

**GENERAL STATEMENT
BUREAU OF RECLAMATION
BUDGET JUSTIFICATIONS - FY 2009**

Introduction

Reclamation's fiscal year (FY) 2009 Budget request continues to support Reclamation's efforts to deliver water and generate hydropower, consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner.

The funding proposed is for key projects important to the Department of the Interior (Department) and in line with Administration objectives. The budget request also supports Reclamation's participation in efforts to meet emerging water supply needs, to resolve water shortage issues in the West, to promote water conservation and improved water management, and to take actions to mitigate adverse environmental impacts of projects.

The FY 2009 request will allocate funds to projects and programs based on objective and performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for the water and power infrastructure in the West. To the extent possible, the FY 2009 budget emphasizes the following principles: 1) Secure non-Federal cost-sharing partners to meet project or program funding needs, and leverage funding requests through these collaborative partnerships; 2) Utilize competitive processes for the awarding of grants, contracts, or other government services; 3) Conduct the management of Reclamation's water infrastructure and programs by setting priorities on a Western-wide basis.

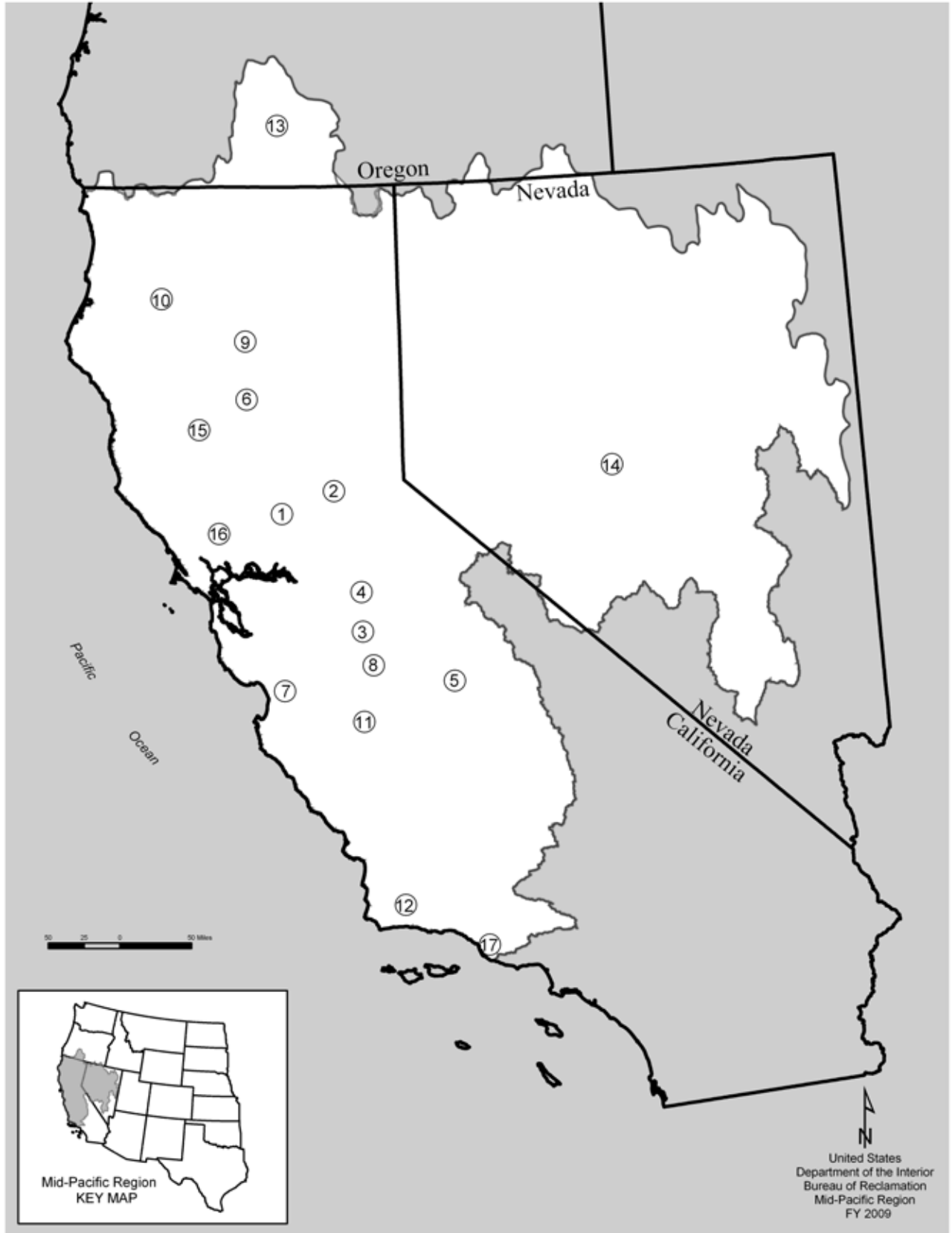
The FY 2009 request for Reclamation totals **\$919.3** million in gross budget authority. The request takes into consideration the effects of the proposed legislation for FY 2009 that will redirect \$7.5 million for Friant surcharges from the Central Valley Project Restoration fund to the San Joaquin River Restoration Fund. The request is partially offset by discretionary receipts in the Central Valley Project Restoration Fund (\$48.3 million) resulting in net discretionary budget authority of **\$871.0** million.

Water and Related Resources - \$779,320,000

The FY 2009 Water and Related Resources request provides funding for five major program activities -- Water and Energy Management and Development (**\$254.4** million), Land Management and Development (**\$30.8** million), Fish and Wildlife Management and Development (**\$97.8** million), Facility Operations (**\$213.7** million), and Facility Maintenance and Rehabilitation (**\$182.6** million).

In FY 2009, Reclamation will partner with the U.S. Geological Survey (USGS) to implement the Water for America Initiative aimed at addressing 21st century water challenges and ensuring secure water supplies for future generations. The funding request for Reclamation's portion is \$31.9 million, of which \$19.0 million appears as the Water for America Initiative line item. The remaining \$12.9 million is included in specific projects for endangered species recovery activities (\$8.9 million) and investigation programs (\$4.0 million). Reclamation's efforts focus on two of the Initiative's three strategies: Plan for Our Nation's Water Future; and Expand, Protect, and Conserve Our Nation's Water Resources. The third strategy to Enhance Our Nation's Water Knowledge will be undertaken by USGS.

As part of the Plan for Our Nation's Water Future component of the Initiative, Reclamation will merge the existing investigation programs with a new basinwide studies program, thus initiating comprehensive water supply and demand studies to assess the impact of increased water demands on finite water sources. The Expand, Protect, and Conserve Our Nation's Water Resources component incorporates the most



CVP, Auburn-Folsom South Unit

LOCATION: The Auburn-Folsom South Unit (Unit) is located in the east-central part of the Sacramento-San Joaquin Valley in El Dorado, Placer, Sacramento, and San Joaquin Counties, California.

DESCRIPTION/JUSTIFICATION: This Unit consists of the authorized, but unconstructed Auburn Dam, Reservoir, and Powerplant; the Folsom South Canal, a proposed 68.8-mile long canal (26.7 miles have been completed) with an anticipated capacity of 3,500 cubic feet per second, originating at Nimbus Dam on the American River which would extend southward through San Joaquin County and terminate 20 miles southeast of the City of Stockton; County Line Dam and Reservoir, a proposed earthfill structure 90 feet high and 585 feet long with a capacity of 40,000 acre-feet would develop water and power supplies for delivery to users located in the Unit service area and elsewhere in the project service area when complete. The Unit would provide full irrigation service to 28,300 acres, supplemental irrigation service to 416,050 acres, and 332,000 acre-feet annually for municipal and industrial use. Benefits would also accrue to fish and wildlife, recreation, and water quality. The power installation at Auburn would have an initial capacity of 300,000 kilowatts, consisting of two units of 150,000 kilowatts each, with provisions for ultimate development of the hydroelectric capacity, now estimated to consist of an additional two units of 150,000 kilowatts each. The installation of the ultimate capacity would require additional authorization.

Reclamation has completed a final draft of the Auburn-Folsom South Unit (AFSU) Special Report, Benefits and Cost Update, Central Valley Project dated December 2006. The Special Report was completed in accordance with P.L. 109-103, and was finalized and transmitted to Congress in January 2007.

AUTHORIZATION: P.L. 89-161, Auburn-Folsom South Unit, Central Valley Project, September 2, 1965. P.L. 106-566 authorized title transfer of the Foresthill Divide subunit to Foresthill Public Utility District. The AFSU Report was authorized by P.L. 109-103 Energy and Water Appropriations Act FY 2006, November 19, 2005.

COMPLETION DATA: Water is available from the first 27 miles of the Folsom South Canal. In addition, Sugar Pine Dam and Foresthill conveyance system have been completed. Construction of Auburn Dam has been indefinitely deferred. As of September 30, 2007, the Auburn-Folsom South Unit was 29 percent complete.

PERFORMANCE INFORMATION: This project is aligned with the following *Department of the Interior's Strategic Plan* end outcome goal(s): Deliver Water.

SUMMARIZED FINANCIAL DATA

Program Financial Data

Activity	FY 2008	FY 2009
Water and Energy Management and Development	\$4,647,000	\$2,088,000
Facility Maintenance and Rehabilitation	98,000	0
Enacted/Request	\$4,745,000	\$2,088,000
Non-Federal	0	0
Prior Year Funds	34	0
Total Program	\$4,745,034	\$2,088,000
Prior Year Funds/Non-Federal	(34)	0
Total Reclamation Allotment	\$4,745,000	\$2,088,000

CVP, Auburn-Folsom South Unit

Total Construction Costs to be Allocated

	Total Estimated Cost	Total to 9/30/07	FY 2008	FY 2009	Balance to Complete
Reclamation	\$3,508,205,344	\$427,850,290	\$4,745,034	\$2,088,000	\$3,073,522,020
Adjustments ^{1/}	30,204,433	23,447,366	2,680,477	0	4,076,590
Total	\$3,538,409,777	\$451,297,656	\$7,425,511	\$2,088,000	\$3,077,598,610

^{1/} Includes contributions from the Placer County Water Agency and Sacramento Metropolitan Water Authority and Federal net property transfers. FY 2008 includes undelivered orders.

Construction Cost Allocation and Methodology

Allocation	FY 2008	FY 2009
Irrigation	\$2,055,501,000	\$2,157,739,000
Power	594,471,000	627,664,000
Municipal and Industrial Water	225,116,000	232,375,000
Recreation	18,841,000	18,841,000
Fish and Wildlife	320,708,000	335,371,000
Flood Control	146,359,000	152,940,000
Navigation	10,577,000	11,055,000
Deferred Use	2,425,000	2,425,000
Total	\$3,373,998,000	\$3,538,410,000

^{1/} Rounding adjustment of \$201 made for allocation purposes.

METHODOLOGY: The operational and financial integration provision of the Central Valley Project (CVP) authorization requires that the cost allocation, ratesetting, and repayment studies be performed for the total project rather than individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this unit will change each time there is a change in the total estimated cost of the authorized CVP.

The net increase in the total cost to be allocated of \$164,412,000 includes an increase of \$137,275,060 for indexing to October 2008 projected prices; \$1,506,187 for land resource management; \$812,000 for resource contracts; \$1,000 for energy conservation planning; \$78,295 for NEPA compliance costs; \$4,560 for ESA compliance costs; \$25,702,486 for PCWA permanent pumps; \$11,427 for PCWA temporary pumps; partially offset by a decrease of \$260,000 for miscellaneous agreements with other agencies; \$230,569 for accessibility corrective actions; \$427,208 for maintenance of buildings/grounds/roads; and \$61,037 for hazardous materials program investigation costs; and \$201 for rounding adjustment.

APPROPRIATION CEILING: Appropriations authorized are \$2,330,000,000 (October 2008). The comparable Federal obligation is \$3,508,205,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation. Appropriate congressional committees will be advised of the ceiling status for this project. Legislation to provide additional appropriation ceiling would be needed to complete the project as authorized. Current commitments will be held within the existing ceiling.

WORK PROPOSED FOR FY 2009:**Water and Energy Management and Development -**

American River Pump Station - Completes construction of the replacement pumping facility for Placer County Water Agency, temporarily closing the Auburn Dam diversion tunnel, and restoring the river channel. The decrease is due to project closeout and contract completion. 215,000

Utilization/Development/Implementation - Continues management contracts for land, grounds, and buildings for Auburn-Folsom South Unit. 1,833,000

Administration and Compliance - Continues Comprehensive Environmental Response, Compensation, and Liability Act compliance and hazardous materials management program. 40,000

Reclamation Request**\$2,088,000**

SEE APPENDIX FOR: Benefit Cost Ratios as of October 1, 2008
 Land Certification
 Project Repayment FY 2009
 Status of NEPA Compliance
 Status of Water Service and Repayment Contracts
 Summary of Irrigation Investment