/history/projhist.html.

Neilson: Right.

Storey: And Arizona, not using its full entitlement, is the one that's most concerned because they aren't putting it to beneficial use? Or they aren't using the water. Maybe I ought to put it that way.

Neilson: They're fearful that they may lose it, because they aren't using it. Kind of western water law stuff, you know.

Storey: Yeah. (laughter) Not to mention Western paranoia.

Neilson: Right.

Storey: There was a program on the P-B-S—not P-B-S, the public television station this morning, a program on the water development on the Euphrates River and the tensions that it was causing between Turkey, Syria, and one other country.

Neilson: Was it Iran?

Storey: Iran, I think, yes. And it sounded just like the West. (laughter)

Neilson: Yeah. And, you know, the same thing is happening in Russia on the Ural River and the—it's the Caspian Sea. Isn't it the Yuro Sea or something like that? Same thing. They're developing and upstream users are impacting downstream users and the seas are drying up and dying. It's a universal thing. It could happen everywhere.

Storey: We missed a step here, because we started talking about contracts and the C-A-P sort of naturally flowed uphill into the Colorado and got us into all of this, if you will. How did you become involved in working on the water transfer thing? Let's get us from '78 when you came back to Boulder City and we're doing contracts and repayment, to where you are now, you know, fairly quickly.

Neilson: Okay.

Storey: And then I still am interested, I have a lot of questions about contracts and repayment and what the issues are in this region and that kind of thing.

Region's Contract and Repayment Branch

Neilson: Well, one of the functional responsibilities of the Contracts and Repayment Branch is administering water entitlements. So it just naturally lends itself to trying to deal with the issues that affect water entitlements. I worked with the contracts basically over that group for about, gosh, thirteen years or so. Then when we had a vacancy for what then was a division now it's an office, Division Chief, I applied and was appointed as the Chief of the O&M Division.

Storey: That would have been in—

-
- Neilson: It's been, I think, like three years or ago or so.
- Storey: About '91 or so, '92?
- Neilson: Right. So that's how I got to where I am now. And I think, frankly, one of the reasons I'm where I am now is because I've become very familiar with the operations of the river and who has what water rights, and got to know all the players basically and have established a pretty good relationship with them. So in a nutshell, it's why I'm doing what I am now. It's more a continuation of what I was doing all along.
- Storey: It's really just a natural growth of what you were doing.
- Neilson: Right.
- Storey: This concept that the contracts are sort of permanent contracts—
- Neilson: No "sort of" about it. They are.
- Storey: Okay. They are.
- Neilson: Right. They are permanent contracts.
- Storey: In California, when I discussed this forty-year thing with the people in California, if I understand it correctly, there are components to what has to be repaid. There are construction costs. There are annual O&M costs. Are there any other costs that you can think of offhand that have to be paid?
- Neilson: No, that's basically it. Construction costs and O&M costs. Rehabilitation costs. But they're all annual costs.
- Storey: Now, in California what they've ended up doing is setting up contracts on the basis of a built-in formula, if I'm understanding it correctly. They annually figure what their costs are going to be for the water.
- Neilson: The O&M costs.
- Storey: Yes. And, of course, that's needed because we aren't in stagnant economic times, so that costs are rising sharply.
- Neilson: Right.
- Storey: Is there a way that that is negotiated, has been taken care of in the lower Colorado basin?
- Neilson: A whole new topic. Whole new topic.
- Storey: Yes.

Costs of Operations on the Lower Colorado River

Neilson: On the lower basin, in fact, right now, the costs we incur for administering the river and maintaining the channel and doing all the things that are associated with moving water from one point to another along the river are all funded with appropriated monies and they're non-reimbursable. Now, the costs of maintaining the reservoirs, the dams, and the powerplants are all allocated pursuant to an amendment to the Boulder Canyon Project Act to the power users.

So the power users are paying what it costs us to maintain Lake Mead and Hoover Dam and the powerplants there, but we incur a tremendous amount of cost in simply administering the contracts, making sure people are taking what they're entitled to and no more, deciding each year how much water is to be made available, dealing with all the issues that come up when people say, "Hey, I want to change something," or "You guys have screwed us again, blah, blah, blah," and we have to deal with that. All of those costs right now we're handling with what we call associated O&M funds. They're appropriated monies and non-reimbursable.

That's another issue that drove us to develop draft regulations. In these regulations we've said, "Hey, enough is enough. We're going to start charging all you people who are getting water your fair share of our administrative and operational costs."

There are some flies in the ointment. The reason we have not been doing this, as near as I can tell, because when I came we inherited this situation, there is a stipulation in the Boulder Canyon Project Act that says that we will not charge Imperial or Coachella for water delivery. All right? Well, there's basically half the lower basin's supply.

So I think what happened, and I can't find this in the record anywhere, well, as they developed the contracts and commitments to deliver water, someone decided what was good for the goose had to be good for the gander, and if we weren't going to charge Imperial and Coachella for delivery of water—by the way, for agricultural purposes, which is nine-tenths of it—we wouldn't charge anyone else. There's no provision in these water delivery contracts to charge people for our costs of administering the system.

Now, for all our costs that were involved with oversight or management of the individual projects like the Gila Project, we do. There is provision in there and we charge, probably not as much as we should even there, frankly, but we do charge our costs associated with those projects. But for the Boulder Canyon Project Act, in maintaining the river channel and managing the water entitlements and those kinds of things, well, we included provision in these regulations that we're going to start charging, and we anticipate much resistance from at least Coachella and Imperial because they have this stipulation in their contract.

So we're going to appeal to their sense of fairness or whatever we can or maybe characterize our administrative costs and channel maintenance costs as non-water

delivery costs but as something else and try to extract a fee from all of these to cover our costs of administering the system. It's in the neighborhood of mid-teens of millions a year, like fifteen million a year or something like that that we've incurred. So this is another interesting aspect of my job is that somehow we've got to move and implement regulations and start extracting these fees from these water users.

The big issue on the Central Valley Project was they were charging three-fifty an acre foot to cover all our O&M costs, and it wasn't anywhere near sufficient. But they had a vehicle, when the contracts came up for renewal, to set it up so they could do it on an annual basis and actually charge the actual costs.

We're still trying now to get something in place where we can just charge. Our vision is it would be an annual thing. We'd meet with them, tell them what we're going to do, what it's going to cost, "This is going to be your share this year," give them an opportunity to, you know, give us input and say, "You guys are all wet," or "Well, yeah, that looks reasonable," and make a decision and notify them for the year.

So we're moving into that, but we're trying to do it through a rule-making process, because the contracts are in place and those water users are not about to stand for us opening up the contracts for that purpose. If you were, you wouldn't either. So we're got to try to do it through rule-making. More than you probably ever wanted to know, but just one more problem that we've got to deal with.

Storey: No. No. It's not more than I want to know. I'm interested in, well, particularly, these kinds of issues about water and how it goes and who pays for it.

One of the other things I'm particularly interested in, you hear a lot of talk in speeches by Secretary Reike and the Commissioner about—I don't know whether "transfer" is the proper term, but water moving from agricultural to municipal and industrial uses. In some states there are complications. You know, if you conserve water, for instance, just because you conserve water doesn't mean you're entitled to any less water. (laughter)

Neilson: That's right.

Storey: So then have you run into those kinds of issues?

Neilson: Uh-huh. It's a big issue.

Storey: Tell me about it.

Water Distribution Issues

Neilson: There's another complication, too, in a normal—I consider the lower Colorado to be an abnormal thing. But in a normal situation, the water rights are derived from the states, like for, let's say, the North Loup Project. The water right there really comes from the state of Nebraska. The state allocates water and you go through a process to prove up that water supply through the state. So Reclamation had to file for a water

right for that project, the state had to grant it.

Well, on the Colorado River, that's not the case. The Supreme Court said the states do not have a role. It's the Secretary's role to actually act as though he were a state engineer or something like that, to allocate the water, and to give the water entitlements. So for that reason, the Secretary's gone through and contracted. All the water basically right now in the lower system is under some sort of contract to someone. Someone has the entitlement to it.

We have actually allowed some transfers to occur already, and on an interstate basis we will allow the sale of an entitlement. So let's say that M-W-D, Metropolitan Water District, and Imperial Irrigation District, I-I-D, got together and cut a deal and said, "We, I-I-D, want to sell part of our entitlement to M-W-D." We would take a look at that and do whatever we thought was appropriate to make sure that everything was appropriate and above board. And we probably would approve that, which would be movement then of water from an agricultural area to a nonagricultural area.

The thing about it is we've not been able to identify any agricultural entitlement holder who has been willing to sell their entitlement. They know that that's as good or better than gold, and they're not about to part with it. Well, for one reason, because there is no board of directors on any agricultural district in the lower Colorado River basin that I know of that would be willing to commit suicide, and that would basically be it, because I've watched and observed. That's kind of like your birthright. You don't sell your birthright.

But, for instance, the Imperial Irrigation District is most interested in dealing with M-W-D to improve the efficiencies of use in Imperial so that they naturally need less water to meet their water requirements. So there's some available to M-W-D as the lowest priority use. It flows through. You know, if Imperial doesn't use it, it goes through. Now M-W-D's got more water than its basic entitlement.

They recently signed an agreement for 100,000 acre feet. Well, it's been like three or four years ago. And M-W-D has been paying to line canals in Imperial and do a lot of things like that, improving the facilities so their system is more efficient, which allows more water then to go to the M-W-D. I-I-D has also expressed interest and really lobbied strongly for a water conservation agreement with M-W-D where they would agree to fallow certain lands or change their cropping patterns or irrigate their alfalfa less during the summer, to take some actions to reduce their water utilization so it's available for M-W-D there.

They're very interested in those kinds of things, and I find that that's basically the type of interest that is there in other districts. They're willing to take land out of production for a period of time and allow the water to move to M-W-D, but no one is willing to sell entitlements. So even though Betsy and Bruce Babbitt¹⁹ are out saying, you know, "We're very interested in trying to help water move from ag to M&I,"

19. Former Arizona Governor Bruce Babbitt was the Secretary of the Interior under the administration of President Bill Clinton, 1993-2001.

what's happening is it's all marketing transactions for water but not entitlements, at least in the lower basin. No one is willing to sell the entitlements.

On the other hand, no governmental agency has been willing to step forward, and probably doesn't have authority anyway, to try to somehow force these higher-priority users to somehow divest themselves of their entitlement. You know, I'm sort of a very strong state's right guy anyway. I don't think that's appropriate for us as a federal agency to go in to I-I-D and initiate some action to force them to sell their entitlement to the M-W-D. It's got to be a willing seller/willing buyer kind of thing.

We've identified in the lower basin we probably need to put something in place which will allow about a million acre feet a year to move from the existing users, the agricultural users—let's call them that—to the non-ag users, and we think we can put marketing provisions in place which will allow that to happen, even on a fairly long-term basis. The state of Arizona, in fact, has put a proposal on the table to commit about 50,000 to 60,000 acre feet of their entitlement on an annual basis to southern Nevada for their long-term use. That's a tremendous concession. I mean, that basically has saved us. Now, the deal isn't done, but it's there on the table. Now, that doesn't mean they've transferred 60,000 of their right to use water to Nevada, but they will allow 60,000 of the supply each year to go to Nevada. I don't know if you catch the distinction, but it's—

Storey: What do they get in return?

Neilson: Nevada has been pushing among the states to be allowed to wheel—that means just run through—Virgin River water to Lake Mead. Virgin River water is part of the source for our annual Colorado River water supply. So if you take 50,000 or 60,000 acre feet of Virgin River water out of the system, then that depletes what's available for everyone to use. Right now they can't do it, but they've been pushing to try to get things changed so they can, and Arizona is really very paranoid about that. They're afraid that's kind of opening up Pandora's box. California is also very much concerned about it.

In fact, in my opinion, California has much more to be fearful about than Arizona over that, because Arizona has about two million acre feet of inflow each year from the Little Colorado [River], from the Bill Williams River, primarily, plus a few other smaller ones, that they could wheel, which would mean there's another two million depletion in the basic water supply for the lower basin.

So Arizona, at least, I don't know, they probably have other reasons as well, but the one that they verbalized is that rather than open up this tremendously thorny and very, you know, difficult issue, they would agree to just—if Nevada would give up on this crap about wheeling tributary waters through the system, they'd be willing to make a long-term commitment to provide part of their water to Nevada as an offset for that.

Storey: But they're not getting any money or anything for it?

Neilson: Well, it's all a package. One of the things that has been put on the table is that rather than C-A-P having to go to zero before M-W-D or Southern California takes a shortage, it would go down to 400,000 acre feet. Then shortages would be prorated after that. So there would be some assuredness, more assuredness associated with the C-A-P supply. That's what they would expect to gain from that.

Plus, they would get money. This isn't a giveaway, this 60,000 acre feet. There would be money that would move from Nevada to Arizona, and Arizona then would use that money to pump more water now, when we've got abundant supplies, into the central Arizona area and put it in the ground. So that in the future when the Nevada said, "Oh, we've got to have that water," C-A-P would say, "Fine, you take the water. We'll pump groundwater to replace what we give you."

So the scheme is that Arizona is saying, "We don't anticipate we're actually going to reduce our use by the 50,000 or 60,000. We're just going to take action now with money that we would extract from Nevada to ensure ourselves, to get more water in the ground and do whatever we need to do."

Replenishing Groundwater Supplies

Storey: They're replenishing groundwater supplies.

Neilson: Yes. To make water supplies available in the future to offset what they're going to let Nevada have in the future.

Storey: But if I understand Arizona's situation, Arizona does not have effective groundwater control.

Neilson: Arizona has probably the most effective groundwater ordinances in the Western states.

Storey: Really?

Neilson: In what they call their active management areas, and the active management areas are areas they've identified as the state where there's very serious and substantial groundwater depletions going on. They're the counties of Maricopa, Pinal, Pima, and I think there are a couple of others, where it's very closely monitored, and they've put really absolute restrictions on how much water a water user can pump out of the ground.

And that was passed, just as an item of interest, because the Department of Interior told them, the Secretary of Interior said, "Hey, if you want us to build the Central Arizona Project, we expect you to take action." See, again, one of the principal purposes of that project is to reduce the groundwater overdraft in the area. And so they said, "Listen, if we're going to spend all these federal monies to do this, we expect you to adopt laws which will allow you to control the groundwater overdraft." And so they did that.

-
- Storey: So the San Pedro River is not part of these critical areas, then?
- Neilson: I do not believe that the San Pedro is in an active management area, but I'm not sure of that. And that's another negotiation, I guess, you mention that's now ongoing.
- Storey: Yes. The Program Analysis Office is involved in it as a mediator, because we don't have a direct interest, that I understand.
- Neilson: Don Glaser has also been appointed to help negotiate that.
- Storey: Yes.
- Neilson: And we want to provide him some support here, staff support, for that project. But, yeah, I don't think the San Pedro basin is an active management area. Prescott, up in that area, I believe is. I don't know about—

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

- Storey: This is tape two of an interview by Brit Storey with V. LeGrand Neilson on February 23, 1995.

Let's go back to the Imperial Irrigation District-Metropolitan Water Authority arrangement. M-W-D is providing lining for canals in order to avoid losses, which then can flow through to them. Are they also paying for the water that actually flows through? How does this work?

Implementing Water Conservation Efforts

- Neilson: No. They're not paying I-I-D for the water. They're paying I-I-D to implement these water conservation improvements. The way we set up the contracts, in California M-W-D has the lowest priority, and they have an entitlement for about 1.2 million. Only 550,000 of that is within the basic normal year apportionment for California of 4.4 million. The rest is dependent on more water being available than, let's say, a normal year or unused apportionment for them to even get any to start with. So if M-W-D can actually adopt actions which will reduce the use by the senior users in California, that means more is available for them. So that's the strategy now. So they don't pay any—at least under that arrangement, they aren't paying so many dollars an acre-foot for water. They're paying for the actions. That water then is available for them to order.

Now, they did take action with what we call a test case. The Palo Verde Irrigation District, which is the senior user on the river in California, they've got the earliest right by contract. Palo Verde fallowed, I'm trying to remember the number of acres, 25,000 acres or something like that. That means they took them out of production. And in that case, M-W-D actually paid them so much per acre foot for water they didn't use, and then we approved that fallowing agreement and allowed M-W-D to store it in Lake Mead, what we call banking. That was for up to 200,000 acre feet,

and the program has been going, so I think they've about got it now.

Down here in Lake Mead there's a huge body of water which we call the common resource, and it's available there to allocate among all the water users. But in addition to that, there's 200,000 acre feet down there in Lake Mead that belongs to M-W-D. I mean, it's like a piece of property. They own 200,000 acre feet that they have actually put in the reservoir, and they paid Palo Verde for that. In a sense, it was a test case. We said, "We'll let you leave in the reservoir until (I think) the year 2000, and if you haven't used it by then, it goes away." I believe that the water cost them like \$130 an acre foot or something like that. So if there's 200,000 acre feet, and it's worth, say, \$100 an acre-foot, how much does that come to? I guess my point is—

Storey: It must be \$20 million, maybe.

Neilson: —we've got a lot of money sitting down in that reservoir that's going to be gone if they don't put it to use.

Storey: How do you deal with things like evaporation? You know, there's a lot of evaporation. There's a lot of seepage out of Lake Mead. Does any of that 200,000 acre feet count toward that?

Neilson: As I recall, we didn't assess them for evaporation. But in our discussions with the basin states, we recognized that if you're going to bank water, that is an issue that has to be addressed. If our water transfers, the water management provisions, are put in place, if someone banks water in Lake Mead, they will have to take their proportionate hit on evaporation.

Now, I don't want to complicate things, but there are two types of water that we say we'll allow them to bank. One's top water bank, and that's the water where they have to take a hit on evaporation. And then there's sort of what we call the middle water bank. If it's top water and they don't take any action, it's the first water that goes out of there, because we agree that if we have to spill system water, then someone else is going to be hurt from that. But if you've got some water sitting on top of the reservoir and the reservoir fills and yours goes out, well, we're talking about allowing a provision for someone to say, "Well, no. King's X. I want to make my top water bank middle water." And so then we wouldn't spill it, and they would still be able to take their water out and use it at some future date. But there's a kicker. That is if they do that and the reservoir doesn't fill again and it continues to be drawn down and we hit a shortage period, they've got to repay the system for that water they used so that no one's hurt.

It's very important that, you know, you've got to keep everybody whole in this process. So that's another bank. And then we say, "Well, in that case, we really have an increase reservoir elevation or surface area. We've just designated and, in fact, taken some system water and said, 'Well, this is in there already, and you can call it yours.'" So we aren't going to hit them with evaporation on that one. But addressing the question a little more, there's about a million acre-feet of evaporation off Lake Mead.

Managing Lake Mead Water

Storey: Annually?

Neilson: Annually. And interestingly enough, there's just about a million acre-feet of inflow between Lee Ferry and Lake Mead, and it offsets. From the Little Colorado [River] and the Kanab Creek and all of the other things that flow in there. So it protects us and keeps us whole on the seven and a half million that's released from Lake Powell for use in the lower basin.

Three's another problem with tributary use or development. If the states of Arizona and Nevada develop all of their tributary water and that inflow goes away, we've got a problem, just another problem to deal with. And I think that that's one of the things that Arizona has in mind when they're so paranoid about this meeting.

The Secretary doesn't have any control over the development of the tributaries. The state of Arizona could go out and fully develop all the tributaries that come into the Colorado River, as could Nevada, and we're powerless to do anything about that.

Storey: I was wondering about that when you were discussing it earlier.

Neilson: And so Nevada is saying, "Well, okay, if we have that authority and that right, why force us to spend all the money to go upstream, up nearby Overton or somewhere, and put a dam in the Virgin River?"

Storey: That's what the wheeling is about. Wheeling?

Neilson: Yeah. They said, "We have a legal right. We could go up there right now and put a dam in that river and take all of the water out and put in a pipe and run it down to Las Vegas." But that's very expensive. And besides, that water is really salty. So they're saying, "But recognizing the fact that we can do that, why force us to invest all of that money? Why not just allow us to run the water through Lake Mead and take it out down here at our pumping plant?"

And the answer is that right now, once water from a tributary enters the mainstream, it becomes system water. The state loses right or control over that water. So that's their point. "Well, we can do this and we probably will. So why don't you just allow us to say we did. But instead of forcing us to do it, just let us run it through Lake Mead and we'll take it down here where our facility is."

Storey: Because if you take it out of the Virgin, you reduce our salting problems at Yuma, too. (laughter)

Neilson: Yeah. That's right. In fact, we were participating with them for a while on an evaluation on that for that very reason. It's been since given up.

There are so many complications. In the 1922 Compact²⁰ dividing the water between the upper and lower basins, it said that each state will have basically the use of seven and a half million acre feet of system water.

1922 Colorado River Compact Repercussions

Storey: Each basin will have.

Neilson: Each basin.

Storey: You said state.

Neilson: I'm sorry. Yeah, each basin. Plus the lower basin could develop an additional one million acre feet of system water. Well, you know, that's pretty general language. But what it really says, in my view, is that, "Okay, lower basin, you can develop another million acre-feet of system water, which means tributary water."

Well, the state of Arizona alone has already developed far in excess of a million acre feet of their tributary water. So what's going to happen is when we get in the crunch—and the upper basin has essentially told us this many times—when we get in a crunch and there's not enough water in the system to satisfy the upper basin and lower basin needs, the upper basin—and we still have to deliver a million and a half acre feet to Mexico. Okay? The upper basin is going to say, "Lower basin, you reduce your use of system water in the lower basin to seven and a half million, plus a million—that's eight and a half million acre feet—and the rest of it, you make it available to deliver to Mexico." And that's when the brown stuff is going to hit the fan.

There are so many problems just waiting out there. It's kind of like, you know, the sleeping dog. Nobody kicks it, because I'll tell you what, when it finally breaks, there's going to be real problems as far as, you know, who's responsible for what in the lower, and that will be one of the actions. So I periodically remind the people in the state of Nevada, "Well, you may develop your tributary flows, and the Secretary has absolutely no right to restrict that in any way, but there is a commitment in that compact that says the lower basin will only develop an additional million acre-feet of tributary water, and Arizona has already done that and far in excess. So if you want to spend \$50 million or \$100 million developing that tributary supply, as soon as we hit hard times, the upper basin is going to take you to court and tell you you can't use that water." So another little complication that is there.

Storey: Has Reclamation done any studies or assessments or anything to try to figure out when we think the big crunch is going to come on the Colorado River system?

20. In 1922, the seven states that share the Colorado River signed the Colorado River Compact, which divided the river's water between the upper basin—Wyoming, Utah, Colorado, New Mexico—and the lower basin—Arizona, Nevada, California. The Compact allotted each basin 7.5 million acre feet and the Republic of Mexico 1.5 million acre feet. The Compact opened the door for passage of the Boulder Canyon Project Act of 1928 and the construction of Hoover Dam. For more information, see Norris Hundley, *Water and the West: The Colorado River Compact and the Politics of Water in the American West* (Berkeley: University of California Press, 1975).

Neilson: Oh, we've done millions of runs doing that, and it looks good.

Storey: What does it look like?

Meeting Future Water Needs

Neilson: No, really, it looks good for another fifty to a hundred years. We just don't think the upper basin is going to develop. We just don't think it's going to happen, you know. And every year it becomes more difficult for anyone to try to do something on a water course. I mean, the environmental rules and the involvement of all of the environmental groups and the natural resources groups and all of those people, it just makes it almost impossible to do anything to develop water supplies. So our studies show that basically we're going to be in pretty good shape, really, for the foreseeable future. It's just some of these adjustments we've got to make in the lower basin to take this water that's available and allow it to move to accommodate additional municipal growth.

Supply really does look pretty good. But we need to be ever-vigilant that we don't take actions which will somehow sort of trip the door, you know, and suddenly all of these things are going to come flying out if they don't need to.

Storey: Where are the real pressures on the system in the lower basin?

Neilson: Well, we thought, I guess in our naivete, that the Central Arizona Project would be the pressure point, that once we got that project done and Arizona started taking all of the water that it could through that system for use in central Arizona, that that would immediately put Arizona at its full utilization, its two million acre feet, which would mean then immediately M-W-D would be cut back by over half of its water supply through the Colorado River Aqueduct, to get back down to the 4.4 million. Okay? Are you with me on that?

Storey: Yes.

Neilson: So that was *the* pressure point that we were all anticipating. That's why M-W-D went out and spent \$20 million with Palo Verde to get water in the reservoir, and they were doing all these things, and they spent, I think, like \$100 million now. It's a fantastic amount of money they've spent in Imperial Valley improving that system. I mean, they're throwing money everywhere trying to firm up their supply in anticipation that the C-A-P would come on line and they would be cut back.

Storey: And it would murder them.

Neilson: And it would kill them. Well, C-A-P come on line and we're still under the seven and a half million, and we're likely to stay there for a good long period of time. So that means that we can continue to make the unused apportionment. When I say we're under the seven and a half million, we're meeting everybody's needs and staying within the seven and a half in the lower basin. And it looks like that will continue. You know, we may sometimes go over it a little bit or maybe a little under. We're

going to fluctuate around that number for a good long time.

Storey: So we're not really dipping into that five-year surplus supply.

Neilson: No. But California is still pressuring. They're saying, "We want you to declare surpluses, so that if we do, as we meet all lower basin needs, if we do go over the seven and a half million, we could still do that without hurting anyone." Because all of our studies show that for the next thirty, forty, fifty years we're going to recover in the reservoir. So if we allow people to use more in a year, the reservoir will still fill. And once you fill the reservoir, all old obligations are gone.

For instance—I'll give you a for instance. The United States is obligated to replace to the system the water we're currently bypassing down to Mexico from Wellton-Mohawk. You know, we built that big de-salter to desalt that and put in back in the system. Well, we aren't doing that right now. We're simply just running it. We're not letting it get back to the river. We're running it down to the Santa Clara srew, and we're building up an obligation, a debt, on the system for that water. We're bypassing, say, a 100,000 acre feet a year. So that builds up.

Well, I don't know if we want to spend some time, but right now it's not that bad because the United States paid to line the Coachella Canal. We did the same thing for Coachella. We lined that canal, and the studies show we're conserving 132,000 acre feet of water a year. The statute provides that we can use that to offset the water we bypass. But in a lot of years, we've bypassed more than 132,000. So we had this debt we built up. What we spilled down here, we wasted, you know, we run over the spillways and we made flood control releases, and so we wiped out that obligation. Everybody's back to square one when you fill the reservoir up, and all the old debts are canceled.

So our studies show that that will continue to happen. We'll still continue to fill periodically in the future. So this is California's argument, "Well, if that's going to happen, why force us to cut back our use now if the reservoirs are going to recover even if you let us use it?" It makes perfectly good sense. We should not be forcing them to cut their use back if we're going to fill the reservoirs in the future and waste water anyway. In fact, prudence dictates that you ought to allow them to do it, because you'll be able to make better use of the supply.

We'll be going over the seven and a half million periodically and we're going to get something in place. We will declare a surplus and allow M-W-D to continue take the water. But we'll also have some safety provisions in there which will say that, "Oh, by golly, we blew it on our projections. Even though you went over for three years, we thought we'd recover and it wouldn't be a problem. Well, we didn't." They'll have to repay the system somehow if that happens. It's kind of an insurance policy. And they've resisted that most vigorously in the past, because it was kind of being handled by itself. But now we're dealing with all of these issues. It's part of the big picture. We're making good progress toward getting something like that in place so that people will be protected.

It's exciting. I tell you, I love it. I think that we're really doing something worthwhile and I get all fired up about it. It's great.

Storey: You know, one of the things everybody talks about is prior appropriation and beneficial use and so on. If you let, say, as a hypothetical, California use six million acre feet a year for, say, ten years, they've been making beneficial use of the water, even though the Colorado River Compact says 4.4, I believe it is, for California, what determines what they're really entitled to legally? Is it the Colorado River Compact, or is their beneficial use and appropriation?

Neilson: Well, actually, it's the decree. Arizona sued California in the mid-sixties.

Colorado River Decree

Storey: Arizona had stayed out of the compact and then went to court in order to become involved, yes.

Neilson: They finally came in. In the mid-forties, they finally ratified the compact.

Storey: Oh, okay.

Neilson: They were dogs in the manger, and I guess they finally figured it didn't matter. The Congress had passed an act that said, "If we get six of the seven, we'll still go ahead." So they did ratify it.

But what happened, in order to pass the Boulder Canyon Project Act and build the All-American Canal and Hoover Dam and all those things to firm up supplies, the United States required California to agree to limit its entitlement to 4.4 million. So California passed an act called the California Limitation Act when that happened. Well, then they continued to use more than their 4.4 because it was set up that way. They could if no one else was using it.

Well, about the mid-sixties, the Central Arizona Project was trying to be built. California started asserting that even though it had done that, because it had for so long used more than 4.4, like to 5.3, they had developed a right in excess of the 4.4. Arizona sued them. So they went to the Supreme Court and the Supreme Court said, "No, California, even though you've used this unused apportionment for all that period of time, it does not give you the right to that water. In a normal year, you're still 4.4. Arizona, you're still 2.8. And, Nevada, you're still .3."

So by Supreme Court decree, in the decree itself, it says that the Secretary may allow a state to use another state's unused apportionment, but no right accrues by that use. So, again, it's unique on the river there. This law of prior appropriation doesn't really work on the Colorado, and having put it to beneficial use over a period of time without a long-term right doesn't get you a long-term right.

Storey: And so it's this court decision that causes the Secretary of the Interior to be the watermaster of the Colorado River?

Neilson: Well, we say that the Boulder Canyon Project Act did to a certain extent, but the court decree said the Secretary is it. He runs the river. The states will not have any kind of official role in deciding who gets what water. It just very firmly puts the Secretary of the Interior in a position of being the manager on the system. Now, the court did say it's okay for the states to consult, and so each state designated somebody to consult with the Secretary on issues affecting the river, but it very clearly says state law has no place in management of this interstate and international stream.

The Secretary signed the contract in the state of Nevada for their 300,000 and the state of Nevada said, "Okay, that accommodates the requirement in the Boulder Canyon Project Act for a contract. We'll go ahead now and we're going to start writing contracts with our entities within our state for the use of that 300,000 acre feet." So they signed a contract. I think they had two, one of which was with the Lake Mead Historical Preservation Society, which is really the Gold Strike Casino. Have you been down there? You know, it's down north of the dam. There's a big casino there.

Storey: Yes.

Neilson: Well, Nevada signed a contract with them for water and a court—not canceled, but they said it had no standing. They said Nevada didn't have authority to do that. The Secretary has to do that. So not only did the court say that the state law had no role, but they actually took action to—shoot, I wish I could think of the term, but anyway they—

Storey: They abrogated that agreement.

Neilson: Yeah. They said it was not a force nor effect. The state didn't have authority to do that. So, like I say, this is so unique. I think the Secretary has a role sort of like it on the lower Rio Grande or the middle Rio Grande. But, really, this is about the only place where this has happened on the lower Colorado where the Secretary has this kind of control and responsibility.

Storey: Is it the whole river basin or just the lower basin?

Neilson: Just the lower basin. You know what? My philosophy, what brought this about was the states created the Colorado River Commission, and they got together and they negotiated the compact. They divided the basin into two basins, the upper and lower. The upper basin states went ahead and created an Upper Basin Colorado River Commission, and they went ahead and allocated the water among the states and did all the things that an interstate river commission would ordinarily do.

The lower basin states were so fractionalized and so at odds with one another, they were never able to do that. And I think what happened was the court finally said, "Enough is enough. We've got to have somebody to run this system, and if the states can't get together and create an organization to do that, then we'll have the Secretary do it." That's my philosophy as to why the court really did that.

So the Upper Basin [Colorado River] Commission allocated the water among the states. Each one has a percentage of the water that's available to them. They did that and then Congress ratified it. They make decisions. Now they meet periodically and make decisions concerning what's our position on management of the system. And so when they come to our meetings, they're united. They have an executive secretary that really represents them in the negotiations. The lower basin doesn't have that. It's sort of an interesting thing, and it's unfortunate. You know, I think preferably it would have been much better had the states gotten together and they would take responsibility for managing this.

Another thing, I think, that gave the Supreme Court a real impetus to do this was the fact that it's an international stream, and somebody has to watch out for the interests of Mexico. Certainly the states, they don't have that same kind of international perspective that the U.S. Government has. So I think that also added some incentive for the court to say let's let the Secretary do it.

Storey: When you say the Secretary of the Interior, I'm sure that's what the documents say and so on.

Neilson: Right.

Storey: But what does that really mean?

Neilson: The Secretary delegated the responsibility and authorities to the Commissioner and then down to the Regional Director in the Lower [Colorado] Region to fulfill the responsibilities of the Secretary on the system.

Storey: So it's really the Bureau of Reclamation is running the lower river basin.

Neilson: In fact, it's the Regional Director here and his staff that does that.

Storey: Okay. I've been taking so many notes, I don't know where to start. (laughter)

Neilson: But, you know, I tell you, Brit, I love what I'm doing. I think it's so valuable and worthwhile that I get a lot of fulfillment and satisfaction from this job, even though it's so slow. When I first came here, one of the goals that I set for myself was I said when I retire—and then it was a long time in the future—I would like to have addressed the major issues on the river and have solved them—the water transfer issues, the illegal users. And I wanted to have us be more effective and efficient in management and measurement of water. All of these things. That was sort of my initial goal. Now, now that I'm older and wiser, I'm hoping I can simply have made a difference. (laughter)

Storey: You mentioned illegal users just now. Could you elaborate on that more?

Illegal Water Users

Neilson: Well, I mentioned it a little earlier.

Storey: Yeah, the wells.

Neilson: We've got these people drilling all these wells along the river and they're pumping water out of the underground. The court in the decree said that we have to keep track of water use and report annually on water use, including water used from the river by underground pumping. Section 5 of the Boulder Canyon Project Act says no one shall have the right to take water out of the river without a contract with the Secretary. It did exclude federal entities and the federal reserved rights, which are Indian rights. They don't have to have contracts. We're trying to convince everybody you ought to have one anyway, but they don't have to. But everyone else has to have a contract with the Secretary.

So we have all these people. They'll go down and buy a little piece of land down there somewhere and they'll say, "Oh, look here. Finally, we're in Nirvana. Eden. We've made it. We've got us a little property along the river." They'll punch a well and start taking water out. Well, they don't have any contracts for that, see. And this is a tremendous administrative problem for us.

First of all, just keeping track of them is a nightmare. It requires us to really go out and do an inventory, and we're in the middle of trying to do that right now. Plus, you've got to go out periodically then after that and check to see what's out there. Now, the state of Arizona requires well permits, and we got them to agree to help us with that. If somebody comes in for a permit and they're located within a certain area, the state has said, "We won't provide you a permit until you get a contract with the Secretary for the use of the water."

The state of California, they're harassing us. It's up to the counties, we think. You know, the counties say, "Yeah, yeah, we've got a responsibility. Well, maybe we do. Maybe we don't." So we can't really get a lot of help from them. So if we're going to do this right, even though we're not talking about tremendous amounts of water, it's either you're in compliance or you aren't, frankly. We tried to ignore these things for a number of years, and what happened was there as one year when it looked like we were going to exceed the seven and a half million and we wrote a letter to M-W-D saying, "Guess what, M-W-D." In the vernacular on the farm we used to have this old saying "hind tit." On the cow's bag there are four regular ones and there are two little ones on the back that they're just little bumps and they don't do anything. Well, M-W-D is on one of those. Okay?

We said, "If we have to cut somebody back this year, if we exceed, you're it. So prepare." Well, they wrote us a nice little friendly letter saying, "Guess what. If you try to take action to cut us back before you have reduced uses by illegal users along the river, we're going to sue you. We're going to get an injunction against you and we're going to refuse to cut back until you have eliminated all of these unauthorized uses." And we said, "Oh, gosh." (laughter)

So now we've got a big program going where we trying to just find out who they are, for starters, and then once we find out who they are, we're going to try to do all we can to legitimize their use. And if we can't find some way of doing that, then we'll

have to send them cease-and-desist notices. We have no way, we have no police authority on the system. So the only way we can get those people to stop using water would be to take them to court individually and sue them and try to get an injunction and then finally some sort of an order of the court that would permanently stop them from using the water.

So that's why we went to the regulations. That was the very first thing, need we proceed. We went to our attorneys and said, "Help us. How can we handle this problem?"

They said, "Well, regulations have got to be the answer. You've got to have something that's codified, that says this is the process you follow, and after you get them, when you give somebody an order to stop, it has the weight of law and they should do it." So that's when we finally woke up and said, "We've got to have regulations here."

So, anyhow, that's the illegal user thing. You know, Brit, candidly, we're talking seven and a half million acre-feet of use. We may be talking maybe 20,000 to 30,000 acre feet of unauthorized use that's going on. That's sort of my swag of what it would be.

Storey: So we're not talking about big acreage as irrigating or anything like that?

Neilson: No. There are a couple of irrigators, but basically it's, yes, these homeowners and things up and down the river that are sucking water out of it. So we're going to be investing a tremendous amount of money and effort to try to get a rope around that and be able to do something about it.

Diverse Interests along the River

You know, it's been very interesting, dealing with Metropolitan Water District over the years. Let me preface this by saying that they've not done anything that I wouldn't have done had I been in their shoes, you know. They've got a lot of resources. They've got a lot of good minds down there. They're more than capable of defending their interests. So we've got to deal with it.

Storey: Must make these negotiations interesting.

Neilson: Yes, it does.

Storey: Do you find a discrepancy between the people who are representing irrigation users and the people who are representing municipal users of water?

Neilson: In these negotiations we're in, we're really dealing with the state agencies and they have brought along certain people with them. The California entity is the Colorado River Board of California, and that's a fellow by the name of Jerry Zimmerman. He's the principal negotiator. But with him he has brought a representative of Imperial Irrigation District and a representation of Metropolitan Water District of Southern

California. So they're at the table, and that does make for an interesting negotiation.

But I would say the state of Arizona, just for your information, the Arizona Department of Water Resources is the principal negotiator, and they have been, up until now, sending two people. One's retiring, so I guess it will just be one in the future. But they have brought a representation of Central Arizona Water Conservation District to the table with them and one from Wellton-Mohawk Irrigation and Drainage District as well. They're also very astute and capable of defending themselves very nicely.

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

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

Storey: You were saying Arizona brought along the Wellton-Mohawk people and who else?

Neilson: Central Arizona Water Conservation District.

Storey: Central Arizona folks. And then Nevada.

Neilson: They have one person representing the Colorado River Commission of Nevada and one person representing the Southern Nevada Water Authority, and they're very capable. But they just don't—they're not quite—I need to say this very diplomatically. They're very capable and they're doing a good job, but they're not quite in the same league with the California people and the Arizona people, to a certain extent. Do you know what I'm saying? But they've done very well. I've seen it sort of as our role, being there as well, to sort of watch for that and as facilitator and whatever, try to keep things going the way they ought to be going, and I think it's working quite well.

The folks from Nevada are doing an admirable job. They're doing very well. Also the Indian communities have a negotiator there that's an engineer, sort of, you know, and he's capable but, you know, in a sense not really in the same league with these "slick guys" from these high-power districts. And so I'm trying to serve a function there, to try to equalize that out and make sure that things are good. See, if things aren't balanced and everyone doesn't get something similar out of this negotiation, even though this committee we're on may have finally agreed, you know, for one reason or another to it, it's not going to fly. Everyone's got to be appropriately represented, and they've got to get their fair share out of whatever that is out of this deal or it's not going to go. And to the credit of these higher-power people that are at the table, they recognize that as well. So it's working quite nicely actually.

But as far as dealing with individual districts, yeah, there's lots of difference. You know, you've got like that little Unit B thing I told you was 3,000 acres down there. It's basically the farmers and they've got some part-time help. They don't have near the sophistication as somebody like M-W-D. It's just night and day. But I hold very firmly to conviction that it's the responsibility of the Secretary as the watermaster to make sure that these people still get a fair shake and that their interests are represented, and I, myself, personally I know the other people around here are very much dedicated to that concept. So we've tried to keep things even and not have

somebody gain at someone else's expense unless the other person's agreed to it. Important function.

Storey: Yeah. I went driving last night. Somehow I ended up in Laughlin. (laughter)

Neilson: You went down to Laughlin? You did go driving.

Storey: But as I was driving into Laughlin, I think there was a little sign that said something like "Incorporated 1986," or '82 or something like that.

Laughlin, Nevada Water

Neilson: Brand-new community.

Storey: Has to be a major water user.

Neilson: Yes.

Storey: Where is it getting its water from?

Neilson: As Nevada was cruising along here early seventies, mid-seventies, Laughlin sort of sprang into existence. We had not committed all of Nevada's entitlement to specific entities, and so at that time the Colorado River Commission recommended 10,000 acre feet be allocated to Laughlin. So we signed a contract and allocated 10,000 to Laughlin.

Then here about three years ago, we went through what we would call a final allocation process. The Southern Nevada Water Authority was created, all the people came to the table, including Laughlin, actually who was represented, interestingly enough, by the Las Vegas Valley Water District, which through some pretty adroit political maneuvering was appointed the water authority for Clark County, except for areas where there were previously existing municipalities that we're delivering water.

So the Las Vegas Water Authority basically was representing Laughlin. In a lot of ways they're competing for water, you know. So that was an interesting situation. But the authority was created and it's kind of an umbrella organization now, and I think that's working all right.

Anyway, we allocated even a little more to Laughlin, because the same thing happened there. We all thought 10,000 acre feet of consumptive use would do them for, you know, an eternity. It turns out that, gee, within three or four years, they'd already committed all that water to all these developments and they needed more. So we allocated a little more. I think they have like 12,000 or 13,000 acre feet now. And we went through a final allocation process, and now all of the apportionment for the state of Nevada is under contract. And, in addition, we signed contracts to deliver unused apportionment from other states as needed and available and also surplus water. If we declare a surplus on the system and it's needed, the authority can use that.

So just recently, see, we've tied a little bow around that and worked everything out. Another interesting side issue was, did you notice the big powerplant down there at Laughlin?

Water for Power Facilities

Storey: Yes.

Neilson: There is a separate contract that we had signed with the state of Nevada, who, in turn, subcontracted with this powerplant down there to deliver them water through the year like 2010, 2015. It was a forty-year arrangement. And everybody assumed, I guess, at that time that by then the plant would be obsolete and it wouldn't be functional anymore. Well, what really happened, some of these big steam generators is they have to shut them down periodically and service them, you know, clean out the boilers and do all the things. And so periodically they upgrade them. If there's new technology that comes along, they just slip it right in there at the plant. So that plant is not going to be obsolete.

So Southern Cal Edison started saying, "Hey, even though we know we've got another fifteen years on our contract, we've got to find us some kind of right to water." So they came to us and to the state and said, "We would like to extend that agreement." Well, all the other municipalities in the area said, "No way. We're not going to stand for that. We need that water." The reason they said that was because Southern Nevada does get a little power out of that powerplant, but most of it is exported to Southern California. They said, "You've used our resources long enough, California. If you want to have water for that plant, you figure out some way of getting it."

Well, right now we have plenty of water. So they sat down at the table and put on their green shades and negotiated out a deal where the powerplant officially gave up its right, its contract right, to Colorado River water as of like last year. The Southern Nevada Water Authority made a long-term binding commitment to provide them water for, I think, for like another forty years or something like that. The powerplant is now paying the authority to bring extra water out of Lake Mead and to put it in groundwater over there in the Las Vegas valley, enough to accumulate a supply which they can then pump out of the ground and allow the powerplant to continue to take river water on a long-term basis.

I mean, it's so interesting. This water business is incredible. And the thing about it is, if you'll just give people room, you know, within certain, I guess, sideboards you put on things, they'll find solutions. It's very a very interesting thing. And the water cost of that powerplant down there, that's a minor issue. They're willing to pay a lot of money right now to pump water out of the system to get it over here where it's available to Las Vegas in the future so they can continue to have water in the future as well.

Storey: But that powerplant is not for Laughlin, then. It's sending power over to California.

Neilson: I would say probably 90 to 95 percent of the power is going to the Southern California area.

Storey: Well, that was one of the questions that I want to raise. We have Hoover down here with a lot of megawatts. And I think there is power generation at Davis?

Neilson: And Parker.

Storey: Yet, when I drive down the interstate from the airport, I pass a big powerplant out here.

Neilson: Yeah.

Storey: Why?

Huge Demands in the Southwest for Power

Neilson: Hoover just doesn't generate—in fact, Hoover, Parker, and Davis don't generate enough energy to supply the needs of this entire Southwest area. In fact, a statistic I saw recently was Hoover by itself generates just about enough power to satisfy the needs of the city of Los Angeles. So there's a huge demand for power, and I would say, maybe, 8 to 10 percent of the demand is met from Hoover, Parker, Davis, and the rest is from the nuclear plant, the big Palo Verde plant down by Phoenix, and then the Laughlin plant and other plants, an inner-mountain plant up in southwestern Utah down by Delta. They're all cranking energy down into Southern California.

So we divided the power up back in the good old days. Nevada got a share. I think they got like 25 percent and Arizona got 25 percent and California got 50 percent. And that 25 percent is sort of a good start for the Las Vegas and southern Nevada area. But that falls, by far, short of what's really needed. What's the name of the powerplant? The company? Anyway, there's a local power company that provides power to the area.

Storey: Here in Nevada?

Neilson: Yeah. That plant you saw down there is one of theirs. They do participate, to a small degree, in the Laughlin plant, which, by the way, the coal for that plant is from the Navajo Indian Reservation. It's piped in to the plant down there through a coal slurry process. And it's about one of like maybe two in the whole country. Remember coal slurry was going to be the big deal? I think there are like two of them that are actually doing it in the whole nation, and that's one of them.

And it's also the water. That's another issue. The Indians are starting to scream like crazy up there on the reservation that this powerplant is depleting their groundwater supplies. With the Indians it has to do with the Earth and the circle of everything. It's throwing it out of balance. So now they've got a big problem up there. You know, you're taking like 3,000 acre feet of our groundwater a year, and you're pumping it down to that powerplant with the coal, and we've got to do

something about that. So that's another issue. I mean, there are issues everywhere you turn.

I'm embarrassed that I can't tell you the name of that power company. I know it as well as my own name. But, anyhow, they're also a participant in the Navajo powerplant.²¹ The Bureau owns like 25 percent of the capacity of it for pumping water for the Central Arizona Project.

Storey: Up in the Four Corners area?

Neilson: Well, it's up by Page.

Storey: Oh, in Arizona.

Neilson: There's another one and that's the Four Corners plant as well. Nevada Power. They're also a participant in that Navajo powerplant, and I think in the inner-mountain plant up in Utah, too. So what happens is that whenever a plant is built, people get in on the deal and power is wheeled and it goes on the net. It's going everywhere, you know, and everybody owns part of it. It's a fantastic system we have in the United States, our power system. So I guess that's more answer than you wanted. But Hoover really provides a significant amount of the energy for southern Nevada, but not a major part. Most of it's commercial power.

Storey: Let's go back to '78 when you first came to Boulder City. You came as the head of the contracts and repayment function, is that right?

Neilson: Well, no. Remember I told you I had that problem and couldn't figure out why I wasn't having any jobs. So I took a downgrade and I came out just as one of the staffers and was one of the repayment specialists on the staff. And then after I'd been here about a year, maybe year and a half, George Blake, the fellow that was the Branch Chief, retired.

Storey: Oh, you told me this yesterday.

Neilson: Yes. Then they made me the Branch Chief, yeah.

Storey: What other contract negotiations were you involved in? We've talked about C-A-P and we've talked about Wellton-Mohawk.

Neilson: Oh, I've been involved in lots of them. We've been signing contracts with—the state of Arizona back about twenty years ago gave us a recommendation. See, the way we've tried to finesse this thing—it's tough to get a direct answer out of me, isn't it?

Finding Harmony Among the States

21. Located near Page, Arizona, construction began on the Navajo Generating Station in 1969. The station supplies electricity to pump Central Arizona Project water; while also serving power customers in Arizona and Nevada.

Storey: That's fine. I like this.

Neilson: The way we've tried to finesse this thing is that even though the Secretary's been given, I guess, what you'd say absolute power on the river, in fact, we've tried in the interest of comity—that's with a "T"—tried to facilitate what the states wanted. You know, in spite of all, the bottom line is it's really their apportionment, their right, to use the water. And the states, I feel very strongly, should have a say.

In fact, the way we worked it is we will say to the states, "We've received a request for a contract for water. What do you think?" Or, "Is this okay with you? Do you think we ought to do it?" We've tried to give them a voice.

Then, in addition to that, the state, I guess at our request, went through a process where they made a recommendation to us on how we ought to allocate the rest of the state's water supply, and they gave that to us back about twenty years ago. So we've had this long process of trying to knock off a few of those every year and sign contracts. So we have done, we've signed contracts with a lot of smaller users up and down the river in Arizona, and we're right now in the middle of some of those. I get the old bullwhip out once in a while and crack it over the contract's troops and say, "We need more progress here. Let's get these done."

One that's very interesting is one with the state of Arizona Land Department. The state of Arizona owns a lot of land up and down the river. Do you remember there's an act that was passed where one section in a township was held for schools? I forget the name of that act. The title of that went to the states.

Storey: The Land Grant Act.

Neilson: Yeah. Thank you.

Storey: Or the Homestead Act, actually.

Neilson: Homestead Act. And they've got a lot of land that is now being irrigated that doesn't really have a contract for. So we're in the middle of a fairly long-term, semi-complicated negotiation with the state to sign a contract, the state land department to sign a contract for their use. One of the things that's complicated is we said, "We only want one. We don't want a contract for every piece of property you own up and down the river. So get your act together, tell us what the properties are and what the water use is going to be, and we'll sign the contract with you for that." So we're in the middle of that one.

Smaller Water Contracts

Another interesting one that we've been involved with that we finally got a lot of the contract signed was what we call the Lower Colorado Water Supply Project. There are several users in California that are either using water without an entitlement or in excess of their entitlement that we were getting to the point where we're about to say, "Stop." One of those was the city of Needles, which is just down the road from

Laughlin a little ways. They had what we call a present perfected right, which is a right that existed prior to authorization of the Boulder Canyon Project.²² These are older entitlements. Well, it wasn't sufficient, or isn't sufficient, to cover all of Needles's needs. So here was Needles really squirming, trying to figure out some way to get more water, just like southern Nevada is now, and faced with the prospect with us writing them a letter saying, "You know, you're using more water than you're entitled to. Cut it back." Well, how do you cut back a municipality? I mean, you know, they can go so far with that, but they've got to have water.

Well, we found that there's a lot of seepage occurring on the All-American Canal as it goes west out across the sand dunes and down into the Imperial Valley and Coachella Valley. We found there's a lot of seepage there and it then goes underground into Mexico. The United States is obligated to deliver a million and a half acre feet to Mexico a year, and so anything that's diverted from the system that gets back in to the river that we can take credit for to deliver to Mexico or to other users, we continue to call that system water. But this water that's lost out of the All-American Canal and goes into Mexico, it's already charged all against I-I-D and Coachella, and so nobody gets any credit for that. It's lost. So we've said it's no longer system water.

So Needles, in cooperation with the Bureau—we helped them—we developed a project where we would go down and sink some wells along the border to intercept that underground flow and pump it back into the All-American Canal. And then by exchange, we would say we're replacing and then Imperial and Coachella would cut back their water order by an offsetting amount. That would leave it in the system for us to deliver legally, then, to these users in California along the river. It's an exchange arrangement. Congress authorized that, we drilled some wells, and we've signed contracts with Needles.

The B-L-M [Bureau of Land Management] is another illegal user in California on the lands that they administer. We're trying to cut a deal with them. They've been very difficult to deal with, you know. But, anyway, we're trying to cut a deal with them for part of the project. The problem is you've got to pay for the cost of the project whether you take the water or not, you know, the construction costs and the fixed O&M. The B-L-M says, "We need all this water."

And we say, "Fine, then you've got to be on the hook for the construction costs and the fixed O&M." It's like a thousand acre feet.

22. "In 1986, Congress enacted the Lower Colorado Water Supply Act of 1986 (LCWSA) (Public Law 99-655) as a mechanism to enable water users within California without contracts or with contracts for an insufficient amount of water to collectively obtain by exchange up to 10,000 acre-feet of water per year from the Colorado River for existing and future uses within California. The LCWSA authorized the U.S. Bureau of Reclamation (Reclamation) to construct the Lower Colorado Water Supply Project (Project). The Project consists of well-field facilities in the Sand Hills area along the All-American Canal in Imperial County. The purpose of the Project is to 'supply water for domestic, municipal, industrial, and recreational purposes only.' Supplying water for agricultural use is not an authorized purpose of the Project." For more information, see Colorado River Board of California, "Lower Colorado Water Supply Act of 1986," <http://www.crb.ca.gov/LCWSP/LCWSA%20Background%20.pdf>. (Accessed May 2017)

And they've been saying, "Choke. Where are we going to get that?"

And we've been saying, "Well, go to your concessionaires and get it." But it's been a difficult thing. Anyway, B-L-M, a thousand acre feet, and the city of Needles five thousand, and the city of Needles signed right up. They signed a contract. In fact, the act said they had to provide like 20 percent of their share of the cost up front, which they did. So that was another interesting thing.

We've got a lot of users yet up and down the river in California, non-ag users, by the way—the accent is for non-ag—that we've got to get signed up and then we can legalize their use. So that's sort of deliverance for us, in a sense. Rather than go out and put a gun to their head and shoot them, now we've got some alternative that they can pay and still be able to take their water. It's going to be around fifty bucks an acre foot or something like that probably for them. But a lot of them won't use an acre foot.

Storey: I have the sense that when you talk about contracts here, you're talking about a mixture of responsibilities. You're talking about partially the Secretary's responsibility to administer the river, and you're talking about reimbursement for project costs for Reclamation.

Contract Activities

Neilson: Yes, you're right.

Storey: Am I thinking correctly?

Neilson: For reimbursement for specific project costs and operation and maintenance, all of the things that go with that, yeah. We're talking about delivery. Basically for our region, all of the water users in our region, the supply is the Boulder Canyon Project Act and Lake Mead, the Colorado River, basically for all of them. The only exception to that is the Salt River Project, which is a development of the Salt River and the Verde rivers. All the rest of them rely on the Colorado River. So we have what we call water delivery contracts we sign with all of those entities. So that's one type of contract action.

The other is whenever we build subsequent projects to deliver water, then we have all the contract activities associated with that—the repayment, the operation and maintenance, and all of the things associated with that specific project.

So you're right. There's sort of two phases to our contract and responsibility. In addition, we also, in my group, have responsibility for all the power contracting on the river. So that's another major part of my responsibility we haven't talked about that is in my area as well.

Storey: Do you keep these things separate in your mind as you're doing them? For instance, how do you figure out when you develop a contract with an illegal homeowner, with a homeowner who has an illegal well—I think I may be able to say this articulately.

(laughter) Do we charge him for the use of the water?

Neilson: Yes.

Storey: And what's the basis for us charging him? All he's doing is drilling a well. We're not doing anything for him, in one sense, I mean.

Neilson: He's able to take advantage of water being in the ground on a reliable basis because we have this reservoir up here which constantly is releasing water and maintaining the water level and so on. So there's no question but what they benefit from the existence of this Boulder Canyon Project.

Water Charges

Now, I'll give you a little background on the charge. We charge in the state of California and in the state of Arizona downstream from Hoover Dam a whopping twenty-five cents an acre foot for all the water they take for use off the river. In Nevada, Nevada got screwed. They pay a whopping fifty cents, because most of the diversion in Nevada comes out of Lake Mead. And we have been able in our research to pretty well convince ourselves the basis of that fee was that was what they estimated back in the thirties would be the cost of the power generation foregone, because they were taking the water out of the system. That's why fifty cents in Nevada, because they're taking it out of Lake Mead. Oh, by the way, it's also fifty cents in Arizona above Hoover, because there's a bigger loss in power generation because it doesn't go through Hoover. So it's as near as we can tell it.

And there's no charge for ag on water deliveries, and the reason for that is, as near as I can tell again, this exemption that was granted Coachella and Imperial. They would not pay water delivery charges. So somebody, in their wisdom—and I can't find anything in the files anywhere—decided they would just extend that same criteria to all ag users in the basin.

Storey: So if I had a home down somewhere, Bullhead City, say, and I drilled a well and I was getting water from the river, I would have to pay, say, twenty five cents a year, basically. Presumably I don't use much more than an acre-foot.

Neilson: We would also charge you an annual fee, annual contract fee. Right now the minimum is a hundred bucks a year.

Storey: So I would owe you a hundred dollars and twenty-five cents annually.

Neilson: Yeah. That's a fairly high fee for you, if you're an individual landowner, right? Or a homeowner? A hundred dollars a year.

Storey: Not when I pay forty dollars every two months. (laughter)

Neilson: Oh, right. But you get it out of the tap after it's treated, right?

-
- Storey: That's right.
- Neilson: So that gives them an incentive to try to form groups like water conservation groups or a district of some kind where they can get together and contract as a group. Then we charge the district or the organization that hundred-dollar fee, and it certainly makes our lives much simpler, because we don't have to administer 5,000 contracts, you know, we can administer one and let the organization take care of the administrative details and trivia associated with, you know, measuring the water and reporting the use, ordering the water, and all that kind of stuff.
- Storey: How many people do we have doing contracting and so on in the Lower Colorado Region now?
- Neilson: Doing the water service or repayment contracting we have a staff of—well, the Branch Chief—now, it's called them groups, you know, we've gone to the modern terminology, has other responsibilities. But part of the Branch Chief's job is to oversee the contracting. So we'll say half a person there, and then we have four specialists working there and a tech, contract tech, that's vacant. So we probably have five and a half people or so.
- Storey: And in power contracting?
- Neilson: About the same number. About the same number. And then there's the group, the operations group, that actually oversees the running of the river, and there are several people in there. I foresee that if we ever get these provisions in place to allow transfers to occur, where we have to keep track of everything and approve all these things, it's going to substantially increase the need. Now, whether we'll actually get people, who can say in this day and age, you know. But it's the same old story I'm sure you hear everywhere. The workload is continually compounding and growing in magnitude and extent, and we're losing people. So, you know, that will go along so far where you can become more efficient, but finally what really happens is you stop doing certain things. You have to prioritize your work and figure out which is more important and you just don't do some of the stuff.
- Storey: Well, I would like to keep going because this is fascinating, but I've used up your two hours.
- Neilson: My wife is probably waiting out there for me. I didn't realize. Boy, it does go. You told me it was going to go fast. It flies by.
- Storey: Well, I'd like to ask you again if you are willing for researchers, both inside and outside Reclamation, to use the material we've discussed today.
- Neilson: Absolutely.
- Storey: Both the cassettes and the transcripts.
- Neilson: Yes, sir.
-

Storey: Good. Thank you.

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

BEGIN SIDE 1, TAPE 1. JANUARY 17, 1997.

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing LeGrand Neilson, Assistant Regional Director of the Lower Colorado Region, in his offices in Boulder City, Nevada, on January 17, 1997. This is tape one.

In an earlier interview, you mentioned that in 1970 you found a vacancy at the Bureau of Reclamation. Do you remember how you found that?

Finding a Job with Reclamation

Neilson: Yeah. I was still a graduate student at Utah State University, and the personnel manager from the Central Utah Projects Office called the university to see if they had any students that might be interested in coming to work there. And as I recall, my—gosh, it's been too long. Anyway, the fellow that I was working for on my graduate study—I forget what they called it—mentioned that they made this request and wondered if I'd be interested.

Storey: And had he called him specifically?

Neilson: I think they called the head of the department, the Ag Economics Department, and then the word was sort of spread out or [unclear]. Too long ago. I can't remember. But I do know that I got the word from the faculty asking if I'd be interested.

Storey: And this was a full-time job?

Neilson: Yes.

Storey: Doing?

Neilson: Very much excited, because as I was pursuing my Ag Economics major, and even as I was doing my graduate work, I was becoming more and more aware of the fact that there weren't a lot of jobs out there outside of academia for economists. I mean, they might hire people, businesses might hire people as economists, but what I was finding out was they were mostly like accountants or, you know, things like that. They used them as those rather than as economists, you know, economists using a computer.

Well, the Bureau had a job for an economist. I was very excited about that. Full-time employment working as an agricultural econ—well, as an economist. I don't know if they called it agricultural. But also the job included, because of my background, working as an environmentalist. See, this was right soon after the—well, maybe that's the year—

Storey: About a year after NEPA was passed.

Neilson: Yeah. The National Environmental Policy Act. So, anyway, they hired me to do that, sort of that dual function, full time, and I was very excited about that and also a bit disillusioned with the graduate process in school. Well, I'm doing it, I think, in retrospect. But I had asked a fellow that was from the East and I was very impressed with him in class because he was very outspoken and very straightforward and I thought, "Well, this would be somebody good," and I needed somebody out of the ag econ and the regular economics department.

The guy, Brit, I worked three solid months struggling just to get my thesis statement through, just what I wanted to do. This guy, it didn't seem to matter. He didn't say, "Well, I don't like this for this reason, and I suggest you do this." It was always, "Well, I don't like that." And then I'd be left to struggle. And I got very despondent and discouraged with that. Finally, I said, "If it's going to take me three or four months just to do my thesis statement, how long is it going to take me to do a thesis and satisfy this guy."

So I was relieved and excited about the prospect of being able to go to work. By then, I think I probably had three children. So I was anxious to get out and start providing a respectable living for them as well.

Storey: Did you have to do an interview? How did that work?

Neilson: Uh-huh. They called me down and a few of them sat around and interviewed me, as I recall. And then they notified me fairly shortly. It was very quick, you know. It was like a matter of just a few days and I had the job.

Storey: When you say they called you down?

Neilson: Well, I'm trying to remember. Doggone it. Now, you've got to remember. That's been almost thirty years ago, right?

Storey: Yeah.

Neilson: And I'm having trouble—

Storey: Twenty-six.

Neilson: See, I was in Logan and Provo is probably 130 miles or so away. I think I just probably drove down, and they took a look at me and I took a look at them. It would be with my boss, my immediate boss, who also was named LeGrand. You know, LeGrand is not a real common name. And he joked later and told me, he said that was one of the things they considered when they were deciding whether they wanted to hire me or not, whether it would be appropriate to have two LeGrands in the same office. (laughter) I said, "Well, for crying out loud. They never worry about if they've got two Bobs, Joes, or Johns, you know." He laughed. I think it was mostly in jest.

As I recall, also, they had the Division Chief talk to me, and I believe they

introduced me to the Project Manager. It's been a long time ago to try to remember. At the time, Brit, I had like seven years of government service that I could count toward retirement. So I was particularly pleased that I was able to get a federal job.

Storey: Where did that come from?

Neilson: I had three years in the military. I served in the Army, other than basic training, when I was in Europe. Then I went to school. I thought it was very fortunate, as far as I know, I got the only job on the campus for a student that was a Wage Board position working at the Crops Research Lab, Department of Agriculture, on campus. I worked full time during the summer and about three-quarter time during the school year for over four—well, yeah, it was probably over four years. So all told, I had this seven years of credit. So I thought, "Well, gosh, you know, if I could get a federal job, why not?" You know, because now I can take advantage of this. Yeah, that was my story. It was really a neat thing.

Moved to Provo

Storey: So you picked up and moved to Ogden?

Neilson: Provo.

Storey: Provo.

Neilson: Yeah.

Storey: To Provo.

Neilson: Uh-huh.

Storey: Did they pay any moving expenses?

Neilson: No. The first move was on me.

Storey: Did you have to fill out a 171?

Neilson: Yeah. I'm sure I did, yeah.

Storey: And so off you went to Provo.

Neilson: Yeah, a new adventure.

Storey: And what did they put you to doing?

Neilson: I was soon a bit disillusioned with economics aspects of the federal government. (laughter) Mostly reviewing. Well, you know, I was green, and so they had me working with another economist, and it was mostly reviewing old studies. Even then every project ever conceived my man that had any merit had basically been evaluated,

planned, scrubbed, checked, and so it was a lot of just updating stuff.

But they put me to work actually working for two people. I had LeGrand Ward was the name of the economist that I worked for, and then Bill Durant [phonetic] was a reports writer. And they had me working for both. Bill Durant, they had me working for him because I was supposed to be—as one of my duties, I was supposed to write the environmental impact statement for the Central Utah Project. Now, if you're familiar with the scope and breadth of writing environmental impact statements today, you'd probably chuckle at that. But basically it was my job. Okay? I was going to do the whole thing. Nobody had a clue what it was going to be. But they gave me this job.

So LeGrand apparently felt that Bill was keeping me busy, and Bill apparently felt that LeGrand was keeping me busy, because I didn't have a lot of work to do. So I spent untold hours. I read everything I could get my hands on. I looked here. I turned every rock trying to find work and finally got to the point where even though they could give me very little or no direction as to what this environmental statement should be, that's where I focused most of my time, frankly. I finally felt like I had a pretty good feel for what they expected. They being whoever wrote the act.

So I went out and I gathered data, and it was very general, you know. It said you had to evaluate the impacts of the project on the environment. So I went out and I measured all the riparian habitat that were in the streams, over the B-L-M data, you know, all that kind of stuff. I still think I came up with some pretty good general stuff. In fact, it did get used when they finally got some experts and wrote an environmental statement. It did get used as sort of the overall impacts of the project. I had a nice matrix worked up and acres of stream habitat that would be lost and how many acre of this kind of habitat and so on and so forth.

Well, an interesting thing that I'll share with you is after I had done that and turned it in, Bill Durant confided in me several months later that I nearly got fired. And I said, "Bill, I thought I did a great job. Why on earth would they want to fire me?" And he said, "Because they determined after reading your draft that you were a fire-breathing environmental radical, and that you were giving the environmentalists all the ammunition they needed in order to stop the project." (laughter) And, you know, I was as innocent and pure as the driven snow. I had no idea that would happen.

Moved to Salt Lake City

Anyway, I guess a reason must have prevailed, because they didn't fire me. But they were very much concerned that I had set them up, you know, somehow. And so it wasn't very long after that—I spent three years in the Provo Office working in Central Utah Project—they had a RIF, one of several, by the way, they've experienced in that office. But they had a RIF, and I was in rock-solid shape. So the Division Chief came to me and said, "LeGrand." He said, "Based on the RIF criteria, you know, you're in good shape. You've got a job here. But there's another guy . . . by the way, we also have a job for you in Salt Lake. There's another guy who we think can do what you've been doing on the environmental statement and so forth, and if you

stay here we have to fire him. We have to RIF him out." And he said, "If you'll take the job in Salt Lake, I'll make it worth your while," which I interpreted to mean he'd give me a raise or something.

And, boy, I'm telling you, I agonized over that one, because I didn't want to go to Salt Lake. You know, I was happy where I was. But I finally decided, okay, I'd go to Salt Lake. And so that meant a commute, because I lived out by Provo. I had what probably was a typical experience, but it was very depressing to me because I transferred to Salt Lake and the first project they put me on, and I was commuting—right away I decided I wasn't a commuter, okay? But they put me on this job to evaluate—are you familiar with the Jensen Unit of the Central Utah Project?

Storey: I've read some stuff about it, but I don't remember anything.

Neilson: It's I think they call it Taskeech [Red Fleet] Dam and Reservoir now. It's over by Vernal. It was an authorized part of the project, but there were folks who were concerned about it really being needed and justified, you know, viable. So they sent me out there to do some data gathering and do some evaluation and see if there really was going to be a demand for the water and if it would pay off.

I got out there. Even though it had a very, very minor agricultural component to it, it became clear to me that the purpose for the project was to provide water for industrial purposes anticipating that oil shale would be a development and they'd have a need for it in the area. Well, you know, you didn't have to be a rocket scientist to sit down and look at the cost of oil shale and see right then it wasn't viable and that we'd have to go through some very severe reductions in supply before it would ever be, you know, economically competitive.

So I wrote up my draft on this thing, you know. Now, you've got to get the picture here. Here is a guy that's still fairly young, kind of green in the Bureau, and I wrote up this report saying I didn't think it was—you know, and I talked to everybody, Brit. I went to the Geological Survey, and I went to anybody who could give me any help. I really did a thorough job. So I wrote up this draft saying that it just wasn't justified. You know, folks reviewed my paper and kind of leaned on me a little bit. You know, economics is always pretty subjective, you know, and projections and things. And so they finally convinced me. When it came out finally, the report said it was justified.

Brit, I kept my first draft for about fifteen years, because I knew in my heart of hearts that there was no way that sucker was going to pay off. They built it and the district basically defaulted, as I understand it, and they had to restructure the whole repayment and everything else, because they had no demand for the water. So I get some sense of I don't know whether vindication is the right word, but I know.

The thing was that the guy, the economist, the old economist I worked for, you know, I guess he had the attitude and I don't condemn him in any way, but he had the attitude that it was our job to justify the project, you know. It was part of this old Bureau mentality that you needed to justify the project. So it came out that way.

So, anyhow, the reason I tell you that is that I decided I wasn't happy there because of what had happened to me. So a job came up in Denver working in Operations and Maintenance as a Contract Specialist. I sat across the table from this old guy that I was going to replace. He was old. I don't think he was as old as I am now but, you know, he was an old guy and was going to retire. That's why they took me to Salt Lake to take his place. His desk was there and mine was here and we faced one another. And I told him I'd heard about this job and asked this old economist. I said, "What would you do if you were me?" And answer was, in essence, "In less than a heartbeat, son, I would take a job in O&M." He says, "There's stuff going on and there's a lot of security there and it's just, from my perspective, a better deal." So applied on this job in Denver and they selected me and I went there. I only spent about three months in Salt Lake.

Storey: Now, that would have been when?

Neilson: Oh, golly. Let's see, I spent three years in total.

Storey: '73.

Neilson: So, yeah, in '73.

Storey: Before we go on, when you were doing the environmental statement back in Provo, what kinds of input were you getting? Were you able to talk to people in other agencies? Were there things to read? You know, were you just creating it whole cloth or what?

Developing an Environmental Statement

Neilson: Yeah. Basically that's what I was doing, basically whole cloth. Just kind of plowing the furrow as I went. And then by the time I had finished up my work, there had been enough other work done that people knew they needed to hire experts and they needed to do inventory of species, of flora and fauna, and all that stuff, and they needed to try to identify endangered species. The work was moving to become more of an art. You know, I mean, there's lots of stuff to look at and say, "Well, yeah, this is a neat thing to do." And, of course, when the Central Utah Project environmental statement was finished, my draft was a little thing like this.

Storey: Maybe a quarter of an inch thick?

Neilson: Yeah. And their's was four or five volumes about that thick, you know.

Storey: A couple of feet thick?

Neilson: Yeah. (laughter)

Storey: Well, there was a learning curve in there, of course.

Neilson: Oh, it was. You know, great experience. I wouldn't change it. I enjoyed doing it. I

got to take some trips and I got really familiar with the Bureau of Reclamation's, you know, policies and procedures, and enjoyed it.

I had to laugh. They had this fellow that reviewed my draft, and he came back and he had marginal comments. "B-S," you know, and all kinds of stuff like that. And I got frustrated there, too. It's kind of like the guy on my committee. He didn't say, "Well, I suggest you say this or you ought to . . . you know, if you tried this, this might be acceptable." It's kind of like just always "crap" or "B-S," or "Obviously you don't know what you're talking about," that kind of thing, you know. I laugh now. I didn't think it was very funny at the time.

Storey: Yeah. That's always sort of painful. Tell me more, if you can, about the kinds of pressures that were put on you when you did the study of the Jensen Unit.

Justifying the Jensen Unit

Neilson: Well, it was just kind of like that we'd sit down and review it, talk about the issues. There were questions about the accuracy of my projections on costs and demands and things like that. You know, I had some tough old buzzards I was dealing with, and it became really clear to me that to say that project was economically not viable was just not acceptable. And they'd give me instructions on, you know, what I ought to say and how I ought to change this factor, or this or that or the other. Even when I got done, it was marginal. It was obvious it was marginal, but it was justified. Benefit-cost ratio and so on.

Storey: I think I'm hearing you refer to more than one person here. What kinds of positions were they in?

Neilson: Well, I was in the Planning Office, and I had a supervisor that was an economist. Then they had the Chief of the Planning Division, I think it was, and he had an assistant. And we'd go into meetings. Now, remember, this all happened over like a three-month period. So there wasn't a lot of these meetings, but if Paul wasn't really happy with where he would get me, then we'd go in and talk to the Division Chief and the assistant, and they'd give me the benefit of their views and point out where some of my, you know, less supportable assumptions were. That was kind of the way it went. We'd agree on these changes and I'd go make them. They'd take a look at it and then we'd agree on some more changes, you know. (laughter) I'll bet you this isn't the first time you've heard this kind of thing, right?

Storey: Well, actually it's only the second time.

Neilson: Okay, that's good. I'm glad to hear that, because I had a feeling in the old days it was kind of like as an economist you were just expected to justify a project.

Storey: Yeah. John Keyes²³ was told to change some material one time, I believe it was, in

23. John Keyes was a long-time Bureau of Reclamation employee who held a number of high-ranking posts, culminating in becoming Commissioner of the Bureau of Reclamation, 2001-2006. Mr. Keyes also participated in
(continued...)

order to come up with a more favorable projection.

Neilson: Yeah, right.

Storey: I have sort of an image I'm forming from this conversation of, "We are a construction agency. By god, let's justify construction."

Neilson: Oh, yeah.

Storey: Is that what was happening?

Neilson: Uh-huh. Floyd Dominy.²⁴ He either was still the Commissioner or had just barely gone out, and we were still sort of in the glory days of building projects and things were rolling and the Central Utah Project was booming along.

Storey: I think that might have been during Ellis Armstrong's tenure.²⁵

Neilson: Yeah, it might have been.

Storey: It would still be about the same, I suspect.

Neilson: Yeah.

Storey: So you were going to go to O&M contracts in Denver.

Neilson: I did it. I spent, I believe it was, two years there.

Storey: Did you get a grade increase for that?

Neilson: Yes, I did. I was an 11. The agency's treated me very well. As soon as I was eligible in the project office, they gave me raises. I was an 11 when I transferred to Salt Lake. And, of course, the promise, I think, that was made and implied was that as soon as old Ted Goodsell [phonetic], the guy that was retiring left and I'd get his job and his 12. But I decided I didn't want to stay there, and so—

Storey: He was the economist?

23. (...continued)

Reclamation's oral history program. See John W. Keyes, III, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, from 1994 to 2006, in Denver, Colorado; Boise, Idaho; Washington, D.C.; and Moab, Utah, edited by Brit Allan Storey., 2008, www.usbr.gov/history/oralhist.html.

24. Floyd Dominy was Commissioner of the Bureau of Reclamation under the Eisenhower, Kennedy, and Johnson administrations, 1959-1969. Mr. Dominy also participated in Reclamation's oral history program. See Floyd E. Dominy, *Oral History Interviews*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, April 6, 1994, and April 8, 1996, at Bellevue Farm in Boyce, Virginia, edited by Brit Allan Storey, www.usbr.gov/history/oralhist.html.

25. Ellis Armstrong was Commissioner of the Bureau of Reclamation under the administration of President Richard Nixon, 1969-1973.

Neilson: Well, he was the one I sat across the desk from and told me I ought to take this job.

Storey: I see.

Pick-Sloan Missouri Basin Program

Neilson: And then, of course, his boss was a 13. But, anyway, got the job in Denver. Never had written a contract in my life. Dove into that. And it was a good two years. I wrote the repayment contracts for the O'Neil Unit and the North Loup Unit of the Pick-Sloan Missouri Basin Program. They never did build the O'Neil Unit, but they did the North Loup. I did a few other things, too, but that was basically my situation there in Denver.

Storey: What did you think of those projects, or was it beyond where you were thinking about the economics of them?

Neilson: Well, see, now it was just a matter of getting some contracts in place to go ahead and build them. I did have concern. I had to be able to assure that they could pay for them. And they were well justified, as I recall. I just had to figure out the repayment schedules, and then we negotiated with them over, you know, how much they would pay and all the kinds of things that go in Bureau repayment contracts, all the operation and maintenance criteria. It was a real good experience. I enjoyed that. I found out I liked doing contracting.

Storey: Were they going to pay back in a standard repayment period up to forty or fifty years?

Neilson: Forty years, yes. But the O'Neil Unit was fraught with a lot of environmental issues that has never really let it go. I think that was basically what stopped that. It was on a really pretty stream. Gosh, I can't even remember now. The Niagara River? Niobrara [River] or something like that in northern Nebraska. Out through the Sand Hills. It just wasn't in the cards, I guess. But the North Loup was built.

Storey: What kinds of issues would come up? Well, okay, let's start back at the beginning. Why would the Denver Office be doing this contract?

Neilson: It wasn't. It was the Lower Missouri Regional Office.

Storey: So you were in Lower Missouri?

Neilson: Yes. Back in the good old days.

Storey: In Denver. This wasn't the Denver Office we were talking about.

Neilson: Uh-uh. We're talking about the Lower Missouri.

Storey: Why was the region doing that instead of the project?

Neilson: The project didn't have repayment staff. They did have an economist or two, but they

didn't have repayment specialists. And even though I was green as a gourd, I was a repayment specialist. So it was our job to do that for them.

Storey: What kinds of issues came up? You were dealing with the water users?

Neilson: Uh-huh.

Storey: Were you going out to where they were or were they coming out to Denver?

Neilson: Yeah, both. We did both. The time of repayment. Who's responsible for operation and maintenance. All the usual stuff: penalties, hold-harmless clauses, waivers. Frankly, the big issue seemed to be a lot of the boiler plate that we wanted to put in the contract. You know, that's always the case. Things that they feel aren't fair or just. You know, in those two negotiations—I frankly can't even remember what they were, but I know that those were—they were just some questions. Actually, the negotiations weren't all that bad. They were pretty good, because they wanted the projects bad. I don't remember anything that we were trying to impose on them that was really out of the ordinary. Pretty much straightforward. No, I don't remember any really unusual problems. But, you know, how much they'd pay and when the payment's due and what the penalties are if they don't pay on time, you know, under what circumstances can we take the project back. All those are always a concern. You had to talk them through and give people a level of comfort. Let's see, I was trying to remember if there were—

At the same time, we had negotiations going on to bring water from the Fry-Ark Project to Colorado Springs?

Storey: Probably, yeah.

Neilson: Fountain Valley conduit or something like that?

Storey: Yeah.

Neilson: And another new fellow in the office was handling that one. I didn't get too much involved with that.

Storey: That was to carry the water from Pueblo [Reservoir] up to Colorado Springs.

Neilson: Yeah. Colorado Springs. I think they took it out of Twin Lakes or something. I can't remember now for sure. But there were a lot of interesting things. That was a great time for the Bureau and we were just building stuff right and left, you know, and going well.

Storey: Who was your supervisor there?

Neilson: In Denver the fellow's name was Ed Talbot, and he had been—as I recall, he had worked in Washington for a number of years on the contract and repayment staff there. And sort of, I guess, in my mind, gone back to Denver, you know, kind of

made his move out West to retire. He spent a few years there. In fact, he was still there when I left, as I recall, but he retired soon after. I was only there a couple of years.

Then his supervisor was Willis Ervin, who still lives in—well, if he's still alive. He lived up in Green Mountain. Is that up the canyon a ways?

Storey: Evergreen?

Neilson: Evergreen, yes. Thank you. That's where he lived, and I remember I was impressed with that.

Storey: How do you spell Ervin?

Neilson: I think it's E-R-V-I-N.

Storey: No wonder I can't find it in the phone book. He's still alive. (laughter)

Neilson: Have you been trying to track him down?

Storey: Yeah. He's a person who's name comes up often. But you were only dealing with repayment, is that correct?

Contracting and Repayment Issues

Neilson: Well, contracting and repayment, all the issues that—O&M stuff. But not as far as setting up the criteria for operation and maintenance of the project, actually following it or doing the hands-on administration, there was another group that did that.

Storey: Well, now, were there two different contracts, one for repayment and then one when we agreed to let the water user group take over operation and maintenance?

Neilson: One contract covering both.

Storey: It was all done at the same time?

Neilson: Uh-huh.

Storey: Before the project was begun?

Neilson: That's correct.

Storey: So how did we decide when it was appropriate for them to take over O&M?

Neilson: When the project is declared substantially complete. As I recall now—you could probably get the contract and prove me wrong; it's been a while—but I think it was our vision that they would take over operation and maintenance as it was completed.

Storey: Why do you suppose we'd do it that way?

Neilson: As compared to what?

Storey: Why wasn't Reclamation doing it, the O&M?

Neilson: We may have done. But as I recall, we didn't. We could have done. The problem with that is, doggone it, you transfer people in, you set them up, you get them going, but the thrust at that time and has continued since then was to transfer operation and maintenance, cut down on federal numbers and have the water user organizations do the O&M. So as I recall that was the case.

Storey: You did that for a couple of years?

Neilson: Uh-huh.

Storey: And you were a 12?

Neilson: Yes.

Storey: What did you start out at when you first came to work?

Neilson: 7.

Storey: And then they promoted you up to a 9?

Neilson: 7, 9, 11, 12.

Storey: Why did you leave that job if you enjoyed it so much?

Neilson: Well, I went to Washington. I mean, everybody wants to go to Washington, don't they. I mean, isn't that on everybody's list?

Moved to Washington

Storey: Well, most westerners I know don't want to go to Washington. How did that happen?

Neilson: Oh, gosh. You know, as we talk here, it's beginning to sound like I'm just a first-class malcontent and miscreant. But I got frustrated there. It was very difficult to get anything done. Things just moved so slowly. I would do my work and I'd take it in to Ed, and it seemed to me like it just took forever. Now, I'm not accusing Ed of being slow or anything. Who knows what he had on his platter. But I just could not seem to get things—you know, I was kind of a slam, bam, let's-get-her-done kind of guy, you know, and I wanted to move along and charge hard, and that wasn't the circumstance there. So a job came available in Washington, GS-13, and I wanted to go see what was going on in that part of the world. So applied and got a job.

Storey: Now, who was the Regional Director while you were in the Lower Missouri Region?

- Neilson: As I recall, they had two that I remember. Joe Hall²⁶ was when I left, as I recall, and there was another fellow. Boy, I can see his face. Is that helping you at all? What's his name?
- Storey: I think I've left my list of Regional Directors, unfortunately.
- Neilson: What the heck was his name? I'm not going to be able to—it may come to me later but it's not coming to me now.
- Storey: I take it you didn't work with him a lot directly.
- Neilson: No. I got to talk to Joe Hall a few times, but the other fellow I didn't see much.
- Storey: What was your new job in Washington doing?
- Neilson: Contracts and repayment.
- Storey: Contracts and repayment.
- Neilson: I had arrived, see, and I was one of the elite, telling everybody else everything they needed to know about contracts and repayment. (laughter)
- Storey: Well, tell me how the job changed between being in the Regional Office—

END SIDE 1, TAPE 1. JANUARY 17, 1997.
BEGIN SIDE 2, TAPE 1. JANUARY 17, 1997.

- Storey: I was just asking you how the jobs differed between being in contracts and repayment in a regional office and being in that same job in the Commissioner's Office?

Commissioner's Office Basically Reviewed

- Neilson: The job in the Commissioner's Office was basically a job of reviewing, just review, review, review. Contracts would come in and we'd review them and basically point out all of the problems and have them change them and stuff like that. See, it was set up, and it isn't so much now as it was then, but every contract basically had to be sent to the Washington Office for review and approval before they could sign it. And it was our function to review those, make sure they were consistent with Bureau policy, and make sure that the action that they were taking was prudent and reasonable, all that kind of thing. And then we would prepare an approval memo, after they made whatever changes, you know, that we—and almost without exception we had to have changes. Then we would go ahead and provide them an approval memo authorizing them to execute it and then administer it on behalf of the Secretary.

Primarily that was the major part of the job. We did responses to congressionals

26. Mr. Joe Hall was long-time Bureau of Reclamation employee, who served a number of high-ranking positions within Reclamation: Lower Missouri Regional Director, 1975-1980; Deputy Commissioner, 1987-1993; Acting Commissioner, 1989.

and some policy-making initiatives, worked some on modifying contract language, standard contract language, tried to work with the regions to help them become more effective in doing their jobs. But I just found out that I didn't enjoy the review role. I'd rather be out doing the work.

Storey: What kinds of changes would you typically be requesting?

Neilson: Here we go again. You know, as we talk here, I can see, you know, I never was a very contented person, I guess. No inconsistency or no issue was too insignificant for us to force a change. (laughter) Oh, it was great. I'd be embarrassed. I'd call people and I'd say, "Hey, now, I want you to know that there's a problem here. You need to change the contract, but it's my bosses making me do it." (laughter) You know, I got to the point where, hell, I was embarrassed to call people and ask them for some of the things. But sentence structure. Writing style was not above requiring a nice change in the contract.

You've got to remember, Brit, these were contracts that had been hammered out in hard negotiations, probably every damn word. Pardon me, every darn word was probably agonized over in the contract, and we would just slash and chop. So, anyway, there was no change that was too insignificant for us to really go after, and I didn't enjoy that like I thought I might.

Storey: How long did you do that?

Neilson: Three years. But I must tell you that after I'd been there about six months, I knew that I just didn't like that work, and so I started applying on jobs around trying to get out of there. Just didn't. I didn't like what I would call, I guess, petty stuff that we did, you know, because I had been in the regions and I knew how difficult and painful it was, even though I was only there a couple of years working in contracts, you know, the terms of people and then have to go back and change them over basically inconsequential stuff often.

I didn't mind. You know, if we found a major bust in the contract, I felt like that was valuable input. You know, I didn't mind doing those kinds of things. But I didn't like the way it turned out there. I guess there's a point for me. I still, and frankly as a manager now, that's one thing I sort of miss, is being the guy who sits down and generates the work. I always have enjoyed that. Tackling a problem and actually originating the work. It's been a source of pleasure and fulfillment for me.

Storey: Were you working for somebody or were you running an office or how did that work?

Neilson: No. At Washington, you see, journeyman level is just a grade higher, in those days. I don't know whether it is now or not. I worked for Frank Ellis. I don't know if you ever heard his name mentioned.

Storey: Now, what was he like?

Neilson: Well, I've told you what we were forced to do. So you probably have a pretty good

idea of my view. Frank was very personable, you know, a nice guy. But in his work, he was—I remember he used a term for me—or not for me, but he told me about people. He used the term sphincter oculitus. Have you ever heard of the disease sphincter oculitus?

Storey: Uh-uh.

Neilson: That's where you're sphincter muscle is connected to your eyeball and it gives you a shitty outlook. (laughter) When Frank was telling me this, I thought, "Frank, you've just described yourself to perfection, you know." I laughed at him one time.

You know, I hope you don't publish these things. But I'll tell you this anyway. We had a fellow come to work there. His name is Marty Anchor [phonetic], and the guy had just about completed his doctorate and, for some reason or another, got fed up and gave it up. He'd come to us. He was an economist and didn't know much about contracts. So Frank laid out a curriculum for him to study. Frank, by the way, had been a teacher in a college before he came to the Bureau. He laid out this plan of study for Marty and actually started to administer tests, you know. Marty was incensed over this, you know, just livid. I can remember him. You know, here I am, I nearly got my Ph.D. You know, I don't mind studying and having somebody—but to actually test me to see what I know—he was just beside himself. (laughter)

But, anyhow, you know, Frank, I think—no, I won't say he was paranoid, but it seemed like he'd exhibit a lot of those characteristics to protect himself or whatever. It was almost the rule that if I would send him a contract or something or I had one page of comments, he would send me back three, four, five pages of questions on those, you know. Never could I give him initially enough information. And like I said, nothing was too trivial for him to overlook. It was not a good work situation, from that perspective.

Storey: Tell me about your living arrangements while you were in Washington.

Living arrangements in DC

Neilson: I lived in Chantilly. The place was called Greenbriar. It was a subdivision out there. Do you know where Fairfax is?

Storey: Yeah.

Neilson: It was west of Fairfax about four or five miles.

Storey: In Virginia.

Neilson: Yeah. It was about an hour to an hour and fifteen minute commute, because I was in a carpool. By the time we gathered everyone up and fought the traffic, it was about that long each way. And you remember I told you earlier, I found out right away I wasn't a carpool kind of person. But we spent three years, and it was a good experience, you know.

In spite of all I say, everything has worked to give me a pretty broad background and understanding, and maybe some tolerance, you know. Maybe I'm just getting old. But I enjoyed living there. It was a good three years. I was ready to leave when I got out of there. And there were a lot of aspects of the work that I enjoyed, too. I don't mean to imply it was all bad. I got to see the Commissioner once in a while, and I'd get to go to a meeting occasionally. So it was a good experience. I'd recommend it. Everyone should do that as part of their career.

Storey: What was the Commissioner's Office like? You went from a project to a region to the Commissioner's staff.

Neilson: Yeah.

Storey: What were the—let's see, how should we put it?

Neilson: Rarely ever saw the Commissioner.

Storey: What were the changes in outlook that you went through?

Broadening Perspectives Working in Different Offices

Neilson: Oh, just constantly broader. You know, in the project you had a very narrow perspective on life and it was just a project perspective. As you went to the region, well, suddenly more things came into play, more concerns, more policy things. And then, of course, as you went to Washington, you had to be more concerned about, "Is what we're doing here going to cause us a problem in this region? A problem in this region?" And some things like that. You just always had to adopt an increasingly broader view of things and be more concerned about policy implications of actions that you were involved with.

I'll tell you a story about that. Not about that, but when I went back there for my house-hunting trip, it was at Christmastime, and they were having a Christmas party. The Commissioner wasn't there, but they were having it in the hallway and in the Commissioner's Office. And they had all of these hors d'oeuvres and things. I had filled my tray, and I had this suit on that I just bought. You know, I wanted to look right to work in the Commissioner's Office. I had this plate that was kind of flimsy, and I had this red punch. Everybody was shaking my hand and wishing me well and welcome. And each time I was transferring this punch over to my plate so I could shake hands. Well, I did it once and the plate gave way. I had red punch all over the Commissioner's carpet, and my food all over the Commissioner's carpet. And I just—I was wishing the floor would open up and swallow me. You know, here I was just still a young guy, and everybody knew that I had soiled the Commissioner's carpet. He wasn't there, thank heaven.

Well, I did enjoy. I made a lot of acquaintances there and enjoyed. I didn't see as much as might have done, but I got to see a lot of the things, my family did. But the Commissioner was pretty remote, I guess, to get back. You know, he was kind of almost like God in a sense, you know, "There's the Commissioner." You know, he

was down there doing his thing, and he had several assistants. You'd get in to see the assistants once in a while, you know, if you were working on something that was of particular concern. Maybe once in a while, well, more often, you'd get to see the Division Chief. We had an O&M Division in Washington. The Washington Office was set up basically on the same lines as a regional office, and they were all consistent. They had a Planning Division and an O&M Division and you had Personnel [Division], you know, all that stuff. It was all very clearly laid out, and Washington was the same way.

So to see the Commissioner, I had the Branch Chief, Frank Ellis, and then Gene Hinds, who is later our Regional Director, was the Assistant Division Chief. Cliff Barrett was the Division Chief. So that's three of them, right? And then Ed Sullivan, you may have heard of or not, he was Assistant Commissioner. So there's four. So there were four people between my lowly position and the Commissioner, and I think I only got to see the Commissioner and talk to him, maybe, two or three times in the three years I was there.

Storey: Now, let's see. I think this would have been maybe when Ellis Armstrong was there and then subsequently Keith Higginson?²⁷

Washington Office Leadership

Neilson: When I got there, Gil Stamm.

Storey: So it was Stamm and then Higginson?

Neilson: Yeah. Stamm took Ellis Armstrong's place. And as I recall, Stamm was there when I came. So if Ellis was the—he was only Commissioner like what? Three or four years? It wasn't very long.

Storey: Yeah. Just about three or four years.

Neilson: He was there when I came, so he probably just left and Stamm had probably just become—yes, he had. Because Maury Langley [phonetic]—I don't know if you've ever heard that name. He was a colorful character. He was the Division Chief over O&M in Washington, and he had apparently very strong feelings that he should have been the Commissioner. When they appointed Gil Stamm Commissioner, he retired. So Cliff Barrett²⁸ had only been the Division Chief a short time when I got there.

27. R. Keith Higginson was Commissioner of the Bureau of Reclamation under the administration of President Jimmy Carter. Mr. Higginson also participated in Reclamation's oral history program. See R. Keith Higginson, *Oral History Interviews*, Transcript of tape-recorded Bureau of Reclamation Oral History Interview conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, March 22, 1995, and April 19, 1995 in Boise, Idaho, edited by Brit Allan Storey, www.usbr.gov/history/oralhist.html.

28. Clifford I Barrett served a number of high-ranking positions for the Bureau of Reclamation: Acting Commissioner, 1985; Assistant Commissioner Planning and Operations, 1977-1981; Upper Colorado Regional Director, 1981-1989. Mr. Barrett also participated in Reclamation's oral history program. See Clifford (Cliff) I Barrett, *Oral History Interviews*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, in 1996, in Salt Lake City, Utah, edited by
(continued...)

-
- Storey: You mean Maurice Langley thought that he should have been appointed Commissioner?
- Neilson: Uh-huh. Apparently very strongly, had real strong feelings about it, and basically retired in disgust or dismay or whatever, based on what I heard, that was what happened.
- Storey: What was Gil Stamm like?
- Neilson: Well, like I said, he was, you know, gosh, I can't even tell you. I mean, he dressed pretty nice. (laughter) But beyond that I think Gil had some pretty strongly held views and he didn't mind sharing them with people, but much beyond that I really can't tell you.
- Storey: What about Cliff Barrett? What was he like?
- Neilson: Oh, Cliff was pretty easy going. I think he was very capable. Did a good job based, you know, on what I saw.
- Storey: So you started for applying jobs, is that what I heard?

Getting Out of Washington

- Neilson: Yes. Uh-huh.
- Storey: How many did it take before you got one that you wanted to move to?
- Neilson: Too many. Too many. Let me see, this is tough to remember. But as I recall, there were like three or four. In fact, one job was to return to Denver and take Ed Talbot's job. He finally retired probably about a year after I left there. And so I was desperate enough to return to Denver to the Lower Missouri Region. They didn't hire me. That was to be the Branch Chief over the Contracts and Repayment Branch. Then they had a position down at Amarillo in the, was it, Southeast Region?
- Storey: I believe so.
- Neilson: That Branch Chief, who's name I don't recall, and they selected somebody else. In both of those cases, I was pretty well informed that it was between me and somebody else and somebody else got it. And then I was getting pretty desperate. So I lowered my sights. These were 13 positions, and I thought, well, I'd even take a 12 to get out of Washington, because I'm ready. So I applied for a job in Boise just being a member of the staff working for a person that I had worked with in Washington, who I didn't know real well, but fairly well. And she didn't hire me. Frank Ellis had been giving me great—I mean, it was far rights all the way. Walks on water, you know. Next to God. All the way down all these evaluations.

28. (...continued)
Brit Allan Storey, 2009, www.usbr.gov/history/oralhist.html.

I said to Pat, I said, "Okay, Pat. Come on." I said, "We worked together and you know what I can do. Why didn't you hire me?"

And she said, "We're getting conflicting reports on you, LeGrand."

And I said, "Oh, great." I said, "Well, can you tell me who's—you know, obviously Frank is giving me good reviews. What's the deal?"

And she says, "Well, I can't tell you that."

So then this job came open in Boulder City just on the staff, a GS-12 position. In Washington I handled the business of the Lower Colorado Region, the Pacific, Mid-Pacific Region, and the Southwest Region, and I had helped two or three other regions, and I really felt I was carrying my load and doing more. So when I applied on this job, the guy that was the boss at the time was named George Blake, and he'd been in Washington as well, and we really had a pretty good relationship because we had dealt a lot with one another. And he confided in me that as soon as this advertisement was made that our Assistant Regional Director here had gotten a phone call from Willis Ervin in Denver telling him not to hire me because I was whatever. Don't hire me because I wasn't a good person to have.

So apparently, even though people didn't ask him, Willis had sort of taken a crusade, for whatever reason, to keep me from getting work. George knew me well enough and, I guess, liked me well enough to take a chance. He hired me anyway. That was eighteen years ago. And, you know, I, to this day, do not know what it was I did that so motivated good old Willis to do that. I have no clue, other than perhaps because I left.

Storey: That will do it with some of them. You know, a lot of people believe you're suppose to go to Denver and stay there the rest of your life, at least they did in those days.

Neilson: I don't know, Brit. I was really disappointed, but at the same time I was really grateful to find out what was going on.

Hired by the Lower Colorado Region

So, anyway, they hired me, and I was most happy and I was going to make sure I didn't screw up here. But I was back to a 12, working on staff. Exciting times. I've always enjoyed this region. Been lots of stuff going on and been given plenty of latitude to do the work. In spite of all the things I've told you here, I have enjoyed working for the Bureau of Reclamation. I think it's a class operation. It provides an extremely valuable service to the American public. I don't know. You probably didn't want this, but I'm going to give it to you anyway. I've gone nearly to the mat at times with people over that. You know, they like to bad mouth the government and how government employees are always second rate, doles and all that. I take extreme pride in working for this organization. I mean, look at Hoover Dam, for crying out loud. We deliver water to 14 million people in L.A. and we try to keep order to things. I'm really proud of what we do.

Storey: What kind of contracting? You came back here as a contracts and repayments specialist, right?

Neilson: Yes, sir. I did.

Storey: In 1978, I think.

Neilson: That's right.

Storey: That would be about the time that we were doing the C-A-P repayment contracts with C-A-W-C-D [Central Arizona Water and Conservation District]?

Renegotiating CAP Repayment Contract

Neilson: The original contract was done in '72. And then we did a couple of what we call standard form subcontracts for municipal and industrial use, one, and agricultural use, for another, and approved those while I was in Washington. Are we running out of time?

Storey: No, we're doing fine.

Neilson: Approved those when I was in Washington, and then not much happened. When I got out here, that was one of the first things I got involved with was developing a new form, new standard form of ag and the M&I subcontract.

Then it wasn't—well, I guess it was quite a while after, we had to renegotiate the master contract on the C-A-P, because we had exceeded the repayment ceiling. So I was involved in that. I don't know if I dare say that, because you know how we're in court, basically, over that. But that was one of the things I did.

It was great. Back in those days, we had a good relationship with the district. We didn't know for sure how much we needed to increase the replacement ceiling, but we all had pretty much a gentleman's agreement that if we didn't increase it enough and we needed to increase the ceiling some more, we'd sit back down at the table and work out a new ceiling. Hasn't turned out that way now, but that's very clearly what we had in mind at the time.

Storey: Who was your counterpart from C-A-W-C-D and working on the—

Neilson: Contracts?

Storey: Yeah.

Neilson: Well, they didn't have a contracts person, per se. Tom Clark was the manager at time. He was at the table. Larry Dosier [phonetic], as I recall, who worked here for a while as an O&M Division Chief had transferred, gone to them. I believe he was there. Let me see, they had an economist by the name of Chris Yelker [phonetic] that attended sessions occasionally. Chris was an old Bureau employee, Larry Dosier was an old

Bureau employee, and so was Tom Clark. Then they'd all gone to the district. Also, they had an O&M fellow by the name of Darrell Summers [phonetic], who had been our Yuma Area Office Manager before he went to them. So in those days, we were dealing with old Bureau employees almost exclusively, and I think it helped make things smooth. We had some tough issues to deal with, but we worked through them and got a contract. But things have changed significantly since then.

In fact, when I first came, the Central Arizona Water Conservative District didn't exist. Snd Tom Clark, who became the general manager, worked for the Arizona Department of Water Resources with a fellow by the name of Wes Steiner [phonetic], who was the director of what was then the Arizona Water Commission, or something like that, and they did all the negotiating on the contracts. I think the only person that the district had was a secretary or something like that or a female that sort of served as the staff for the district board, because they didn't have an organization other than just the board members. So it was a little different then. Now they've got like 200 and some odd employees and they're an up and coming deal. We did the same thing on Central Arizona Project, by the way. We transferred O&M to them directly. We never did provide an O&M staff.

Storey: Did I hear you earlier say that you were doing water contracting for the Colorado River water?

Lower Colorado River Water Contracts

Neilson: Yes.

Storey: When you came to the region here?

Neilson: Uh-huh.

Storey: What was going on then?

Neilson: The state of California basically has contracts it had when I came, contracts in place to cover their full entitlement and more. In fact, enough to cover the whole river, if it was available. So there wasn't too much going on in California. But Arizona and Nevada still had some unallocated, un-contracted entitlement. And so in Arizona, the state through the Arizona—I wish I could remember for sure—Water Commission, later changed to the Arizona Department of Water Resources, made a recommendation of who we ought to contract with. It was a long, like two or three pages, of entities who had requested water. And so we struggled trying to move down through that list and get all the water under contract.

In Nevada, we had the Colorado River Commission and the Las Vegas Valley Water District that were responsible for Southern Nevada Water Project. It comes out of Lake Mead down there. You're probably familiar with it.

Storey: Uh-huh.

Neilson: But we basically didn't have all Nevada's water under contract either. And we had some contracts that needed to be modified. So they created the Southern Nevada Water Authority over the years. So it was just a matter of trying to get all the rest of the each state's apportionment under contract and get the priorities in place and all the terms of use and all that, and then we had all of the subcontracting on the Central Arizona Project to do. Those are contracts the United States and the districts sign, subdistricts, if you will or municipalities, to deliver the water.

So there was and there still is a lot of contract work to do, and it's pretty slow. Most entities, for whatever reason, like to really negotiate the terms, take a long time getting them in place. I guess I don't blame them. One of the things that happens is that they all hire attorneys, who are probably paid by billable hours or something. I don't know. But very challenging and really interesting and worthwhile. I enjoyed the contracting. I worked there for a good long time.

Storey: Why would we be contracting for water that way?

Neilson: State's water?

Storey: Yeah. You know, the state engineers generally give water rights and so on.

Neilson: That's right. Well, I'm glad you asked that question.

Storey: Good.

Neilson: I can wax philosophical for another hour now.

Storey: No, no. You've only got forty minutes. (laughter) Or actually I've only got forty minutes.

Neilson: I'm assuming you're flying out tonight, right?

Storey: Oh, I am. I've got plenty of time. But my appointment is only until three o'clock. (laughter)

Differences in Contracting for Water along the Lower Colorado River

Neilson: Right. Traditionally, the Bureau of Reclamation has contracted for the delivery of water from storage units that it's built, and the ordinary process is that the Bureau of Reclamation goes to the state engineer and the state engineer will allocate water and award a water right to the Bureau of Reclamation for this project. Okay? There are several. Like in Colorado there are several reservoirs there on the West Slope that still have storage capacity and water supplies that are not under contract. They didn't have any demand for them. They built them, but they still have not contracted to deliver the water. So the reservoirs fill and make wonderful recreational sites, and the water flows out into the river and comes down very nicely to the Lower Colorado Region. We get to enjoy that water.

But the Colorado River, the lower Colorado River is a little different. In the upper Colorado basin, there is the Upper Colorado Water Commission that makes decisions about which state gets water and how water rights are awarded and all that stuff. In the lower basin, it's the Secretary of the Interior. The Boulder Canyon Project Act stipulates that no one in the Lower Colorado Region will have any water delivered from Lake Mead without a contract with the Secretary. Okay? In addition, the Supreme Court, in the Supreme Court decree of what? '64?

Storey: Yeah. '63 was the watermaster's report.

Neilson: Was the opinion. And, yeah, right. That upheld that role. And Nevada had gone ahead. We signed contracts. We, being the federal government on behalf of the Secretary, signed a contract with Nevada for 300,000 acre feet of consumptive use a year. We had signed a contract with the state of Arizona for 2.8 million. We never did sign a contract with the state of California, but we signed contracts we approved with the California seven-party agreement and then contracts in accordance with that which just allocated any water that was available. We had an allocation scheme that's covered in there.

Well, the state of Nevada, after we signed our contract with them, they took it on themselves saying, "Well, now, we've got our water. We will contract for its delivery in the state." So they signed a contract. I think it was with the Nevada Historical Society, which is Goldstrike [phonetic] down here, to deliver water to them. The court overturned that contract, voided it and said that the state had no standing, that Congress had clearly empowered and directed the Secretary of the Interior to do the contracting for Colorado River water, and even though we had entered into a contract with the state of Nevada, it was still the exclusive responsibility of the Secretary of the Interior to sign contracts with any user within the state who got water under that contract. And so between the Boulder Canyon Project Act and the Supreme Court decree, the Secretary of the Interior has basically become the state engineer of the lower Colorado River.

Now, if you were to ask me why I thought that would happen, back in the good old days when California was pressing, particularly Imperial, to build the Boulder Canyon Project Act, the other states got nervous as heck. They could see that California potentially could take the whole doggone Colorado River, and there's a lot of prior appropriation. None of the rest of them, when they finally got around to develop, would have any water. So they entered into some really intense negotiations and finally came up with the Colorado River Compact in '22.

Well, they divided the river basically fifty-fifty, 7,500,000 upper basin consumption use and 7,500,000 lower [basin]. But they didn't divide it among the states within each basin. So the upper basin went ahead. They sat down and hammered out an agreement, created the Upper Colorado River Commission and they allocated their share of the water.²⁹ California, Nevada, and Arizona just could not

29. In July 1946 representatives from the upper Colorado River basin—Colorado, Wyoming, New Mexico, and Utah, began negotiations to determine each states' allotment of the Colorado River, based on the 1922 Colorado

(continued...)

agree. I mean, they just couldn't. And so in passing the Boulder Canyon Project Act, Congress authorized the three states to enter into a compact to allocate the water basically on the same basis that I told you, 300,000; 2.8 [million]; and 4.4 [million]. But they never did. They could not agree, until the Secretary went ahead and wrote contracts in these states on that basis, and then the court came along later and basically upheld the Secretary's action and said, "Yeah, 300,000; 2.8 and 4.4 was the allocation."

So we had basically, in my opinion—this is LeGrand's take—we basically serve the same function in the lower basin that the Upper Colorado River Commission does in the upper basin. And even more so even now when you get to within the states. We become almost like the state engineer of California, Nevada, and Arizona for Colorado River water use. We make all the decisions about who uses it, how much they get. And so basically that's why. Section 5 of the Boulder Canyon Project Act says you can't have any water from the Colorado River without a contract with the Secretary. So it makes it much more—

END SIDE 2, TAPE 1. JANUARY 17, 1997.

BEGIN SIDE 1, TAPE 2. JANUARY 17, 1997.

Storey: This is tape two of an interview by Brit Storey with LeGrand Neilson on January 17, 1997. [You] were saying that makes this region's role much more involved and complicated.

Neilson: Yeah. Right. And that's one of the reasons I've enjoyed it, Brit, because it's just got a lot of substance to it. It's a pretty meaningful thing we do.

Storey: Were you involved in negotiation of any of the Secretary's water contracts?

Lower Colorado Region Contracts Branch

Neilson: Yeah. That's what I've done all these eighteen years is basically that. Well, up until I became the Division Chief there, I'm sorry. When I was the Chief of the Contracts Branch and then on staff, that's basically what I did. In addition to contracting for delivering Colorado River water, we do operation and maintenance contracts, small loan contracts. I don't know if you're familiar with Reclamation's small loan program. R&B contracts, we had a couple of those, that's rehabilitation and betterment. We've had a few amendatory contracts, changing repayment arrangements, some things like that, and also changing, allowing people to buy and sell water rights within states. We've had some sales of entitlements. Been a lot of fun.

Storey: Not interstate transfers?

29. (...continued)

River Compact. In October 1948 an agreement was reached providing Colorado with 52 percent, Utah 23 percent, Wyoming 14 percent, and New Mexico 11 percent. For more information, see Colorado River Water Users Association, "The Upper Basin Colorado River Compact of 1948," <https://www.crwua.org/colorado-river/uses/law-of-the-river>. (Accessed May 2017)

Neilson: Not yet. Maybe someday, right. Well, even then. Right now we've got a really nice arrangement that the Central Arizona Water Conservation District has been willing to enter into with the Metropolitan Water District of Southern California and the Southern Nevada Water Authority where they have taken some of Arizona's share of the water out of the river, run it through the Central Arizona Project distribution facilities, and recharge it into the ground, either directly or through having ag users or somebody that were pumping groundwater stop pumping it and take the surface water in lieu charge. They call that in-lieu charge. Then the state gets what they call groundwater credits, and those are earmarked for Nevada and M-W-D, who pay the cost for pumping the water and putting it into the ground. At some time in the future, when those two entities make a call on that, Arizona will pump the water out of the ground and use it instead of ordering water from the Colorado River. And then the water that they leave in the Colorado River will be made available to whoever paid and put water in the ground earlier. So there is an interstate transaction in a sense.

So we've done that and we approved that. So we have done some limited interstate marketing, but it's been very limited. I think maybe 100,000 acre feet or something like that is in the ground now.

Storey: Are these typically large contracts?

Neilson: The C-A-P contracts have been large in every sense of the word, you know, in terms of dollars and water supply. Imperial Irrigation District, we haven't modified their contract, but they take 3,000,000 acre feet a year. So there are large contracts in place. Most of the ones that we've dealt with recently have been more limited in volume. It's kind of like finishing up the work. You know what I'm saying?

Storey: Uh-huh.

Neilson: But I guess it depends on your perspective. We've had contracts for, oh, 20,000 acre feet. I guess we've done amendatory contracts for 300,000 and things like that. So, yeah, there's sizeable amounts of water involved.

Storey: Well, now, my understanding is that we've signed all the C-A-P contracts also? We're signatory to all those?

Central Arizona Project Water Contracts

Neilson: Uh-huh. Including the subcontracts. C-A-W-C-D, though, in a unilateral action with the irrigation districts, as I understand it, basically discharged all of the subcontracts that were signed with agricultural users. That's one of the issues at trial is whether or not they had the authority to do that. Those contracts put the ag users on the hook to take all the water that was left over, that wasn't needed for M&I use, and to pay all the O&M costs associated, the fixed O&M associated with those water entitlements, even if they didn't take water. That was called the take-or-pay provision. Our C-A-P water is so expensive that a lot of them just have not taken the water, and so they've refused to pay the O&M costs. Then the question becomes, "Well, who pays it?" It becomes a pretty sticky wicket. We think that C-A-W-C-D should pay it, and they say, "Well,

the Indians ought to pay it. They've got allocated a lot of water. Let them pay it." So that's one of the substantive issues—whatever the word is here—at issue.

Now, I've managed to sort of dodge that action. Bob [Johnson] has taken an intense interest, and he's been the lead negotiator. So he's basically carried the ball on that for the last few years. So I'm familiar but it's more peripheral. I've not had a lot of direct involvement.

Storey: What about project repayment contracts? These get a little complex on C-A-P, for instance. What about others, though? Have you had others that have had to be renegotiated or negotiated?

Neilson: Repayment contracts? Primarily small loans. We've had in the past a good number of those. Those are all repayment contracts. One of the requirements is they have to have their own water supply. Let's see. What are some other repayment contracts that we have. We've amended some, you know. I'm trying to think, though, about original repayment contracts. There haven't been many that we've originated, other than the C-A-P subcontracts. They were a form of repayment contract, as well. The Southern Nevada Water Authority we've amended. I think we amended theirs. I'm sorry, Colorado River Commission, who is in contract to pay southern Nevada project costs, I believe we amended theirs for the Southern Nevada Water Authority to take over the responsibility. But most of the activity has been water service contracting.

Storey: Now, in contracts and repayments, that doesn't have anything to do with R-R-A [Reclamation Reform Act], does it?

Reclamation Reform Act

Neilson: Uh-huh.

Storey: In what way?

Neilson: If a project beneficiary is an agricultural water user, they're subject to R-R-A.³⁰ We have what we call pre-R-R-A and post-R-R-A—I guess it was pre-'82 or whatever—entities that had a contract obligation existing prior to was it '82 or '88? It was '82, wasn't it when RRA—

Storey: '82.

Neilson: Yeah. They could elect, they could make an election, to come under R-R-A, or they could stay under the old law. The way the old law was administered was that you got 160-acre entitlement, your wife could have a 160-acre entitlement, and all ten of your kids could have one. And Congress didn't like that. Apparently they felt it was intended to be 160. So that was one of the things that sort of forced passage of the

30. In 1982 Congress passed the Reclamation Reform Act (RRA), which raised the minimum acreage allowed to receive project water from 160 acres to 960 acres, removed the residency requirement, and placed a limit on the leasing of lands receiving government water. The RRA recognized that agriculture had become more mechanized and industrialized and that 160 acres was too small for successful farming in the modern world.

Reclamation Reform Act. And so everybody who got a contract subsequent to R-R-A automatically was covered. Others could make what we call an irrevocable election to be covered by R-R-A. The benefit was instead of a 160-acre maximum, you could get 960 under the R-R-A. A lot of our districts elected to come under what we call the discretionary provisions of R-R-A.

The districts in our region have been somewhat adroit at getting out from underneath the acreage limitation and full-cost pricing provisions of our law. We had the Gila Project,³¹ which was built, completed in the mid-fifties, and was still in repayment status when R-R-A was passed. The Gila Project gave up water supplies for Indian settlements and, as part of that deal, they negotiated exemptions from the R-R-A and had their obligations discharged. So that Gila Project was no longer subject, except one little user, the Unit B Irrigation and Drainage District. It's like 3,500 acres. They're still subject.

We've had other districts pay out. So we've, including the Coachilla Valley Water District, I guess it's—yeah, Coachilla Valley Water District, they prepaid in a sense and convinced us. We had written a contract in, I believe it was, like '78-'79 where the lining of the Coachilla Canal and the United States gets 132,000 acre feet a year that we know use to leave in the system. This is water that's salvaged by the lining. It's left in the system to replace what we bypass from Mohawk, we don't run to the desalter, and we take the drain water from Mohawk and run it down the Santa Clair slew. So we have that water to replace what we bypass.

When we signed that contract with them—it's a repayment contract; there's one I forgot—it stipulated that once the interim period ended, Coachilla had to start making the payments. But while the interim period was on, we covered it. We covered the payment. And the interim period is the time when we get the water. The interim period will end when we can't meet a California water order, for whatever reason. And then Coachilla gets the water, and they have to start making payments. So we said R-R-A applied to that. Well, they were successful over a period of years in jawboning us to the point where we finally got things in place and said, "Well, we made a mistake making it subject to R-R-A in that contract." So we exempted them under that amendatory contract. One of the reasons was the contract wasn't written pursuant to regular Reclamation law. It was written pursuant to the Salinity Control Act.

Then they bought a piece of property from us. They were nearly paid out on the other old obligation. They bought a piece of property for us and bid what they owed—it's like a couple of years' payments were left—for the property, and all proceeds from these miscellaneous revenues are applied to the district's obligation. So the

31. The Gila Project, located in southwestern Arizona, is divided into two divisions. The Wellton-Mohawk Division begins about 12 miles east of the city of Yuma and continues upstream on both sides of the Gila River for about 45 miles. The Yuma Mesa Division is subdivided into three units; the Mesa Unit; located south and southeast of Yuma, and the North and South Gila Valley Units, which lie northeast and east of Yuma. The project currently provides irrigation service to about 98,000 acres of land in the two divisions. For more information, see Tina Marie Bell, "Gila Project," Denver: Bureau of Reclamation History Program, 1997, www.usbr.gov/projects/pdf.php?id=121.

district bought land, paid us, we applied that to their obligation, and that paid off their obligation. So now their exempt from R-R-A.

Storey: Why did they become exempt?

Neilson: What you pay out. I'm sorry. Wrong terminology. You're not exempt from R-R-A, but you are exempt from the full-cost pricing and acreage limitation provisions of R-R-A once you pay out. It's just the way the law is written. So they're paid out and now they're exempt from that. So what we've got left, basically, Brit, is this little Unit B down by Yuma, 3,500 acres, and then the C-A-P. That's all that's now subject to the full-cost pricing and acreage limitation provisions.

Storey: So all of the other water users are paid out, is what you're saying? The irrigation water users?

Water Service Contracts

Neilson: Uh-huh. That's what I'm saying, yeah. Now, there are some that just have water service contracts, and so you don't really pay out a water service contract. You just pay based on what you take. Of course, that's another story. In our region, the agricultural users, for delivery of water from the Boulder Canyon Project, don't pay anything. So there are a bunch of those up and down the river that never have had a repayment obligation, but we've determined that since they haven't had a repayment obligation, and there's basically been patterns of family farming established in those areas, that they're exempt, and Denver Office has approved us doing that. So that helps.

You know my personal view? The R-R-A has been a very difficult and onerous statute to enforce, and I also think that in a lot of cases it costs us much more to enforce than we ever get out of the districts from full-cost pricing or whatever. But it was certainly the will of Congress and we've done it. You know, we've done it while they've been subject.

Storey: Are there a lot of farms that don't meet the acreage limitation in the Lower Colorado Region?

Neilson: What are a lot of farms to you? A dozen or a hundred?

Storey: Well, how many are there?

Neilson: I don't know. They don't report anymore except for the C-A-P and that little 3,500-acre farm. But, yeah, I'm sure there are many that are in excess of 960 acres.

Storey: Do we have staff to deal with that?

Neilson: Yes.

Storey: How large is it?

Neilson: Well, when we had Coachilla going and Wellton-Mohawk and the Gila-Mesa Division of the Gila Project, we had, I think, a couple of people in Yuma and like three or four up here. The Phoenix Area Office has a couple of folks, I think, that does R-R-A. They still do, but the folks in Yuma don't do it. I don't think they do any more R-R-A. We just handle that little district out of our office here, and we've got like, I believe, three people on staff still up here. One took the buyout and will be leaving the end of March and she won't be replaced. So we'll have two people were doing it and none in Yuma and, I think, still two in Phoenix.

Storey: Now, let's see, I think you said you came to Boulder City on staff, right?

Different Positions within the Region

Neilson: Yes.

Storey: How long were you on the staff?

Neilson: I think like two years.

Storey: Until about '80.

Neilson: Yeah.

Storey: And then what happened?

Neilson: George Blake [phonetic] retired and I applied on his job and was selected and I became the Branch Chief.

Storey: Job didn't change much, though?

Neilson: Oh, yeah, it did. I didn't do a lot of drafting anymore of contracts. I still attended negotiations, but we had staff that did that. Of course, I was replaced or hired somebody to take my place, and then I think we added a couple of people, too. Frankly, we've substantially beefed up our contracting staff. In the good old days we were sort of in a holding pattern. I remember Gene Hinds giving me a hard time one day about having so many more people than he had when he was here, and I was very much tempted—of course, he was the Regional Director and, you know, I had to sort of be somewhat diplomatic. But I was very much tempted to say, "And you didn't do much. Look what you left us." But I didn't say anything. (laughter) Lot's of contracting things to clean up.

So, yeah, I sort of took on the supervisory role and kind of directed the work and built up staff in R-R-A to handle that. Right now, I think, down there, let's see, when I came here there was the Branch Chief, myself, an R-R-A person, and a technician. One, two, three, four—what? Five in the whole group. And now I think they have like five contract people and a technician and two R-R-A people and an economist over there, a couple of economists. So it's substantially bigger now. They do good work. There's a lot of work out there.

Storey: Now, how long were you a Branch Chief?

Neilson: Well, let's see. If I came here in '78 and, let's say, I became Branch Chief in '80, then I became Division Chief around, I think, in '90. So about ten years, give or take, I was the Branch Chief. Wheeling and dealing. Having a good time.

Storey: Obviously settled in here.

Neilson: Yeah. When I came here, Brit, I said, "I'm not leaving." I had moved, you know, several times, and I could see the impact of that on my children, especially the older ones. I had one that was like a junior when I moved here and another that was a sophomore. They had quite a bit of difficulty adjusting. So I said, "Well, one more move. We'll get out at clean, green Boulder City and we'll stay there." And so that's what I've done. And, frankly, I have enjoyed it here. I'll tell you that. I just really enjoyed the work.

Storey: Well, now what was your division? The division?

Neilson: Operation and Maintenance. Actually, the title when I was Division Chief it was Division of Water, Land and Power. Then we reorganized and the lands function went down to the Resources Management Division. And so we renamed it the Office of the Colorado River Water and Power Management. Then here recently now we've made it a field office. It's the Boulder Canyon Operations Office. So it's no longer technically a part of the Regional Office. It's separate.

Storey: I understand you were involved in negotiations with the Maricopa Water District for New Waddell Dam.

New Waddell Dam

Neilson: Yes, I was.

Storey: What was going on there?

Neilson: Maricopa Water District was the owner of the old Waddell Dam, which we razed—that's with a Z.³² And so they had storage rights, and we wanted to take over their facility and use it for our own, at least the storage, the reserve. And so basically it was just a negotiation to compensate them for all of their assets, their rights there. So we had to sit down with them and do that. There were two choices, frankly. We deliberated ad nauseam about that, whether we just wanted to condemn them or whether we wanted to try to negotiate a settlement and finally opted to negotiate a settlement. So, yes, I was involved.

Storey: What kinds of issues were involved there, more specifically?

32. New Waddell Dam, constructed between 1985 and 1994, stores Colorado River water for the Central Arizona Project, and also stores Agua Fria River runoff and provides flood protection by controlling river flows. The dam is on the Agua Fria River about 35 miles above the Gila River confluence and is located one-half mile downstream of the now submerged historic Waddell Dam, which was built by the Maricopa Water District.

Neilson: Okay. One issue was the value of their storage right and would we, in any way, diminish that value. They had recreational access. Well, they had, first of all, access. They had lands that they owned. They had rights to recreational development and revenues for entry fees to enter there. Were there others?

The big issue was the value of the storage right. It was an interesting negotiation, and it was the kind of thing no matter what we settled on, because there were so many intangibles, that no matter what we did—and we knew this going on—that we would be subject to criticism, because it's so difficult to put values on certain things, especially, you know, their right to recreational development and reservoir access and value of the lands in the reservoir and all that kind of stuff.

I felt pretty good about that. There are people who say, geez, the government was raped and we didn't do our job well. But I think we did. We worked real hard to establish a fair value for things and to give them—not to give them but to let them retain or have access to things that would offset their losses. Basically what they did is they gave up control of that reservoir. And what's that worth? You know, there are a lot of things there that were intangibles that we had to somehow put a value on.

Storey: Was it normal for the Regional Office to be involved in that kind of negotiation?

Neilson: Uh-huh. Yeah, rightly or wrongly, we've always been very much involved in those kinds of things. The area office does have a repayment staff. It's pretty limited in size, scope, and experience. They also have a lands division, which is more experienced. But I was given the assignment to go down and help out with that, myself and a fellow by the name of Bob Wilborne [phonetic], who is the Lands Branch Chief here. Passed away with a heart attack. Well, he still worked here, as a matter of fact. I'm sure that's the case. Neat guy. Well, we went down there. We even had someone from Washington, two people from Washington, come out and participate in negotiations. Terry—oh, gee.

Storey: Terry Lynott?

Neilson: No. A fellow in lands from Washington. Maybe his name will come to me. Anyway, Terry and then there was Tom Phillips, who's been around. I think he's back in Washington now. He also participated. And we had an attorney from the Field Solicitor's Office, Bill Swan [phonetic], who's pretty highly regarded, sat in on that. We had a grand old time negotiating that agreement.

Storey: Who did you replace as Division Chief?

Neilson: Bob Johnson, my boss. Still my boss.³³

33. Robert (Bob) Johnson served as Lower Colorado Regional Director from 1995 to 2006 before becoming Bureau of Reclamation Commissioner from 2006 to 2009. Mr. Johnson also participated in Reclamation's oral history program. See Robert (Bob) W. Johnson, *Oral History Interviews*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, from 1994 to 2008, in Boulder City, Nevada, and Washington, D.C., edited by Brit Allan Storey, 2011,

(continued...)

Storey: This Bob Johnson?

Neilson: Uh-huh.

Storey: The current Regional Director.

Neilson: Current Regional Director, yeah.

Storey: How long were you there then?

Neilson: As Division Chief?

Storey: Yes.

Neilson: It was four or five years that I was there, probably five. You know, time flies when you're having a lot of fun. It was a pretty good long time, and a lot longer than it seemed. I mean, the time just flew by. We were trying to get the regulations in place, [unclear] on the river, and dealing with water supply issues and entitlements, and, gosh, power issues coming up. You know, we negotiated an agreement down here at the dam to sort of deal with a whole bunch of problems that were happening there. So just lots of things happening. The time just flew by. Two reorganizations. I tried to be proactive in my management style. We reorganized the division, eliminated one branch and kind of, you know, worked. And then, darn, we turned around and reorganized the Regional Office. So the folks there went through like two or three reorganizations in a couple of years. I mean, just all kinds of things going on.

Storey: Now, for instance, when you went from being Division Chief, when you left being Division Chief, how did that happen?

Assistant Regional Director

Neilson: I applied on the Assistant Regional Director's position and was selected.

Storey: Was there supposed to be just one Assistant Regional Director then?

Neilson: The other regions have one. But for some reason, Bob felt like he wanted two, and it was his call.

Storey: So this was after Larry Hancock³⁴ left?

Neilson: Yeah. Bob acted as Regional Director for several months, as I recall, and then finally once his selection was made final, then they advertised the position to replace him. I think Bob wanted someone working here with him that had some pretty good understanding and knowledge of river issues.

33. (...continued)
www.usbr.gov/history/oralhist.html.

34. Lawrence F. Hancock served as Bureau of Reclamation Deputy Commissioner, 1991-1994; Mid-Pacific Regional Director, 1989-1991; Lower Colorado Regional Director, 1994-1995.

Storey: So you became Assistant Regional Director in when?

Neilson: I was acting up here for four months, and I think I started that like in March or April of last year.

Storey: Of '96?

Neilson: Yeah. And then after my four-month acting was completed, I went back to the division. I was probably there, maybe, for a month or month and a half before they finally made a selection and I came back up here.

Storey: Well, with two Assistant Regional Directors, how do you split the responsibility?

Neilson: Blaine [Hamann] has expertise in power, dam operations. And, of course, he was an Area Manager, so he has a pretty good understanding of that role. Bob is the official supervisor of the area managers and the office directors in the region. But he uses us as what? His representatives or whatever that interface with him on most routine things. So the way we have split the work up is Blaine has responsibility for oversight of the area managers and our Native American Affairs Coordinator in Phoenix. I think that's it.

Except for the Grand Canyon Area Operations Office, only recently created, I have responsibility for all of the Office Directors, the Grand Canyon Operations Office, and the Equal Employment Opportunity Program. Bob still oversees the Public Affairs Office and the support staff out here, although we've divided it up so that each one sort of provides direct support to each of us. And then we work in areas of our own expertise, like I've been given a direct assignment to once again try to implement rules for management of the Colorado River.

Storey: This is the water transfer thing?

Neilson: Yeah. And oversight responsibility for management of the river system.

Storey: If you're in charge of the Grand Canyon Area Office and the Office Directors within the Regional Office, Blaine's responsible for the other Area Managers, what does Bob do? I don't quite understand what you folks' function is.

Neilson: Bob gets involved in what Bob wants to get involved in, issue by issue. But he still is carrying the freight on the C-A-P thing, which is very demanding, and it takes a lot of his time, and it's going to warm up again here soon, I'm sure.

Storey: Now, we're getting toward the end of discovery, I guess, now.

Neilson: Yeah. And that's my expectation. We'll start negotiating with them again here soon. Also he takes a very direct interest in what goes on on the river and has lots of meetings. Then he keeps Blaine and I in line and the area managers. He's their official supervisor and he does some of that, too.

So I guess that sort of how it shakes out. No one is precluded. None of those folks are precluded from going directly to him if they've got an issue they want to talk to me about. But the idea is that Blaine and I will try to provide the daily oversight and whatever and help them. I guess be the coaches and the mentors and the things that need to be done there, provide resources, and help them support them kind of thing.

Storey: It occurs to me that there was a pump generating project over here, I think, on the Arizona side of the river?

Neilson: Yes, there was.

Storey: Was that while you were here?

Neilson: Spring Canyon.

Storey: Yes. What was that about?

Spring Canyon Project

Neilson: It was handled out of the Planning Division, a fellow by the name of John Johnson, who still is here, by the way, is sort of the team leader. What that was was a proposal to build a dam in Spring Canyon, which is on the Arizona side up the river here about twenty or thirty miles. And the idea was in off peak, when you've got cheap power available from these coal-burning units, you know, you crank those up and just keep them running. The demand cycle determines how much you can get for the power. If it's on peak, it's really valuable. If it's off peak, it's kind of like you're looking for a place to dispose of it. You know what I'm saying? So you try to get people to take it at whatever you cost or whatever charge you can get. So the idea would be that you take some of that cheap off-peak power and you just crank up these huge pumps and fill this reservoir. Then when it's on peak hours, you reverse them. You have what they call pump/generators, and you run the water back down into the reservoir to the generators and you generate electricity.

Now, obviously, if you're familiar with the laws of physics, it takes more energy to put the water up there than you get out of it when you bring it back down. So even though it does take energy to do that, you can make all kinds of money. It's very lucrative. Generate a lot of money because you buy cheap power and you sell your power, expensive power. That was what it was about.

Storey: Were you involved in any of that?

Neilson: Just marginally. Marginally. I do know that, at least my understanding is the reason it didn't go anywhere was because there was a glut of power on the market at the time, and the idea was that we wouldn't use federal funding. We would get some partners who would fund that, and none of them were willing at the time to put the money up. That will change some day.

Storey: Do you know when that was? Have a sense of that?

Neilson: Well, based on the fact there's been over two years, nearly three years, since we had our last interview, I'm not a very good judge, but I would say probably six, seven years go, something like that.

Storey: Okay. What else should we be talking about?

END SIDE 1, TAPE 2. JANUARY 17, 1997.

BEGIN SIDE 2, TAPE 2. JANUARY 17, 1997.

Storey: I had just asked you what else we should talk about.

Secretary's Speech on Colorado River Issues

Neilson: I think from an agency perspective, some questions regarding the Secretary's speech that he recently made to the Colorado River water users about his wanting to sort of be more proactive and provide leadership in a bunch of areas, including the water marketing and some other things would be probably worth talking about. I suspect you talked to Bob about some of those already.

Storey: This was in December, I believe?

Neilson: Yes. Right.

Storey: Tell me about it. Did he commit Reclamation to do a lot of things that took us by surprise?

Neilson: No, it didn't take us by surprise. Bob wrote the speech. And, of course, it was well massaged by the time he delivered it. But there were no surprises.

We've recognized the need, and we've been very proactive in trying to establish order in places where we have questions about water rights, who owns what right in California, and trying to provide for water entitlements more easily, water entitlements to move more easily within a state, or for marketing on an interstate basis to occur. We started doing regulations. We accomplished that in, gosh, back in 1990, and we had a lot of opposition from Arizona, the entire delegation there. The congressional delegation wrote a letter to the Secretary saying, "Stop. We don't like what you're doing. Give us an opportunity, the basin states, an opportunity to come up with some alternatives we like better."

So we did that and actually got involved in the process trying to develop what we call the regional solution to all of the issues. We had everybody put their issues. All the states and the Bureau put their issues on the board. What do we need to resolve? We spent a lot of time working through that in a technical committee environment, and we were very successful. I think we came up with some great ideas.

But then when the principles, as we call them, which were the higher-up in all the

organizations, sensed that we had accomplished the work that they had given us and we were starting to get into more politically sensitive areas, they said, "You're done." These principles and the things just fell apart. So everything got sidetracked, and now here we are seven years later. California's water use is going up. We don't know who to point to to say stop, although we think Imperial Irrigation District is the one who should. And we're no closer than we were when we started back in 1990.

Storey: But why don't we know who to point to?

Fluctuating Water Usage

Neilson: Well, water use fluctuates. Climate. Cropping patterns. I guess, the temperature, how much rain you get locally. And Imperial is the big user on the system. Let's face it, they're the 300-or 500-pound gorilla or whatever. Their use recently has been trending upward and, at the same time, they supposedly had some conservation agreements in place with the Metropolitan Water District where they were supposed to be saving 100,000 acre feet. So that's been of concern to us.

The reason we don't really know who to point to is, first of all, we can't prove that Imperial's not using all this water beneficially. The other problem is that we have a combined entitlement of 3,850,000 acre feet of water of California's 4.4 million that's been allocated jointly to the ag users. And then instead of saying, "Okay, of the 2.85 million, each of these entities has a specific amount of water. It's prioritized by district and enough water to serve the reasonable—not even reasonable, the beneficial use requirements of so many acres. Well, you know, if you're using more and the M-W-D isn't getting enough water to satisfy the needs of its customers because it's the lowest priority, who do you go to and tell them to cut back? It's a tough question. So what we're trying to do is get them to quantify in terms of acre feet how much each of these agencies has. You just don't give it to them, you know. M-W-D will get its water. Everybody should be happier.

Another thing is that if somebody of a higher priority has a fixed entitlement and they elect to take some action and cut their use back to market it to M-W-D, the way it's set up right now, everybody that's in between, what we call intervening entitlement holders, they can say, "No, that water doesn't go to M-W-D. We get it." It's a mess. So we're trying to get them to stipulate who has what so we can allow water to move smoothly to M-W-D.

Another concern is that Imperial and Coachilla signed what we call a compromise agreement where Coachilla subjugated its priority to that of M-W-D. They said that they were junior—I'm sorry to I-I-D. Coachilla is junior to I-I-D. So they're in a very precarious position. As I-I-D's use goes up, if you tap into the 3.85, you cut Coachilla back—a hiccup in I-I-D is almost equivalent to the entire supply for Coachilla, 10 percent, roughly, of one versus the other. So we're concerned about that. So we're working on that. That's one of the issues on our plate. We're still jawboning the California entity to try to get something in place, and they keep saying, "Ah, we're almost there. We'll get it." The Secretary said, "Well, I'm going to try to provide

some leadership in that situation." What that means, who knows? But I'm going to provide some leadership.

Storey: Is that what you did on Wednesday?

Neilson: Yeah. We went down and provided some leadership and said, "Get your act together or we're going to have to do something."

Issues on the Lower Colorado River

Then we have another issue on the system, other than water marketing itself and all the things that are replete with that, and we've started a new rule-making process there. We've been meeting now. We've had three days of meetings now to try to scope that out. Because we've got a real short time frame, we've decided we'll focus more just on implementing, what we call the Arizona Water Bank, which is an off-stream banking scheme. We'll focus on that with an initial regulation, and then after we get that one done, we'll go back to all the old topics that we tried to do in the initial regulation and start working on that as a rule.

We have a problem where the Secretary can declare a surplus on the river, a surplus water more than 7 ½ million for use in the lower basin. But we don't have any guidelines or criteria in place that say these are the things we follow to make that determination. And all the states are saying, "Well, you've got to have those, before you can declare a surplus." Right now California is using 5.2, 5.3 million acre feet. You don't have to be a whiz to figure out that's more than 4.4. And so now we've got to declare surpluses or they can't get their water supply, all they need. So here we've got California saying, "Surplus. Surplus." And other basin states say, "No surplus. No surplus." So it's a mess there. So we've got to get some surplus criteria in place.

Nevada keeps saying you also have got to get shortage criteria in place before we'll accept any surplus criteria. So we're working on that one. That was the one the Secretary had identified. Right now we're reviewing what we call a long-range operating criteria on the river, and that's basically very general criteria we follow in making annual operating plan decision and things like that. That's underway.

The whole idea here is to get all of these things to sort of dovetail into one nice package when we get done, so we'll have a more administrable set of criteria for utilization on the river. And it's challenging and, hopefully, this time we have the political will to follow through and put something in place. So we think if we have that expectation, we've got to get something done before the Secretary leaves. The scuttlebutt is, well, he may be around for a couple of years but not much longer, maybe less. So that's our window. That's what I'm excited about.

Storey: Why do you have to do it before the Secretary leaves?

Neilson: Well, if we get a new Secretary in that doesn't have the resolve that he does, he may just have another Arizona letter and then a whole new, "Well, let's let them do it." And, frankly, the states just can't agree. They are so polarized, in my view,

California's need versus everyone else. You just can't get together.

Then there's one other one, too. We're trying to do the "right thing" with the Yuma Desalting Plant, and that is to try to, maybe, market some of the water that we desalt and, you know, cover some of our costs. Also we feel like it doesn't make sense to operate the desalter when we have full reservoirs, because we operate the desalter to meet our commitments to Mexico and to stop bypassing the water, the drain flows from Mohawk. Well, it doesn't make sense to do. And it costs about four hundred bucks an acre foot. What sense does it make for us to stop bypassing and desalt 75,000 acre feet of water at \$400. What does that come to? What's three-quarters of \$400? It's a lot of money.

Storey: Yeah, it is.

Neilson: And then turn around and have a spill out of Lake Mead. It makes no sense because, you know, all that water that you desalted and left in Lake Mead goes. So right now we're trying to get a dialogue going with the states to look at some options or some reasonable options where we could not operate the plant and still meet our commitments to the basin states. Now, the commitment is basically that we will keep them whole. They won't have to take a hit on the reservoir supplies because of us operating a desalter or bypassing water from Wellton-Mohawk. So that's a burning issue, and it's controversial and the states are up in arms at us for trying to weasel out of our obligations, responsibilities. It's a lot of fun.

Storey: What about haven't I heard that they're trying to find alternative uses for the desalting plant?

Neilson: Yeah. That's what I'm talking about when I say marketing water from the desalter. The states are skeptical about that. They say, "Well, why did you build as big a plant as you did if you don't need all of the capacity to basically meet the Mexican treaty?" Well, that's a good question. In the first place, I don't know the answer to that. But according to Gary—he's had his people do some real rigorous analysis—and he thinks he can meet the water quality criteria with about two-thirds of the plant rather than the full plant. So right now he's planning to go through a process of trying to market about a third of the capacity of the plant, which is about 30,000 acre feet or something like that a year.

Storey: That's Gary Bryant?³⁵

Neilson: Yes. So the states are a little bit skeptical, I guess, is a polite term to use. So we've got to convince them, and I think we can.

Storey: Does somebody here have international responsibilities with Mexico?

35. Gary Bryant participated in Reclamation's oral history program. See Gary Bryant, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, in Boulder City, Nevada, edited by Brit Allan Storey, 2010, www.usbr.gov/history/oralhist.html.

Neilson: The international responsibility we have is to deliver water at the northern international boundary to Mexico. That's a million and a half acre feet a year. The Mexicans provide us with a water order through the International Boundary and Water Commission. Essentially, whatever interface we have with the Mexicans on the river is accomplished in that venue, through the International Boundary and Water Commission. They're our go-between. There's a U.S. section and a Mexican section, and they deal with all of those issues for us. But there is an international responsibility, and that is to deliver a million and a half acre feet, and then if we have a surplus and there's water in excess of needs in the United States—that's pretty general and vague, isn't it?—then we can deliver them up to another 200,000 of surplus water. And so that's—

Storey: Have we ever delivered it?

Neilson: That I know of, we have never declared a surplus and deliberately said, "Okay, Mexico, you get an additional 200,000." We have had spills and said, "Mexico, take what you want." So we're sort of on new ground here with Mexico, too, right now.

Storey: Was the 200,000 an additional at some point?

Neilson: It's in addition to the million and a half.

Storey: Yeah. But, I mean, was the treaty amended or was that part of the initial treaty.

Neilson: No. It was part of the initial.

Storey: Is there anything else we should talk about?

Neilson: That's probably enough, isn't it?

Storey: Okay. Well, let me ask you if you're willing for the information on these tapes and the resulting transcripts to be used by researchers?

Neilson: Yes, I am.

Storey: Good. Thank you.

END SIDE 2, TAPE 2. JANUARY 17, 1997.

BEGIN SIDE 1, TAPE 1. JULY 19, 2000.

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, with V. LeGrand Neilson, Deputy Regional Director of the Lower Colorado Region of the Bureau of Reclamation, in his office in Boulder City, Nevada, on July 19, 2000, at about 7:30 in the morning. This is tape one.

Let's see. How long have you been Deputy Regional Director now, Mr. Neilson?

Deputy Regional Director

Neilson: I've served in the position I'm in now about four years, four and a half years.

Storey: It's been that long, huh?

Neilson: Yes.

Storey: How have you and the regional directors split up responsibilities?

Neilson: Well, I can give you my perspective.

Storey: Yes.

Neilson: When I first came up here, we had a lot of really important things develop. We had issues on the Central Arizona Project, some difficult negotiations on, among other things, what the repayment obligation was to be, and a bunch of really serious Colorado River management issues.

I sort of had the expectation in the beginning that a lot of those things would be my responsibility, but Bob's management style and just his nature, he has to be involved. So it turned out that we were both going to all of these meetings. From my perspective, that was probably overkill, so I suggested to him that if he was going to be going to all the meetings and handling those issues, why didn't he let me then sort of step back and more or less run the affairs of the Regional Office and the region.

So that's sort of the way it's worked out, because nearly all of the customer relations, contacts with politicians, state representatives, deals personally with a lot of the really important policy matters that we're dealing with, I've sort of settled in and more or less do the day-to-day operations management of the region, the business dealing with budgets and all of the other things that you have to deal with and manage in a large organization. I sign a lot of the contracts, review contracts, sign correspondence, deal with the crises that come up from a management and operations perspective.

Now, in addition to that, we do have sort of a formal division of supervisory responsibility. Just recently Blaine Hamann retired the first of the year, and Lorri Gray has been appointed as assistant. My title has changed. I still have the same salary, same office, but when Blaine was here, there were two of us were peers, so we were Assistant Regional Directors. Then when Blaine left, my title was changed to Deputy and then Lorri was brought in from Washington. She was our liaison for a couple of years. She is now an assistant, a lower-graded assistant.

So anyhow, with that happening, we sort of restructured. Right now my responsibilities are that I provide oversight and supervision for the Resources Management Office, the Management Services Office, and the Engineering Services Office in the Regional Office. I also provide oversight supervision to the area office managers.

Before we restructured, Blaine had the area office managers and I did all of the

regional offices. In addition to the ones I've mentioned, also I did the Human Information Resources, I did finances, Finance and Budget, I had Native American Affairs, and also Equal Employment Opportunity. So that's been the change. Now Lorri has picked up some of those. Bob now directly supervises, in addition to myself and front office staff, he supervises Budget and Finance and Human Information Resources. He's always overseeing Public Affairs. Then Lorri does the rest of those that I used to have, what I don't have anymore.

So that's a long answer to a short question.

Storey: No, that's fine. So I gather from your answer that Bob's approach to managing the region has evolved a little bit since you first started working with him, or is it just simply that the personnel have changed?

Regional Director's Management Style

Neilson: More the latter. Yes, he's had that style. When he was the Chief of Water and Land Division and I was working there for him, he's always had the style of a lot of involvement in the issues. Then as he moved up to be the Deputy Regional Director, then I took the position of the Supervisor of Division of Water, Land and Power, it was the same sort of a thing.

We had a lot of discussions about style and who was going to do what, and there was some concern about his involvement in so many things. Really, I think he made a valiant effort to try to change his style, but it just didn't happen. He'd see something important come along and he just had to get in there and get involved. So we sort of adjusted to that and have dealt with it. It's his call. He's in charge, and if he wants to do those things, I certainly support him.

Storey: And I gather he enjoys that.

Neilson: I think he does, very much, yes. I'm not sure he would be content doing what I'm doing, handling the routine operations of the region, kind of keep it going. He likes to be—and I enjoy that kind of thing, too, I enjoy being out dealing with the hot issues, but that's sort of where I am, and it's okay.

Storey: The other side of that, though, is that the hot issues are also the dangerous issues.
[Laughter]

Neilson: Yes, that's right.

Storey: Tell me about the kinds of things you're having to deal with day to day.

Managing the Day-to-Day Issues

Neilson: Okay. A typical day for me would be to—I believe in spending time with the people I have responsibility for, trying to make sure they have the resources they need and that, if needed, I can help them solve problems. So I try to meet weekly or at least every

other week with people that I have responsibility to supervise.

So I'll spend—like my week will be Monday morning, I'll spend most of my Monday morning either meeting with the people that I supervise or in staff meetings, conference calls, that kind of thing. I participate in the Commissioner's conference calls. A good share of the time I end up doing that

Then following that, we have our area managers and Regional Office staff meeting. We patch the area managers in by phone and we go through the hot items. It's information-sharing; it's not problem-solving. It's information-sharing, what's going on, report on the Commissioner's conference call.

Then in the afternoon I'll spend some more time meeting with people that I have supervisory responsibility for, just keeping informed. From my perspective, it's very important that you know what's happening. You don't have to control and do everything, but you need to know what's going on so that you're prepared to take action or give direction, whatever is needed. So I try to really stay on top of things. And that's a bit of a struggle, because a lot of the things that the people I supervise are dealing with are things that Bob's directly involved with, so there's oftentimes where I sort of get left out of the loop and I have to keep trying to remind him, "Keep me informed. Let me know what's going on."

But then there will be a lot of correspondence come over the desk, and the things that we've asked people to send to the front office are things that are either of a policy nature or controversial issues, responses might generate controversy. Then contract documents, those kinds of things I sign. I'll sign several of those during the day. Congressional correspondence review and sign that kind of thing.

Then I'll have people drop in and see me, that have issues or problems that they want to discuss. I try to make myself available. Some people sort of abuse that and others, you couldn't get them to come in here, no matter what you offered. It's just human nature.

That would be my Monday. I do a fair amount of traveling. I try to get out to the area offices. Frankly, I don't do as much of that. I'd like to do more down the hall kind of thing, just meeting with employees, seeing how things are going. I like to do that.

Let's see. I do have some involvement in the Yuma area. Bob sort of has said any issues there. We've got some things that are going on there, trying to negotiate some agreements with local water-users, and allocate some water and do some things there, so that takes some of my time.

But that's sort of a nutshell of the types of things that I will do.

Storey: How are we doing on having the resources that our staff needs?

Regional Resources Needs

Neilson: I think we're doing all right. For the Bureau of Reclamation, we've had this situation of either level or declining budgets, and so you have to be pretty thorough and need to just cut out the fat. We've been able to do that. I think we have the resources we need.

Just as an example, the last budget, we have what we call the Lower Colorado River Operations Program, L-CROP, and it's what we rely on to finance our operation of the river, the scheduling, the reporting, dealing with all of the environmental issues, consultations under E-S-A [Endangered Species Act] and things that are going on. We took a real hit there. We were about six million dollars short, and at the same time we were in the process of implementing some reasonable and prudent alternatives that were agreed to with Fish and Wildlife Service under E-S-A, some things we have to do or else we're going to be in violation of the consultation commitments that were made.

So we've had to scramble around, you know. You look at other programs and things that are—well, maybe we won't need all the money this year for that, and we've scraped up enough money to submit a request for transfer of funds to the Congress, a reprogramming request, we call it. The House has approved it. The Senate hasn't yet.

As soon as we get that, we'll be able to use those monies to go out and acquire some critical habitat for the endangered Southwest willow flycatcher we have to get done. Now, we're not going to get it done on time, but we're close. We had to acquire 1,400 acres or at least protect 1,400 acres, and we'll be a few hundred acres short, but we will be in the process of acquiring those lands. So I think we'll probably be all right.

But generally, I guess the answer to your question is, generally we have sufficient resources to do our job, but we do not have excess. It's a pretty lean operation, and that's the way it ought to be. I don't complain.

Budget times are very interesting. There's competition among the offices and regions for funding. Of course, the Bureau competes with other agencies for funding, so it's an interesting process.

Storey: I think the headline I saw in the newspaper yesterday was that the budget surplus is double what they thought it was going to be.

Neilson: You know the old saying.

Storey: What's that?

Neilson: Figures don't lie, but liars can figure. [Laughter] And if you want to project a budget surplus, you know, you just nudge this number a little bit and this number a little bit, multiply by several billions, and, gee, *voilà*.

Storey: All of a sudden there it is.

Neilson: So who knows, really. You know what I'm saying? You know, it's kind of like back when we were doing the planning for the Central Arizona Project, particularly the distribution systems. Bob was the regional economist at the time. It didn't take the districts that wanted distribution systems, long to figure out that when you do your crop budgets and figure out what the production's going to be, then what kind of prices they're going to get for those, if you just change this number a little bit or this number a little bit, it makes a tremendous difference in the payment capacity.

So those districts that wanted, really wanted distribution systems, they were constantly after Bob to say, complaining, "Well, you know, we really get more yield for this crop, you know. Knock it up a little bit," or, "The prices really have been a little higher than you're giving us credit for here in this area," trying to beef up their payment capacity.

But I will not forget that we went to this one district, it was the San Carlos Irrigation District, they have an Indian project where they get some water, but they were thinking at the time of perhaps signing up for C-A-P water and incurring an obligation there for distribution system. One of the guys looked at him, you know, and he was pretty gnarled, you can tell he'd been around, and said, "Bob," he says, "listen. We want honest numbers. We don't want to see any of these bullshit numbers." [Laughter] Trying to justify these systems, you know. I'll never forget that. Very perceptive.

So, you know, that's kind of the way I react to the budget surplus. It just depends on who's doing the figuring and what they're trying to prove at the moment.

Storey: And it's turned out a lot of those districts can't afford the water.

Neilson: That's right, yes. Had to find way to give extensions, deferrals, and now they're negotiating, as part of the C-A-P settlement, to have those obligations discharged. In fact, I think the settlement has been done. I believe that's one of the provisions. So it's interesting, isn't it.

Storey: Bob's been negotiating that settlement?

CAP Settlement Negotiations

Neilson: He's been a negotiator. Actually, the Justice Department—well, the district sued us over the issue of repayment and water supplies, allocations. We countered, so the suit went before the district judge there, Judge Carroll [phonetic], and I would never accuse a judge of being biased, but he's from Arizona and we found out that one of the attorneys that represent one of the cities went to school with him, you know, so it was kind of a—I'm sure that in his mind—he found against us on several things, and I'm sure in his mind he thought it was a fair and unbiased judgment, but my sense is, I feel like maybe we may have been Homered a little bit.

But anyhow, as a consequence of the rulings of that judge, we went back to the table, and because the Justice Department was handling the suit, they—

Storey: They always do, yes.

Neilson: –also handled the settlement negotiations. So they had like, I think, three attorneys involved. We had our solicitor, field solicitor, and Bob, and–let's see, who else? Occasional involvement from others in Washington. Then as things went along and became more and more involvement, David Hayes [phonetic], Deputy Secretary, the solicitor there, John Leshy, and his staff became very much involved as the process went along.

So, yes, Bob was a negotiator, sort of a–not a minor player, but, you know, there were others that had a lot more authority and responsibility that were involved, that were making the decisions.

Storey: I recall that you were involved in the Indian negotiations on C-A-P. Was that for distribution systems or just for allocation of water?

CAP Indian Water Negotiations

Neilson: Well, many years ago, as part of the process, we had contracts that were to be negotiated and signed with the Indians for C-A-P water. We developed a draft contract, a form of contract that we thought would be appropriate, and then at the time it was–may have been Dan Beard.³⁶ Anyhow, the Deputy Assistant Secretary took over and basically from Washington did the negotiating and modification and execution of those documents, sort of took it out of our hands.

It was one of those deals where they wanted to see it get done, and they were about ready to go out the door. I think they wanted to leave some sort of legacy, make their imprint, so that happened. So that was the extent of my involvement in the Indian negotiations. Now, as part of the allocation process, we did *Federal Register* notices and worked with the state and Washington and the tribes, trying to figure out how much water they should get.

Then I've not had a lot of involvement in the Indian settlements that have taken place. Our Native American Affairs Office, Debbie Saint [phonetic] in Washington, most of those are actually handled–they appoint a team, a negotiating team leader. They're appointed from Washington. So a lot of times we end up providing staff support, technical support to those negotiations if they're negotiations that are occurring within our region. We do a lot of that through our Native American Affairs Coordinator.

Storey: Do you have any sense of what the Native American water settlements on the C-A-P mean for the project?

36. Daniel P. Beard was Commissioner of the Bureau of Reclamation under the administration of President Bill Clinton, 1993-1995. Mr Beard also participated in Reclamation's oral history program. See Daniel P. Beard, *Oral History Interview*, Transcript of tape recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, from 1993 to 1995, in Washington, D. C., edited by Brit Allan Storey, 2009, www.usbr.gov/history/oralhist.html.

Neilson: Well, for the project they mean, in a lot of cases, less water being available for non-Indian use. But I think it's my expectation and in a couple of cases already borne this out, that the Indian tribes expect to be able to lease the water, to sell water. So at least two of the settlements and maybe more that we've had in Arizona provide for that. So the Indians have gotten the allocation, but now they've turned around and lease it to non-Indians for an extended period of time, to derive revenues and income for the tribe.

You know, it's probably not a bad deal, because farming is a hard way to make a living and it's not very lucrative. I mean, there are a few farmers that fly around in airplanes and do really well, but generally the farm economy and the industry is one of there's such fierce and severe competition that it's hard to do well. So utilizing those scarce resources for agriculture often is not nearly the best use in terms of providing income and so on as an input in society. So it's probably not a bad thing, but it's good for the tribes to have the option.

We do have the Gila River Indian community that we're in the process of providing funding for them, actually, to build their distribution system, take C-A-P water and farm. We have the Ak-Chin farm, it's been quite successful, and now the Tohono O'odham. We've gotten a farm that we've provided a system and some water for them. So there is some of that going on. I don't mean to imply they sell all their water, but the Ak-Chin have also, I think, sold some of their water. They farm and also they've got the rights, but the annual yield, they lease water, if you will, to some developers.

The long and short of it is that the more water that's out of that finite resource that's allocated to Indian tribes on the project, means on the project there's less available for non-Indians. That's always a conflict and so on. But, you know, that's the way life is.

Now, there's also impacts on repayment. Under the Levitt Act, the Indians don't have to repay the construction costs, the capital investment associated with developing the facilities as long as it's used for agricultural purposes. So it also has an impact on the repayment on the project. It affects costs. The reimbursable costs are allocated non-Indians and then also if the Indians lease the water, then they have to generate sufficient revenues to pick up funding to repay the capital obligation allocated to their share of water. So it's a fairly complicated thing.

There's also provisions in the Levitt Act where the operation and maintenance costs can be waived if they're beyond their ability to pay. That's been very troublesome for us, because the O&M cost for C-A-P water are just very high, and so part of the settlement is that some revenues will be generated from the non-Indian side to help cover the Indian O&M costs.

Of course, what happens is that all that's sort of a tradeoff, so their repayment obligation to the United States is reduced and some things. So it's pretty complicated. I've tried to stay informed, but I'm not intimately knowledgeable about all of the details that have happened there.

Storey: So who would be responsible for that, then? The area office? Or is this something the negotiating team—or how does that work?

Neilson: For the financial arrangement?

Storey: Yes.

Neilson: The negotiating team. David Hayes, Leshy, the Justice Department, and then also the local folks, Bob and Katherine Verburg [phonetic]. They have a voice, but they're not the decision-makers. It's the high-rollers that have made the decisions on that.

They've made their settlement, but there's some conditions precedent. The Gila River Settlement has to be completed. Congress has to take action to approve and implement the settlement. So there's still some steps to be taken. You know the old story about "slips, twix, the cup, and the lip." So we're all hoping that we can get this through, but there's still a ways to go.

Storey: As I recall, we had a settlement negotiated before, that the Secretary then refused to participate in.

Secretary's Refusal to Participate in Indian Settlement

Neilson: That close. Yes. Well, that's the story.

Storey: Within half an inch or so.

Neilson: That's the story. The negotiators reached the staff, reached an agreement, and they had an all-night negotiating session. Finally at the end there, they got done. They had a negotiating session. They stayed at the table till they got done.

Then the C-A-P board didn't like it, so they insisted on some changes. While this was happening, the Indian tribes sort of emerged and said, "By the way, we don't like your settlement either." So it was sort of a culmination. Had we stayed with that settlement that the staff agreed to, I think the Secretary would have signed it. But between the board wanting to make some additional changes that we could not accept and the Indians stepping forward and saying, "By the way, we don't like this either," the Secretary determined that he would not sign it and left town.

But even though the word is the Secretary scuttled the deal, it really wasn't. It was the board as well, and the Indian tribes. We got where the staff thought we had a settlement, and then the board, tribe, and the Secretary all didn't feel comfortable, so it didn't get signed. But we were real close. We were real close.

Storey: That was quite a few years ago.

Neilson: Yes. I think that was like '94, '95, somewhere.

Storey: Something like that, yes.

-
- Neilson: It's interesting how those things turn out.
- Storey: Yes. You remember Bob Morton. Am I right? That doesn't sound right.
- Neilson: Larry Morton.³⁷
- Storey: Larry Morton. Bob Morton is somebody else. [Laughter] I'm getting too old for this. Larry told me about being the Acting Project Manager for C-A-P, the Phoenix Office, and going to his staff so that he could go out to a meeting with the—I think it was the Maricopa Water Users Association, whoever had Lake Waddell, and explaining to them what Reclamation intended to do was to take over the reservoir. I've forgotten the details of it. I think it had to do with condemning water rights and a whole bunch of other things.
- Neilson: Yes, very complicated. I was involved in that.
- Storey: And said that he was very happy to get out alive. [Laughter] And that you were the person who was involved in the negotiations on that.
- Neilson: Yes, I was.
- Storey: Can we talk about that?

Negotiations for Lake Waddell

- Neilson: To the extent of my memory. It's been a while. So what would you like to know about it?
- Storey: I'd like to know what was going on, from your perspective.
- Neilson: Well, the Maricopa Municipal Water Users Association, I believe is the name of the outfit, and they did own Lake Pleasant and Waddell Dam, and they had water rights there. What we wanted to do was come in downstream, build a larger dam, and just inundate the whole thing.

Then we had a complication, and that was, "Well, since they have water rights, they were there first, we want to move in and superimpose our operation on that." How does it play out? How do they continue to get their water out? How do we account for entitlements? It was just very complicated.

These people, they pointed out to us that in addition to the water rights, they had other rights. They had recreational rights. What else? They had lands. There were some value in the dam itself, you know, and on and on and on. And the question was,

37. Larry D. Morton was the Phoenix Area Office Assistant Area Manager and deeply involved with the construction of the Central Arizona Project. Mr. Morton also participated in Reclamation's oral history program. See Larry S. Morton, *Oral History Interview*, 2 Volumes, Transcript of tape-recorded Bureau of Reclamation Oral History Interview conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, during 1996, in the Phoenix Area Office, edited by Brit Allan Storey, www.usbr.gov/history/oralhist.html.

how were we going to superimpose our operation on that and treat them fairly? Under the Constitution, you know, there's no taking without compensation. So what was compensation going to look like?

There were a lot of options. We could just come in lock, stock, and barrel and kick them out of there, you know, and—

END SIDE 1, TAPE 1. JULY 19, 2000.

BEGIN SIDE 2, TAPE 1. JULY 19, 2000.

Neilson: It was a very interesting thing. What were the water rights worth? What were the storage rights worth? Where were the recreational rights worth? What did that look like? So we tried to get some appraisals of what their water rights were worth, and it was very difficult. How reliable were they? It all has a bearing on what they're worth.

Then what should that district's role be? They wanted to operate and maintain the thing, you know. I mean, it was fun. Bob Wolvrun [phonetic] was our lands guy at the time and he was involved in helping, negotiating. Bill Plummer, who had been Regional Director here earlier, represented the district.³⁸

And then also to complicate things a little bit, we also had the Central Arizona Water Conservation District, who wanted to be involved. They were going to be our operating entity. They were responsible for repayment of the project, and they wanted to know how things were going to be in this critical storage facility between them and this other district. So they were also at the table.

The district, they hired some high-powered attorneys. They had Jerry Mize [phonetic], who had argued before the Supreme Court on some things, and I respect and like him very much.

Storey: This is C-A-W-C-D?

Neilson: No, this is the other district.

Storey: The Maricopa District.

Neilson: Maricopa Water District, yes. C-A-W-C-D had their attorney there. Then Joe Faubo [phonetic], the manager of the district, he was an attorney also. I mean, this was an interesting thing. [Laughter] And Larry was there.

Storey: Larry Morton.

Neilson: Yes, Larry Morton, myself. So we went around and around trying to figure out. And we also had a fellow by the name of Tom Phillips from Washington. Then we also had a lands guy, Terry somebody.

38. N. W. "Bill" Plummer was the Bureau of Reclamation's Upper Colorado Regional Director 1978-1981.

Storey: Terry Cooper.

Neilson: Terry Cooper, yes. And so here we were, you know, and we had all these experts and these attorneys, and none of us could agree. It was a very interesting thing. So finally we decided, "Let's just negotiate this out. There's no easy, clear-cut way to say everything here has this kind of value. We could all arrange it." So we just sat down and tried to work out a compromise that everyone could live with. I think it turned out quite well.

Then we had another complicating factor that I forgot to mention. That was that there was an expectation from the Maricopa County Parks Department—if Larry's told you this, I hope that his story and mine are consistent. This is pretty stale for me. They already had a concession there on the reservoir, as I recall, so then how were we going to deal with them?

The Maricopa County Municipal Water Conservation District Number 1, the one we were dealing with there, they wanted some compensation or something for the recreational benefits that were going to accrue there, because, again, part of the water was theirs and they had a reservoir there. So it was pretty tough.

So we actually ended up kind of splitting the baby. We gave the Maricopa District some land on the abutment of one side of the dam and some rights boat dock, and on the other side we got the County Parks Department and they're managing the recreation. I think there was a little competition there. Every now and then we hear somebody grumbling about how the district is doing this or doing that, you know.

But anyhow, we left both of them in there. As I recall, even though they wanted to do the operation and maintenance on the reservoir, it's now C-A-W-C-D that's doing that, but they have to consult with the district, with the Maricopa District. And we also gave them some money and there was a big concern about, well, are we giving them too much money? You know, it's always easy to second-guess. I think we even had the I-G come look at it, and they were feeling like we had been a little too generous. Again, I think they learned pretty quick, it's just kind of like what does your gut tell you. Pretty hard to put values on some of this stuff.

It was good. I enjoyed that. We managed to all maintain civil relations there and things got a little tense once in a while, but I have a lot of respect for all the people that were involved in that. People were willing to reach settlement and help the project go forward.

Anything in much more detail than that, it's going to be tough on me. I can't give you a lot of detail on the give and take and who did what and how things went. I know Larry was—Larry was a walking body of knowledge. I mean, he just was able, had good recall and he could tell you everything. He was really valuable that way. This Joe—what did I say his name was?

Storey: Faubo?

Neilson: Faubo. He's a lot the same way. They would bang heads once in a while, but it was fun.

Storey: It's a good example of how complex things can become.

Neilson: Yes. And you've heard the old saying that the devil's in the detail. It is so true. You can sit down and kind of reach global agreement pretty easy, but when you start to hammer out the detail, almost every time the details will kill you.

"The Devil's in the Details"

A case in point. We've really pressed—the federal government, the Department of Interior, and also the other Colorado River basin states have really pressed California to agree on a way to get their water use down to their base apportionment of 4.4. They're using more now and it belongs to other people. They hammered out a global agreement. It was hard, but they got it. They got right there. Then they were going to, within a matter of a few weeks, have the detailed agreements ready to go. They're still beating each other up over the details, and it's been nearly a year.

So it's just so difficult when you get to the details and you're dealing, particularly when you're dealing with lawyers, and I have lots of lawyer jokes, but I still respect them, because they do a good job representing their clients. They want to make sure that they cover every contingency, every eventuality, and they address every issue, and that it be done, to the greatest extent possible, to the favor of their client. And it gets very difficult to deal with the details.

So that's the way this one went. You think, "Well, gosh, we've got this solved," and then every time you went to address an issue specifically, put it on a document, "Oh, no, that's not what I meant," or, "No, wait a minute," and it's very interesting.

Storey: "That isn't quite what I meant." [Laughter]

Neilson: Yes. "Oh, did you mean that?" "I didn't understand that."

Storey: Did that mean you had to go down to Phoenix quite a bit?

Neilson: Yes. Yes, we did our negotiating there.

Storey: Was this something you did all in a week or took a year for various meetings?

Neilson: I would say the better part of a year to do this, yes, lots of meetings.

Storey: And did you end up with a document?

Neilson: Yes, we had a contract, as I recall, that we signed, but where it is and so on, I can't tell you now. It was all reduced to an agreement, a formal agreement.

Storey: Let's talk more about L-CROP, is that the correct term?

L-CROP

- Neilson: Lower Colorado River Operations, yes.
- Storey: That's a fund, is it? Or am I confusing it with something?
- Neilson: It's a fund. It's a separate account in our budget that shows up as a line item called line item account in our budget, Reclamation's budget.
- Storey: I've been interested in watching, for instance, hydro operations. Congress wants to reduce costs, so Reclamation goes out and finds ways to partner on costs, and our partners provide money, and the Congress gets upset because it isn't controlling the money.
- Neilson: You've been talking to a lot of people, haven't you? [Laughter]
- Storey: Let's talk about how this works with the Lower Colorado River Fund. How does Reclamation budget it? What kinds of oversights are there? All of that kind of thing. You're involved in that fund, right?
- Neilson: Yes. First of all, we have what at Hoover we call the Colorado River Dam Fund, and in accordance with our agreements with the power users and the Boulder Canyon Adjustment Act that came along after the Boulder Canyon Act—the Adjustment Act was in, I think, the mid-forties—the power users are saddled with the responsibilities of covering all the costs associated with operation and maintenance of our dams and powerplants. So for a long, long time we've had that arrangement on Hoover, and I don't know how Congress felt about it in the beginning, but that's the way it was. So we always begin there.

Parker and Davis Dams are a horse of a different color. Until recently, they were funded with appropriated monies, and the way that worked was, we would sit down and figure out how much we needed to operate this dam facility powerplant for the year. That would be in our budget, and Congress would beat us up over it and finally give us the money we needed to operate that facility.

Well, like you said, we decided we would be creative, and because we had this decreasing budget funding pressure for [unclear] funding, we would go out and negotiate arrangements with our power users in Western [Western Area Power Administration], where we would get direct funding for them, where we wouldn't have to have appropriated monies to manage those two facilities. That was a trip, too, you know. It really doesn't mean—the way it worked was, the money would be appropriated and then the power users had to repay it through the power rate. So it didn't mean a whole lot of change in what power users had to pay for the power; it was just that instead of them funding after the fact, the power revenues would be used to fund the actual operations.

So it was an interesting process of negotiating those contracts, too. I was not directly involved there, but the power folks—I'm responsible for oversight of that, at

least the Power Operations Branch, so I kept my ear to the ground and kind of watched how that went along. Anyhow, we got that in place okay, so we have Parker and Davis now are being direct-funded by the power users.

We were pretty proud of that, so I had a session. I went back and talked with one of the chief staffers, Jim Burney [phonetic] was his name. I guess this is when we still had the—did we have the Republicans in power? I think he's a Republican staffer. Anyhow, I expected this reaction of, "Hey, great. You guys are doing good work," and my objective was to see if we could get some support to start taking some of our other stuff, our funding, off budget.

And it was just like you say, the weirdest thing. It was kind of like, "Hell, we're not giving up that kind of—we have control now and Congress has control over what monies are spent and what the federal government does, and we're not about to give that up." So there was really very little or no support there that I could find for this kind of initiative.

So anyway, that gives you a little background.

The way the Lower Colorado River Operation Program works is, again, the power users fund the operation and maintenance for the dams and powerplants, but the rest of the costs we incur in managing and controlling the river are all funded still with appropriated monies, and they're non-reimbursable money. The reason for that is that back in the good old days when the agency signed the water-user contracts—and I think I know why they did it—they provided for no charge for agricultural water use.

I think the reason they did that was in the Boulder Canyon Project Act, it says that Imperial and Coachella have no charge for any water delivery costs. That's not the exact language, but it basically excludes them from having to pay. Now, the reason for that is that Imperial had water rights, and this is way back. This is back in the early years. So they contended that if you store water in Lake Mead, that's their water, and if you run it through the powerplants, then they're entitled to compensation for the power that's generated with their water. So there was a big, complicated, drawn-out negotiation.

As a consequence, Imperial and Coachella, who was at the time, early on, part of Imperial, negotiated the deal where we said, "Okay, we're not going to pay you," and they said, "Okay," but anyway, they negotiated and Congress agreed that they would not have to pay for the water delivery costs associated with that.

So I guess the folks who were doing the contracts and everybody else said, "Well, if Imperial and Coachella don't have to pay, what's fair for the goose is fair for the gander," so they provided for no charge for any agriculture user that takes water from Lake Mead. Then they said, "Well, you know, if people take water out of reservoirs before water runs through the generators, there's going to be a loss of revenue there." So it's my understanding that there is an M&I charge, but it was based on this loss of revenue because you took the water out and then let it run through the units. So for Nevada, the charge is 50 cents an acre foot, a whopping 50 cents an acre foot for M&I

water, and in Arizona for water taken out of Lake Mead is 50 cents, but any water taken downstream from Lake Mead is 25 cents, and in California it's 25 cents for non-ag use. So we have this whopping charge, and those monies do come back into the dam fund and they help offset some of the cost of operation and maintenance of the dam.

So we have our operations here of cost being incurred of managing the system, and we have no means to generate any significant revenue to cover those costs, so we continue to appeal to the Congress to provide funding to cover all of the costs associated with management of the system, and that's Lower Colorado River Operations. That's a fairly new fund. When Bob and I were over there in the Water and Lands, we were funding most of that through the C-A-P, good old C-A-P.

I'll tell you a story. A fellow that I knew in Yuma, his name is Ken Sidebottom [phonetic], he was a character. We had what we called the Colorado River Front Work and Levee System Project³⁹ and authority, and seemed like every time we wanted to do something, they'd decide, "Well, it's under the authority and we'll charge it to the Colorado River Front Work and Levee system." One day we were talking about a new program and he said, "Well, I can see where you're going." He says, "It's that same old whore. Colorado Riverfront and Levee System." He says, "Everybody's had her." [Laughter]

So we used the Colorado River Front for funding a lot of the stuff he did, and in C-A-P, some overhead costs, you know, we'd slip over there, and then we had W-M-C, Water Management and Conservation, it was kind of a general fund that we would also get revenues through. We could see that C-A-P was winding down and that you can only go so far with that same old girl, you know, that River Front and Levee System, and that Congress was looking with less and less favor on these general kinds of funds like Water Management and Conservation. They kept getting hit. Our operations on the river were so critical that we decided we'd establish a new line item in the budget, and that was the Lower Colorado River Operations Program.

So here a few years ago we did that, and it was kind of hard to get it started because Congress didn't want us starting a new fund, and they kind of kept hitting it. But we've finally gotten some support. It's a substantial fund. The things we funded would be helpful probably for you to know. The kinds of things we fund out of that are river management. That includes forecasting, doing the annual operation plans, doing all the accounting. We do a large amount of studies, that kind of thing. All of the consultations under Endangered Species Act are funded through that L-CROP program, and all the reasonable and prudent alternatives and all the actions taken as far as trying to protect endangered species on the river, all funded from that.

We have studies going, trying to find out who's taking Colorado River water from wells. We have the G-S [U.S. Geological Survey] doing work for us. That's funded

39. The Colorado River Front Work and Levee System extends from Lee Ferry, Arizona, the division point between the Upper and Lower Colorado River Basins, to the Southerly International Boundary between the United States and Mexico, a distance of about 700 river miles. Its purpose is to control floods, improve navigation, and regulate the flows of the Colorado River.

out of there. So all of those kind of things. The water orders, all of our relationships with Mexico on the Colorado River, all funded out of L-CROP. So it's a critical fund to us.

We had made some commitments, as I mentioned earlier, to do some reasonable and prudent alternatives, acquisition of some habitat and building some backwaters for endangered fishes, that kind of thing, and it was a large burden. I think we asked for around twelve to thirteen million last year, for this fiscal year, and Congress whacked it, I think like seven million dollars. So we had to scrounge around to find money to do that.

Well, again this year we have done a lot of work on the Hill, trying to inform the staffers and everybody up there who would talk to us, about what we do with this L-CROP line item and how important it is to us. So the House, who had previously been most severe on us, on L-CROP, passed a budget of, I think, around fourteen million dollars for us, which was basically all we needed.

Well, when it got over to the Senate, the Senate whacked out seven million again. So now we're right in the middle of this process, hoping that we can somehow get more money, and if the Senate holds sway, then we're going to be faced again with a large, 50 percent funding deficit in that program. And most of the things you just don't have the option of saying, "We're not going to do this anymore." So it kind of puts us in a tight spot. But anyhow, all of those expenditures that we do in order to control the system and do all the things I've talked about are non-reimbursable.

Formulating Administrative Fees to Water Users

As a side item, I don't remember what we talked about in the past, but as a side issue, we decided it was time for us to start trying to get some off-budget monies from our water users and beneficiaries of this project to fund that, and so we initiated rule making that said that, "You know, in spite of the fact that we don't have any provision for you to pay water delivery charges, we are engaged in activities here which directly benefit you and therefore we will start assessing." I can't remember what we called it. I think we called it an administrative fee, that will be allocated. We had prepared a scenario, a formula, for how we would allocate the costs out. We'll start assessing all the water users to cover our costs, and we use those revenues to do the management, which is very similar to states and anywhere else. Somebody has to pay.

So in conjunction with that, we included in that rule—this is in the early nineties—provisions for water marketing on an interstate basis, and the entire Arizona congressional delegation goes up en masse and sent the Secretary a letter they all signed, saying, "Knock it off. Stop that stuff. Give us a chance to work on something ourselves."

So that whole rule making thing got trashed. It stopped. So here we are, still, now ten years later, relying on appropriated non-reimbursable monies to cover all of our costs of operating the system.

Storey: And being funded at 50 percent.

Neilson: Yes. There are still some things like flood control activities and the international activities. We will probably continue costs allocated up to get appropriated, non-reimbursable monies for that. Yes, it could have been—that's probably a good guess, maybe 50 percent of that at least would have been picked up and covered.

So we still have hope someday, but Bob is not willing to bite that one yet. He got beat up so badly over that. We do intend to start another rule making, and it has to do with managing unauthorized diversions of water. First of all, if you've got a substantial number of wells right on the bank, you know, you know they're getting recharged from the river, and yet they don't have a contract. We've got to deal with that. So we're starting another rule making now, after we finished up—we have finished our interstate marketing one. We're starting another one to deal with management of unauthorized uses.

We had the option of including the administrative fee, and Bob just could not—he didn't want us to tackle it, because he knew the controversy, how difficult it would be. I think that he realizes we need to do it, but it's the timing. We had the C-A-P thing going on, we had the California thing going on. At the same time we've got the consultations with E-S-A going on, and all of their ramifications. Then we've got a bunch of issues with Mexico and the delta that are going on. And then the California initiative to cut them back at 4.4 surplus.

So all of these things happened, and Bob just said, "Well, you know, whew. I'm not sure I want to take on another controversial issue right now." So that's basically why we delayed. We recognize that some day, and probably some day soon, we're going to have to initiate this rule making to try to get an administrative fee in place.

Storey: Let's go through your list of things that are going on, the California thing, you said.

Neilson: Yes.

Storey: What's the California thing? The 4.4 limitation?

"The California Thing"

Neilson: Yes. It has to do with the allocation or apportionment of river water that California got. In a nutshell, we've divided the states, and the Congress divided the Colorado River basin, the upper and lower basin, and then each basin was apportioned water, and basically it's seven and a half million acre feet during a normal year, seven and a half acre-feet of use.

Then in the lower basin, through various machinations and actions and all this, and the Supreme Court and so on, the seven and a half million for the lower basin has been apportioned out to the states. California got 4.4; Arizona, 2.8; and Nevada a whopping 300,000 acre feet.

Well, as part of this Law of the River thing, we call it, it's kosher for the Secretary to allow one state to use another state's unused apportionment. So in the past, from year one, way back in the thirties, California's been using like over five million acre feet. Well, that's been okay, because the upper basin is not developed and so they haven't used their full seven and a half million. Then on top of that, in the lower basin, Arizona and Nevada have not used all theirs. So there's been sufficient unused apportionment. It's okay for California to do that.

Well, now Arizona has found a way to use essentially all of their water, and Nevada is very close to using all theirs, and its diminimus anyway. So there's no longer any significant amount of unused apportionment for California to pick up and use in the lower basin. Now, there's still some water coming to it, because the upper basin is not using their full seven and a half. They're only using like, I think, four or something like that. So there's some water coming from there.

But the problem is that—and then Mexico is entitled to a million and a half acre feet, see, so the problem is that back in the good old days when they initially set up this allocation, they overestimated the amount of water in the river by about a million and a half acre feet. So when the upper basin develops, they're using their full seven and a half million, Mexico is using its million and a half and has been for years, and the lower basin is using seven and a half million. We're about a million and a half acre feet short. So that's why we say in the long run the system is over-appropriated.

Well, all the states now are saying to California, "Hey, there's no more unused apportionment in the lower basin, and we don't want to have to go to war with you in the future when it's time for us, the upper basin, develop their water supply from California." All you've got now to rely on is surplus. If there's surplus water in the system, then the Secretary can say that the lower basin can use more than seven and a half million. Of course, the Secretary has to consult with the states to do this.

All the states are saying, "We will only support surplus declarations in the future." We've been doing it since the mid-nineties. Every year we've declared surplus. "We're only going to support continued surplus declarations if you will develop and put in place a binding plan that you've agreed to, of actions you will take in order to get your water use down to 4.4 million."

So California has been struggling with that, and they agreed. The Secretary has put tremendous pressure on them. Everybody on the federal side has been putting a lot of pressure on California, saying, "You've got to do this." So they've been struggling to sign water transfer agreements, water conservation agreements, anything they could find to put in place, canal-lining, all kinds of things, to transfer water basically from Imperial Irrigation District, with users of over three million acre feet a year of California's seven and a half, to—

Storey: California's 4.4.

Neilson: I'm sorry. California's 4.4. Thank you. Met [MWD], which supplies basically the entire coastal area of Southern California, it has two supplies, one for the state water

project in the Colorado River Aqueduct, from the Colorado River, the population exploding over there, and Met has capability to deliver about a million-two to their system, to take off the river, to run through their pipe, but they only had, within the 4.4, they only had 550,000 acre feet of entitlement.

So the trick is to get basically Imperial to become more efficient in its use of water and free up enough water so that there's water that then can continue to flow through that aqueduct in the Southern California coastal area. And they've done that. I think they're pretty close. Like I told you, they got the global agreement, and now they're fighting over the details, but I think they'll get there.

Brit, I tell you, I'm flabbergasted. The states have been so contentious over the years. The states said, "California, unless you do this, we're not going to agree to surplus criteria." And I'll be darn, California basically has this global agreement, close to getting the details hammered out, and the seven basin states—up till now it's been the six against the one—have come together now with a proposed surplus criteria, how the Secretary can manage the system to make surplus water available to California getting down to their 4.4. I did not believe I would ever see it. I just did not. I am so flabbergasted and pleased to see them.

What we did is, we said, "Okay, California, you're working on your 4.4 plan. There's going to have to be some sort of an implementation agreement with the Secretary. There's going to have to be some environmental and E-S-A consultation work done. So we've got to do that. Then over here, to develop and implement the surplus criteria, we're going to have to do the same thing, NEPA work and E-S-A work."

In order to get the ball rolling now, I guess one thing I need to mention here that's key, the Secretary wants all this done before he leaves, which is the end of this year, so it puts a tremendous—and, frankly, it's the best thing that ever happened, because in the water—

END SIDE 2, TAPE 1. JULY 19, 2000.
BEGIN SIDE 1, TAPE 2. JULY 19, 2000.

Storey: This is Brit Storey with V. LeGrand Neilson, on July 19, 2000.

You take your time and nobody wants to make any mistakes.

Neilson: Yes. Anybody that represents like a state or something, they don't want to be known as the person who sold out Arizona or something. But with this pressure, they've had to get to the table and get this accomplished, because the Secretary has said to them, "If you don't get this done by the time I'm ready to go, I'll do it myself." Of course, they don't want him doing it. They want something they can all agree with, and that's right. That's the way it ought to be. So they have just worked very hard.

In the meantime, we had prepared this environmental document, the E-I-S, dealing with surplus, and it has a range of things that we can do on surplus, from very

conservative to very liberal. The states, we've got that draft surplus E-I-S out on the street, and the states have been working real hard to give us an option that they can live with, and they've basically provided that. They'll provide that to us as comment on our draft E-I-S, and then if we look at it and like it—and I've seen the draft and it looks pretty good to me; there's a couple of little things, but nothing major—then the Secretary can adopt that as his preferred alternative and go ahead and implement those criteria. So that's the California thing and the surplus.

Mexico's Colorado River Entitlements

Now, to complicate the picture—you know, nothing can be simple. To complicate the picture, we've got Mexico down there. Mexico is entitled to surplus water as well under certain conditions. Mexico also likes to see lots of flood flows, lots of flood releases, because that means more water they can take out down there and use. So if we adopt very liberal surplus criteria, what that does is that we use more water in the intervening years, and then when you have a high water flow, you have less and then you have to release for flood controls, and Mexico doesn't get much.

The treaty with Mexico says that when there's water that's surplus to the needs in the United States, Mexico can get, in addition to their million and a half, they get another 200,000, so they get a million-seven. So they have an interest, and so we've been consulting with Mexico, through the International Boundary and Water Commission on our surplus, so that they can have some input.

Of course, Mexico wants us to be very conservative, and they want to make sure that they continue to get—we've had a lot of anticipatory flood control releases in the last few years, and they've been getting 1.7 million, and they like that. So they'd like to see that continue. So they want us to be very liberal to Mexico. Of course, the basin states are saying, "Over our dead bodies." So, life is complicated, you know, and we're having to deal with the Mexicans on that.

Throw on to this, superimpose on all this a groundswell that's happening among the environmental community to force the United States and Mexico into restoring the Colorado River Delta. Right now, most of the time the river channel below Morelos Dam, which is on the border there of Mexico, is just dry. So there it was.

Storey: That's all in Mexico?

Restoring the Colorado River Delta

Neilson: All in Mexico. Well, we do have what we call a limitrophe section, where I think the surveyors made a mistake, so you have the Arizona and Mexico border is down here, and the California-Mexico border is up here. There's about twenty miles difference. So we have the river represents the border there during that stretch, runs north and south, and they call that the limitrophe section. And there is some—or could be—some good riverine habitat there for endangered birds and fish as well, but most of it's in Mexico. The major part, the important part, is in Mexico, clearly.

So we've had these flood releases, surplus water and some anticipatory flood control releases, beyond the capability of the users in the United States and Mexico to divert and use, so the channel's been wetted periodically now for the last several years below Morelos. So we've had this merged growth, and we've got a lot of good habitat down there now. So the environmental community is saying, "Ah! Great! Let's get some water down there and let's keep that and let's do better." So you've got this groundswell building and saying, "You've got to deal with this."

Well, the problem is, the river, like I said, is over-appropriated in the long run, and most of the years full use of it all anyway. So how do you provide a water supply to maintain and enhance the delta environment? So there's one that's going to keep us busy. It'll be interesting times for a number of years to come. We've been sued by a consortium of environmental groups in the United States and Mexico to force us to do consultation with the Fish and Wildlife Service on the Mexican Delta, the impact of our operation of the river on the Mexican Delta. Of course, we and the states are saying, "We don't have to. That's not the United States. The Endangered Species Act doesn't provide for critical habitat or endangered species outside of the United States."

So, Brit, this is a big deal. This lawsuit that they have filed has implications in Texas, on the Rio Grande, it has implications in [inaudible], Canada. I mean, are our water users in the United States responsible for consultation and mitigation of impacts on endangered species outside the United States? It's a big deal. So that one will be going on for some time. We tried to kind of deal with it, tell them, "We'll do studies. We'll try to do some baseline work and find out what was there, what is there, try to identify some options, and let's work together."

What really triggered the suit was, you're familiar—one more step now. The Colorado River Multi-Species Conservation Program, it's a big thing, a partnership with all the lower basin states and the feds, and we've got Fish and Wildlife Service, Bureau of Reclamation, all involved, trying to—I told you that we had these R-P-As and things we had done. We consulted on the E-S-A and we had some things we had to do on operations of the river. That was an interim. It was a five-year program. We started this major consultation with the states in partnership to do a long-term consultation, identifying all of the impacts and trying to identify alternatives and so on.

We also had partners, the environmental groups. We had defenders. We had—oh, we had several that were at the table, including Southwest Center—that's no longer—the Center for Biological Diversity. Well, the states refused to include the delta in their area of consideration for this M-S-C-P, Multi-Species Conservation Program. The environmental groups walked. We said, "Well, okay." Then they threatened a suit at that time. We said, "No, as the federal government, we'll continue to do evaluations. We'll work with Mexico," and do what I told you, get some baseline data.

Well, that slowed them down for a while, but finally they decided they'd had enough, so they filed suit to force us to do that, to consult. So life's getting interesting, and there's lots of things out there to keep us busy for a few years to come. Okay, so that's another one we're dealing with, is the Mexican Delta.

Current Issues within the Region

Then we've got the C-A-P issues. We've got the Indian settlements that are happening. A lot of negotiations in the [unclear].

Storey: Now, those are on C-A-P?

Neilson: Well, they're central Arizona tribes, and they will utilize C-A-P water as part of the settlement's sources. Navajos, we've got a settlement negotiation with the Navajos. I'm told the Navajos have filed claim to all of the water in the Colorado River. [Laughter]

Storey: That's interesting.

Neilson: They've got that huge reservation, so there's a settlement negotiation going on that has all kinds of interesting prospects sitting there, you know.

Then let's see. What am I forgetting? We've got the rule making, trying to deal with the unauthorized diversions in use of water along the river. We've got some issues down around the Yuma area where one irrigation district will want to expand to take in some non-irrigation area and provide municipal water. The other two districts that share the water entitlement were adamantly opposed to it, so we're doing lots of safeguards and allowed that inclusion to occur and that delivery, and we've got a minor civil war going down there, trying to figure out how we can divide the water up. Then at the same time, all of the water users there, you're trying to work together to sort of share the water entitlement.

Wellton-Mohawk had sold off part of its entitlement for an Indian settlement. It was the Fort McDowell Indian settlement.⁴⁰ Well, it turns out they sold off too much and now they're water-short. So they have a consumptive-use entitlement, so to make sure they stay within their entitlement, they're mining groundwater to return to the river to get return full credit.

Well, the story there is, Wellton-Mohawk's the entity that has salty return flows that we've built an elaborate system to collect their drainage water, run it past the river

40. "Originally the Community's rights were adjudicated in the 1910 Kent Decree. The United States Attorney General initiated the claim to adjudicate the rights of both the Salt River and Fort McDowell Indian Communities. Unfortunately, the outcome of the proceeding was far from ideal for the Fort McDowell Indian Community, which received less water than it had been using previously. In the 1940s, the Community sued the federal government, the SRP [Salt River Project], the State of Arizona, several cities, and local water users for damages. More than forty years later, these suits were settled in a comprehensive negotiated settlement.

"After five years of negotiation, the Community arrived at a settlement agreement in the Fort McDowell Indian Community Water Rights Settlement Act of 1990 ("Settlement"). In the Settlement, the Community received 36,350 acre-feet annually ("afa") of water and funding to develop this water at the reservation. This Settlement involved a very complex series of leases and exchanges. Under the terms of the Settlement, the Community can lease 4,300 afa of CAP [Central Arizona Project] allocation to the City of Phoenix for a term of 99 years. Water may only be leased to entities within three different counties, and the receiving entities must assume a large portion of the delivery cost. The Community may also lease 13,933 afa of water acquired from each Harquahala Valley Irrigation District ("HVID") if the Community wishes." For more information, see Tribal Uses in the Colorado River Basin, "Fort McDowell Indian Community," http://www.tribalwateruse.org/?page_id=162. (Accessed May 2017)

and down into the Santa Clara srew. So if they start pumping more groundwater, more saline groundwater, to get return flow credits, that forces us eventually to desalt it, if we ever started a de-salter. Or if we bypass it, we accumulate an obligation to the system. So it's an interesting thing here. What tangled webs we weave.

So anyhow, as a consequence of that, Wellton-Mohawk has been instrumental in trying to get all of the water users in the Yuma area who do have some excess water entitlements right now they're not using, sort of amalgamate their entitlement so that Wellton-Mohawk can take advantage of their unused, and they wanted to pump this groundwater, mine it. Of course, we like it because we won't have to desalt it or replace it. So that's a big initiative that's going on. It's exciting, and we think that there's a real potential there.

Now, what am I forgetting? I must be forgetting something.

Storey: You said something that sounded like maybe S-A-A. You used some initials.

Neilson: E-S-A? Endangered Species Act?

Storey: Oh, okay. I misheard you.

Title Transfer Initiatives

Neilson: It might have been E-S-A. We've also got some title transfer initiatives going on [unclear]. Wellton-Mohawk, transfer of their distribution, title to their system to them, Congress just passed an act authorizing that. Secretary signed it.

Then the Southern Nevada water system, it's interesting what's happened here. We started off building the Griffith Project. Well, actually it was the Southern Nevada Water Project at first, and we named it Griffith. It was to deliver water out of Lake Mead over to the Las Vegas Valley, and we built it in two stages, because there was just not sufficient demand, if you will, to built it all at once. Well, we built the first stage, and before we got it done, all of a sudden something was happening in the valley. So we hurried and started the second stage, and we got the second stage done, and there was still something happening in the valley. So the valley's grown so much that they had the resources themselves, so they enlarged further these facilities, to be able to take more water out to serve this exploding population.

Well, they've decided, and rightfully so I think, that rather than have us involved now in what turns out to be sort of a minor interest in their system, they wanted to take title. They owe still a little money on it, so they cut a deal with the Congress that they would pay a discounted amount to retire that debt and then take title. That right now is moving through. I think that it's been sent to the President for them to be able to pay off that obligation.

Storey: What kind of a discount did they want?

Neilson: Well, it's to be determined based on a Federal Treasury rate of when the President

signs the bill. What they'll do is look at what they owe us and what the discount rate is, and they'll discount it, and they'll pay us that amount. Now, the theory is that if they pay us now, had they not paid it—the amount they pay us now needs to be sufficient so it makes no difference to the United States. If they give us the money and the United States were to invest it, they'd come out in the end in the same place by drawing interest on that money. So that's why it's discounted. So that's probably going to happen, so they'll take title to that project.

Storey: And I believe we transferred the San Diego Aqueduct or we're in the process?

Neilson: No, we did that. Now, that one was—the agreements provided for that. Once they paid that off, they could request and the Secretary would transfer title. It started out as an old Navy project and then somehow the Interior ended up with it. So that was pretty simple. It took some work. We had to identify the lands and the rights-of-way and do some things that they did at their expense, and then we transferred title.

Storey: But it required congressional action, I presume.

Neilson: No, not that one. That one was already set up, so we just did it.

Storey: That's interesting.

Neilson: Also there's provision in the Boulder Canyon Project Act to transfer title to the All-American Canal, and Imperial actually has requested that we do that. The problem is that it's owned by three people, or three organizations: the Imperial Irrigation District, the Coachella Valley Water District, and the city of San Diego. San Diego at one time had an entitlement to Colorado River water. It was like 200-and-some-odd-thousand acre feet. I guess they had envisioned at the time that they would use the All-American Canal and then put a pipeline from Imperial Valley over to San Diego.⁴¹ So they have a small percentage of capacity of that canal that they own.

So the problem was, Imperial wanted title, but the other two didn't. So, you know, we've not done that. Now, that could be done without any further legislation, because it's authorized as well. But it's not settled.

Storey: So it was initially authorized in the legislation that that could be done.

Neilson: Right.

Storey: I was wondering how we could transfer without the Congress being involved, but now

41. The San Diego Project consists of the First and Second San Diego Aqueducts. These two aqueducts, with two branch lines, make up the backbone of the San Diego County Water Authority system. The First Aqueduct consists of Pipelines 1 and 2, which extend from the Metropolitan Water District's Colorado River Aqueduct near San Jacinto, California, to the city of San Diego's San Vicente Reservoir, approximately 15 miles northeast of the city. Pipeline 1, designed by the Bureau of Reclamation, was constructed by the Navy Department to relieve the water supply emergency in San Diego County. Pipeline 2, roughly paralleling the first, was designed and constructed by the Bureau of Reclamation. The two pipelines share common tunnels and inverted siphons. They are operated as single units. For more information, see Robert Autabee, "San Diego Project," Denver: Bureau of Reclamation History Program, www.usbr.gov/projects/pdf.php?id=185.

I understand, I think.

Neilson: And the old Navy one, it was in the documents that we inherited, I think, that title could transfer once they paid off. It was built under some other authority, so we didn't need to get any congressional for that.

Storey: What kind of rumblings are we hearing from Las Vegas about them wanting more water? Are they trying to figure out how to get more water out of our system?

Las Vegas Water Needs

Neilson: Absolutely. One of the things that they want to do, without question, it's common knowledge, everybody recognizes that they need more water. One of the things they wanted to do was go up north and get entitlements, and also to—and I think they pursued it—get entitlements of Virgin River water and wheel it through Lake Mead and take it out here. The problem with that is, under the Law of the River, whenever water enters the mainstream, it becomes mainstream water. So what they wanted to do is somehow have the Virgin River water retain its Virgin River characteristics and just let it run through Lake Mead and take it out here at there—

Storey: At their pump plant.

Neilson: The pump plant. Which would be neat, but the problem is, it's not allowed for. See, if we allowed that to happen, Arizona could say, "Gosh, you know, we have about a million acre feet of inflow in the Colorado River in the Grand Canyon and between Lee Ferry and the upper end of Lake Mead that we would also like. So let us wheel that." Well, you know, the 600-pound gorilla is California. They're not going to stand for that because all that does is diminish the available supply for everybody. Also, Arizona has the Bill Williams [River] that comes in. It contributes a significant amount.

So anyway, that issue, the Nevada folks would kind of like to lean on us as being the bad guys, not allowing them to do that, but it's just not in the cards, at least not now. So they've looked at that.

Also they've started a tremendously controversial thing: they decided they'd go out and start acquiring groundwater rights in the outlying counties in southern Nevada. Of course, you can imagine how that turned out. I mean, that was like about a shooting war over that. So they've backed off a little bit on that one. And even the feds got in line against the B-L-M [Bureau of Land Management] and, I think, the Fish and Wildlife Service, all got in line and said, "Over our dead bodies," because the groundwater—in the Basin and Range province in the Southwest, is you have groundwater contributes to these marshes and things that will be existent in some valleys. You start pumping water out, you destroy those. Then they've got to get rights-of-way from B-L-M over federal land for their collection system. So that's a tough one.

They figure their ace in the hole is that if they are unsuccessful in finding water

any other way, fallback position is they can pay M-W-D to desalt seawater, use it locally, and reduce their diversions from the river so that Nevada can take more out of the Colorado, an exchange arrangement. But desalting seawater is horribly expensive.

So, Brit, the issue here is not water; it's money. Where can Nevada find additional water at the lowest price?

Storey: And do we believe that Las Vegas can't find money? [Laughter] That's interesting.

Off Stream Storage Rule

Neilson: One of the things we've done to help accommodate their need is the off stream storage rule, which I think we may have talked about before, where Nevada could pay Arizona to take water out now while we've got some surplus supplies, put it into the ground in Arizona. Then when Nevada needs water in the future, Arizona will take the water out of the ground for use, they'll cut back their diversions on the Colorado, and Nevada will be able to take it out then and use it by exchange.

Storey: California's also doing that with Arizona, aren't they?

Neilson: Both Nevada and California did sort of a pilot thing where they put some in the ground. Interesting. When we started doing the off stream storage rule and interstate transfer rule, California kind of low-keyed it and acted like they probably wouldn't be interested. But now suddenly they're talking once again about doing some off stream storage in Arizona. They're also doing it in—they've done some work there where they want to do some off stream underground storage in California.

One of the problems they have is, they have—what do they call it? I think it's the Cadiz Ranch or something that's along the California Aqueduct between the river and the coast, where there's a huge groundwater basin where they could do some—and there is some groundwater there. Apparently Met [Metropolitan Water District] has cut a deal with this Cadiz outfit to do some groundwater recharge and also to use some of the water, you know, for future. The problem is, in order to recharge there, you've got to use California [Colorado] River Aqueduct capacity, so that reduces then how much comes out of the pipeline and on the other end when you're doing the recharge. You only have a million-two, and say you want to recharge 100,000, that means you still put million-two on this end, but now you take it out halfway there and put it in the ground, so that means you'll get a million-one out at the other end. So that's an issue.

But anyhow, here's an interesting thing that's happening in Arizona that I was afraid would, and it is. The Arizona Groundwater Banking Authority has now initiated discussions, or entered into discussions with Nevada to do the off stream storage program. Well, now they've got citizens in Arizona, and even some folks on the C-A-W-C-D board—you know, you've got to use those facilities to get water there—that are resisting that and saying, you know, nobody questions we have the fiscal capability of doing that, but it's kind of like a child that you can't get them weaned. They're fearful if they get Arizona stared on this program, they'll expect it to go on

forever and it will somehow act to the detriment of Arizona in the future.

So here we go. Now we've got a growing controversy over this. So what happens, the politics are that there becomes a substantial issue in Arizona, no one will be willing to take the political risk to do this for Nevada, you know, and so I'm a little concerned about that. But we'll just have to wait, kind of watch and see how things turn out there.

Storey: Do you know anything about the details of their arrangements? I'm interested, for instance, as I understand it, the idea is that when the water supply goes down, Nevada is given more out of Mead and Arizona pumps in order to make up the differential. Does Nevada then agree to pay for the pumping, for instance?

Neilson: Yes, they have to pay all the additional costs associated with that.

Storey: Interesting.

Neilson: They have to pay to get it in the ground and they have to pay to get it out. Now, I think if they're astute negotiators, they'll say, "Okay, we'll pay to get it out so you can deliver it, but if you didn't have it there to pump out of the ground, you were taking it out of the Colorado River, there's costs associated with taking it out of the river and pumping it clear into central Arizona. So let us just pay the difference." See what I'm saying? "Let's keep you whole, but don't make money off us." And Arizona is apt to say, "Well, we expect to make money off you, so this is the way it's going to be." So we'll see how that turns out.

Storey: [Laughter] Interesting. It gets really complex.

Neilson: Oh, life, you know, Brit, life is so complex. I guess that's what makes it interesting. But everything we do with water is so complicated, and progress is so slow in coming. It used to frustrate me, and it still does to a certain extent, but I think I understand now. It's just that, like I say, nobody wants to make a mistake, especially a mistake you can't correct. So it goes very slowly.

Storey: How are we doing on personnel nowadays? Everywhere I go, I see "hiring" signs, and I gather there's a lot of competition out there. Are we having any trouble getting people? Do we have any other issues?

Issues Filling Personnel Slots

Neilson: There are certain fields, career areas, that we do have a problem. In the power industry, a lot of our people are going, retiring, and where do you find people who know the power business, that are willing to come to work? To a certain extent it's just a matter of money. We can't compete. We've got deregulation happening, and all the folks that are really knowledgeable and understand the power industry, there's great demand. So here we are as a federal agency and we pay a respectable wage, but we can't compete with the San Diego Gas and Electric of the world or some of these privately owned power outfits.

So I see our folks that are in the power management area, they're leaving us. We're losing, for instance. We lost the chief of the group, the group leader of our power management group here in the Regional Office, or at least in the Boulder Canyon Operations Office, she's gone. We're losing one of our good public utilities specialists in a year. How do you replace them? It's hard to find people. And the alternative, of course, is to hire people and train them from within, but they're in demand, too. So once you get them to the point where they understand the power industry, they're apt to just head off to greener pastures. So it is a problem.

The aging of our work force, we have people who are vested in the retirement system, and I think that tends to keep them here, but it's hard to attract new people. In the power resources and management field, it's hard. Also in powerplant operations. You know, down at Hoover, the average age of our work force down there is high. We've got a tremendous number are going to be going in the next few years, and where are we going to find operators? It's really hard.

Let's see. What other fields? Biological sciences, same thing. So much of our business has become biological in nature, Endangered Species Act, NEPA, all the activities that we have associated there. It's hard to attract and retain qualified people there, too. You know, we sort of went through a period here in the agency where we got rid of people right and left, and we got rid of a lot of those people that were sort of like in the middle. Well, we no longer have that work force, so the others that were more advanced and older, they're leaving. You don't have that middle, so it's a hard situation we face.

Storey: When you say we got rid of them—

Neilson: We wanted to get rid of all of our middle managers. That was, I think, LeGrand's interpretation of this, but that was the big push, get rid of all the old water dogs, and in that change in the agency, that was Dan Beard. I think that was what he wanted to do, and he succeeded. Buyouts. Let's focus on getting rid of a lot of these guys. He got rid of a lot of these old Regional Directors that were old-timers, wanted to get new attitude, new approach in the agency. You know, I can understand why he did that, and I don't fault him for it, but now we have to still manage our programs, our projects. We still need to deal with our customers and our stakeholders and do it intelligently and be effective. So we're just having to deal with that.

Human resources folks, even. You know, we went to that deal like one per one hundred. Woefully inadequate. I think it was just somebody somewhere said, "Hey, that sounds like something we want to do."

Storey: One per one hundred?

Neilson: One human resources, one personnel person to support one hundred people in the organization. Just isn't happening. Just can't be done. So here we are. So we're hiring back a few people there. We know we need to keep the numbers down, but we are hiring back. And it's hard to find qualified people there, too, but we'll do that.

Accountants. It's hard to get accountants. We have a big need for accountants and qualified financial people. They're kind of coming up, and we're going to be losing all of our stars there, too. So, as an agency, we need to be somehow—and again, if you had the money, you could hire college kids, you know, and train them. Succession planning is a big deal, but, frankly, when you're a manager, and if you've got a program you've got to do, and you know you've got people who are going to be leaving but you've got to get the program done, and you're bare-bones budget, how can you afford to turn around and hire two or three more people to train and bring along when you don't have the money? It's give up program in order to do that. So we're in a bind. We're in a tight spot.

Storey: What kind of issues is diversity placing on the region?

Attaining Diversity in the Workforce

Neilson: We're struggling, I think as is the rest of the agency. We're required to achieve the national distribution of minorities and diversity folks in—

END SIDE 2, TAPE 1. JULY 19, 2000.

BEGIN SIDE 2, TAPE 2. JULY 19, 2000.

Neilson: And as an agency, as a bureau, we have a very aggressive and fairly effective program to recruit diversity employees, candidates, at least. In the region we also have that. We have had some success in acquiring diversity candidates, employees. The problem is, from my perspective, Brit, the problem is that we can't keep them. So we've got the diversity. A lot of our diversity employees are leaving for various reasons, and so we've just about managed to hold our own with all of these vigorous recruitment programs that we have going. So in order for us to be successful in changing substantially or even significantly the work force, as far as diversity is concerned, we have got to figure out some way of retaining the folks that we get, because it's a killer.

Let's face it. If you're an African-American from Georgia, why would you want to go to work in Billings, Montana, where there's, at best, one or two other African-Americans in the whole town? And then when you get there and you go to work and see that there's not another African-American on the work force, why would you want to stay if you could find something else? It's a cultural thing. I mean, where do you go? Where do you go to get the cultural support that you need as an individual? It's a tremendously difficult thing we face. It's tremendously difficult.

So we're doing the best we can. I think, as an agency, we should get an A for effort. It's just really tough to change the work force because of that fact that we do get folks finally who say, "I'll come," and they come, they stay a year or two, and they find a job somewhere else where they feel more comfortable or whatever, and they're gone. So in the meantime, we may have found one other person that's the same gender or whatever, same cultural background, and [unclear]. It's a tough one. It's a really tough one.

If somehow we could be given the latitude, instead of doing the national thing, reflect the national work force, to somehow develop a way of measuring and identifying the local work force makeup, then if we could do that, we could do better. But it's just by virtue of our location and the kind of work we do, that it's very difficult, I think, for us to easily, at least—well, it's very difficult for us to reflect that national makeup. I don't know what you're hearing from other places, but that's sort of our sad story.

One thing we've done, we've been quite successful in—you know, here's the thing. We have sort of an outreach person who is Hispanic, Latino. The term changes, but she's Latino. She's well motivated, does an excellent job. She's into the schools, she's into the universities, she's here and there, and as a consequence, we've been fairly successful in attracting Latin American employees.

Then, of course, Yuma, you know, right down there on the border, the city of Yuma is a large number of Latin folks, and we have a high ratio of Latinos that work in our Yuma Area Office. So we look good. But, Brit, isn't because of geographic location.

So I think we've done fairly well. I think we've done fairly well. We've expended a lot of effort. You look at just trying, we should shine. But it's just very difficult to get results. We have a diversity team that's made up of managers in the region, and we also have some non-management folks on that, but primarily it's a management deal and we're constantly working and looking at things, evaluating our successes and failures and trying to continue to move forward.

Storey: One of the issues I guess you folks have is a need for more office space and parking. Let's talk about that for a little bit.

Parking and Office Space Needs

Neilson: That's been—you know, I think I told you before that when I came out here, I was all bright-eyed and bushy-tailed, and when I got ready to retire, I wanted to—I was in contracting, water rights and contracting, and I wanted to have all the mess on the Colorado River squared away before I retired. Then as I got older, I could see how things were going, and I finally got to the point where I was hoping I could just have made a difference by the time I retired.

We have a problem here in the Lower Colorado River Regional Office, and that is, we're scattered all over town, so it's very difficult to function as an office. If you want to go down and see the resources folks, it's a fifteen-minute trip and it's expensive, it's time-consuming, so you don't. So you just don't have a good "I think I'll go next door and talk to so-and-so." We're fractured.

We also have our construction management group, or Engineering Services Group, are down at the dam. I mean, so who goes down there to see them? You know what I'm saying?

Storey: Yes.

Neilson: So one of the things that I've sort of made a priority for myself is to somehow consolidate our work force. So my initial vision was, let's do it right here on the hill. There's space out here in the parking lot, there's space behind where we could build another building, and let's move everybody right up here. We'll be close, we can operate and function as an office, and then also, you know, we have a mandate to provide for the security of our employees, and it would be much easier. We could just build a wall or something to keep a vehicle loaded with explosives from coming up next to the building and so on. So that was sort of attractive to me.

Well, we started the process and we ran into a buzz saw. I mean, this is on the *Historical Register*, on the *Register of Historical Places*, and we have a lot of older folks in town that have been here for a long time, take a lot of pride in the way this building and the grounds look, and they don't want it changed. So it became clear we just weren't going to be able to do that.

So then we decided to go to the Date Street complex, where we have the Boulder Canyon Operations Office, and near there on the Railroad Avenue complex we have some folks. Large acreage there we inherited from Bureau of Mines, a lot of old rat-trap buildings and some lower-level pollutants, even in the soil. So now we're looking there. We want to bring the people. It's sort of a limited scale. We simply want to build a building close by the Date Street building where we have the Boulder Canyon Operations Office, where we can bring our Resources Management people and our Engineering Services people, put them in that building, so at least they can be near one another and function as an office. And we do have good local support for that.

As part of that initiative, we've been partnering with the city. The city wants to expand. It has its yards and so on over there, and they want to expand and sort of revamp. We're working with them. We'll probably end up giving them some additional land somehow to expand a little bit there, and we'll make a nice, attractive facility there.

Costs are an issue, so we've determined that the most effective way to do this is to get some of the prefabricated buildings that we can make look pretty nice, and they're comfortable, and move them in and do it for maybe a couple million dollars or something like that.

Anyway, that's sort of what I'm hoping to accomplish before I retire, is at least make it so that our office is more functional. It's not going to be perfect, not the way I wanted it, but at least we'll have more of an office relationship and environment going there.

Storey: So would having that complex mean abandoning this complex?

Neilson: No. What we would do is abandon the Mead Complex. The Mead Complex belongs to Western Area Power Administration, and they have allowed us to move in there.

They haven't charged us much, but the building is not up to code. There's all kinds of problems down there. Not only that, but here we are, we have our staff in a facility that is surrounded on three sides by a high-voltage substation, you know. Actually, it's a huge complex. So there's a lot of discomfort about E-M-F, electromagnetic field, and the impacts of that. It's just not a good situation, and they're hauling in all kinds of stuff down there. They're putting in more power switching stuff down in there.

So we have problems with sewer, we have problems with water, we have problems with power. I mean, it's not a good situation, so I'm hopeful we can get them out of there and come back up here in a better facility. Then we'd free up some space down at the dam when we move the Engineering Services Group out of there. Otherwise, we will keep the Date Street building, we'll keep the Railroad Avenue complex, and we'll also keep the Regional Office part here, we'll continue to use it. So I won't be able to accomplish the overall consolidation I wanted to, but sometimes you have to be realistic and do what you can.

Storey: Yes. Sometimes it gets very difficult.

Neilson: Yes.

Storey: What kind of traveling are you doing nowadays?

Traveling for the Region

Neilson: Well, it kind of comes in bursts. I still travel quite a bit to Yuma, and I do a lot of work for the Regional Director, making presentations and so on at different places. I have the responsibility for representing the Bureau on the Navajo Generation Station Management Group. For instance, next week I'll be traveling to San Francisco to attend a meeting there with the Navajo Generation Station managers and American Indian tribes. I've got to go to Flagstaff next week to make a presentation to the Arizona Municipal Power Users Association for Bob. I wanted to make a trip to Yuma, and I think I still will, to visit the Yuma Area Office and talk to the Area Manager there and do the interim progress review analysis with him and see some of the things, talk about issues.

Last week I attended a managers' conference in Seattle and took a look at a couple of dams that we're going to be taking up for the Park Service up there in the Olympic-

Storey: The Elwha.

Neilson: Yes, Elwha. And so it's stuff like that. I do quite a bit of travel. I could do a lot more if I wanted to, but I still maintain that someone needs to stay here as much as possible and basically run the business.

Storey: And yesterday you were in Phoenix.

Neilson: No, I didn't go.

Storey: Oh, you didn't go?

Neilson: No, I canceled because I found—here's a problem that I have. We had all of these R-P-As and things that we're doing in consultation on the river. Turned out there was a big briefing for the Regional Director on the progress of what's happening there. Crucial to me to be there and understand so I'll know, too, because I'm responsible for that program, and nobody bothered to tell me. And it's because the Regional Director wanted a briefing, you see, and Bob's involved, and somehow I just got out. So I thought, well, prudence is the better part of valor, so I postponed my trip to Phoenix to visit the Area Manager there so I could attend that briefing.

Storey: And an R-P-A is?

Neilson: Reasonable and Prudent Alternative. So to cutting back your operation. In other words, you can continue to do your operation if you'll adopt these reasonable and prudent alternatives, which will restore or tend to restore the critical habitat for endangered species, basically, is what it is.

The consultation, the Fish and Wildlife Service determined that we had had an impact on endangered species in lower Colorado River because of operations of the river, so to offset those impacts, they agreed on these alternatives that we could implement. So that's what we're talking about there.

So that's kind of a typical sort of week. Once in a while I'll get a whole week in the office, and it is so nice. I get caught up on stuff, you know. But I have made it—and I've done fairly well at it—I have made it an objective, a goal, to move the correspondence. I don't want it sitting around up here for a week or two, you know. So I try to get it on the desk, review it, and get it out, or get changes made real quick so we can do that. I think that's important.

Storey: Yes. Sometimes the correspondence stuff becomes a problem, you know.

Neilson: Yes.

Storey: I had a letter four weeks ago that was sent down with a little pink slip on it. What do they call it? Controlled correspondence.

Neilson: Yes.

Storey: Asking about how to do research in Reclamation history. So I wrote the letter, signed it, and told the secretary to send it. And all of a sudden it gets tangled in this web of, well, who can sign it if it's controlled correspondence, and all this stuff.

Let' see. Native American affairs is something that Lorri is handling?

Neilson: She now has that. I did up until she came. Our coordinator is located in Phoenix, sort of remote, but try to keep abreast of what's going on as much as possible. In fact, Lorri spent yesterday down there in the office visiting, trying to get up to speed and

familiar with the issues.

Storey: What does engineering services do nowadays?

Neilson: Design and construction.

Storey: And what are we designing and constructing?

Regional Design and Construction

Neilson: Good question. Big problem. We do a lot of design work for the dam. Small stuff, you know, like designing, if they want to replace a generator or repair a generator, do a transformer, change this or that. So the dam keeps them fairly busy. But the majority of the design work we do now is toward the endangered species activity we're doing or that kind of thing.

Yuma still has to maintain levees and build levees and all those kinds of things, and they have their own staff, so they still do a lot of design work associated with replacement or building of levees and river control structures. Phoenix is involved with wetlands, so certainly wetlands construction and a bunch of things.

So those are the sorts of things that our design and construction folks are involved with right now. You're familiar with what happened at Headgate Rock,⁴² where we flooded the powerplant there.

Storey: No, I'm not.

Neilson: Well, we did. It's a B-I-A [Bureau of Indian Affairs] facility. We built a powerhouse there. It was an existing diversion dam. There was enough head that it was determined it would be worthwhile to put a powerplant, a low-head powerplant there. Well, we had a powerplant. Well, we acted on behalf of B-I-A and constructed that, and we had some power outfit do the design work for the units, and apparently there was a weakness in the design of the shaft between the—I've got to get my terminology right here—the wheel, the turbine and the generator, and the shaft twisted and broke, and it allowed water to come in, and it flooded the whole thing. I mean, clear to the ceiling. I mean, the thing was full of water.

So finally we went to work, got the water out of there, and then we had to basically rebuild the plant units, the whole nine yards. So our design and construction folks have been the ones that have been shepherding that through. It's supposed to be basically completed, I think, at the end of this month.

Storey: When did we built this?

Neilson: It's been about, I think, four or five years ago.

42. Headgate Rock Dam was constructed in 1942 and is operated by the Bureau of Indian Affairs. Lake Moovalya was created by this dam and provides irrigation water to Colorado River Indian Reservation farms.

Storey: This is a recent powerplant.

Neilson: Yes, yes. And so Voith, I think is the name of the outfit, Voith Hydro, the designers, they worked with us and incurred a good share of the costs to make the modifications.

Storey: Because their equipment was faulty.

Neilson: Yes. So anyway, that's been a big project for our folks. Still doing some work on C-A-P on the Tucson end, as far as evaluating tunnel storage, what do we want to do there. There's some potential for some design work there eventually. I wanted to put a security wall and some—what do the heck do you call them? Anyway, a barrier that drops so you can drive over it on the road.

Storey: Yes.

Neilson: It's some kind of French name.

Storey: I know what you mean.

Neilson: Anyhow, there's sort of been some design work on that. I'm pleased, finally after about two years, that they've gotten that and now they've moved it to contracts, so they can let a contract to start doing some work there. I was lobbying for a wall, a retaining wall that went around our property here next to the sidewalks, but we've now opted, based on input that we've received from some citizens, to come up here. The steps come up and then it kind of levels off in one tier, then comes up again, so put the wall right there where we have the second rise right up around the top here, which will work. So we're going to do that. And bollards. We were installing bollards to keep traffic control. So I've got them busy doing that. Now we're working on this new facility over at Date Street, and they're utilizing the Denver Office to help them with that, to write the contract.

So there are things, but there's no big projects that they're working on, and Denver did those anyway, so it's more of the typical day-to-day operations, stuff you need to either change facilities or modify or replace, add small things. That's basically our business.

Storey: You've already started on this, but let's talk about how do you figure out what needs to be done in Denver and what needs to be done here? What's the nature of your staff here that determines that?

Determining Expertise Levels in the Region and Area Offices

Neilson: Well, it's between here and Denver and it's also between here and the area offices. The problem goes clear down to the area office. And that is, they have work. What can you justify? What kind of skill and expertise can you justify keeping? And so each area office is expected to do a rigorous evaluation of this program, and if they have sufficient work to support full time a staff, then it's okay, they can staff up and they can do that.

If they don't, then the expectation is that we at the regional level will also do this evaluation, this analysis, and look at what the area office and the Regional Office need, what the capabilities are in the area offices, or what they should be. Then we will staff to handle the recurring things which would justify a full-time staff to do. Okay, now there are things then that we will also need that we can't justify hiring periodically. So those are the kinds of things, then, that we would expect Denver to have the capability to deal with.

Now, if there are some unusual things that we just decide as an agency that are just not enough demand of that, that we want to staff that particular skill, then we would contract. So the rule is that the area offices will do what they can, and then if they need help, they'll come to the region. The region will look at it, and if we can do it for them, we will. If not, we go to Denver. If Denver can't, then we would contract.

Now, here's what happens. The area office managers and the Regional Office managers are all strapped for money, so if they have some work they need done, they're going to go to the least-cost source. So we have this problem with them going out and contracting any firms 8A, these small businesses, and getting the work done. And one of the problems the Technical Service Center's had is, because they have so much overhead they have to include in their rates, in some cases they're not very competitive. So it's kind of a death spiral. The less that everyone uses them, the more they have to charge those that use them, the more the rate goes up, the fewer you use them, and so the higher their rates go. So it's kind of that death thing, you know. You just kind of get to the point where you can't afford to be in business. So we're working real hard as an agency to try to get their costs down, the charges, and use them more. Same in the region.

Now we have this effort going on, we developed a design and construction team which has a representative from each area office, and our design and construction group here, our Engineering Services, we have a regional engineer, and it's their responsibility to kind of lay out how we want to deal with the design and construction program in the region versus the area offices, versus Denver. I think they're making some progress. It's tough. When Blaine Hamann was here, he led an effort to try to sort all that out, and turf became an issue really quick. Bob has never been willing to say, "Thus shall it be." Okay? And so the area office staffers, well, first of all, they don't want to upset their bosses, and on the other hand, they don't want to agree to something which will eliminate their jobs anyway. So it's been really tough because of this turf thing, to get a nice, cohesive, well-functioning arrangement. I'm not saying that it's broke. It works. But it could be better managed, I think, more effectively managed if we had this good coordination and understanding of who's going to do what for whom, better delineated. So we're working on that.

Storey: Good. Is there anything else we should talk about today? It's time for me to let you go.

Neilson: Well, then that probably should be good.

Storey: Okay. Good. I appreciate it.

Neilson: I'm pleased to be able to visit with you.

Storey: Let me ask again whether you're willing for the information on these tapes and the resulting transcripts to be used by researchers.

Neilson: Yes.

Storey: Great. Thank you.

END SIDE 2, TAPE 2. JULY 19, 2000.
END OF INTERVIEWS.