

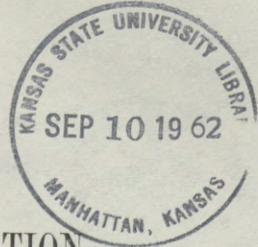
Y 4
. In 8/13
F94/
962

1040

87 1/4
Jan 8/13
F94
962

FRYINGPAN-ARKANSAS PROJECT, COLORADO

GOVERNMENT
Storage



HEARING
BEFORE THE
SUBCOMMITTEE ON
IRRIGATION AND RECLAMATION
OF THE



COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS
SECOND SESSION

ON
S. 284

A BILL TO AUTHORIZE THE CONSTRUCTION, OPERATION,
AND MAINTENANCE BY THE SECRETARY OF THE INTE-
RIOR OF THE FRYINGPAN-ARKANSAS PROJECT, COLORADO

JUNE 28, 1962

Printed for the use of the
Committee on Interior and Insular Affairs



4
7
12/8/13
1047
202



COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

CLINTON P. ANDERSON, New Mexico, *Chairman*

HENRY M. JACKSON, Washington
ALAN BIBLE, Nevada
JOHN A. CARROLL, Colorado
FRANK CHURCH, Idaho
ERNEST GRUENING, Alaska
FRANK E. MOSS, Utah
OREN E. LONG, Hawaii
QUENTIN N. BURDICK, North Dakota
LEE METCALF, Montana
J. J. HICKEY, Wyoming

HENRY DWORSHAK, Idaho
THOMAS H. KUCHEL, California
GORDON ALLOTT, Colorado
JACK R. MILLER, Iowa
MAURICE J. MURPHY, Jr., New Hampshire
JAMES B. PEARSON, Kansas

JERRY T. VERKLER, *Chief Clerk*
STEWART FRENCH, *Chief Counsel*

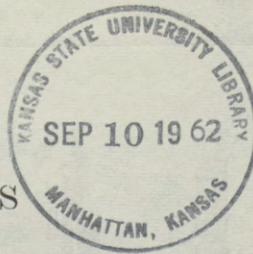
ROY WHITACRE, *Committee Assistant for Reclamation*

SUBCOMMITTEE ON IRRIGATION AND RECLAMATION

CLINTON P. ANDERSON, New Mexico, *Chairman*

HENRY M. JACKSON, Washington
JOHN A. CARROLL, Colorado
QUENTIN N. BURDICK, North Dakota
J. J. HICKEY, Wyoming

THOMAS H. KUCHEL, California
GORDON ALLOTT, Colorado
JACK R. MILLER, Iowa



CONTENTS

	Page
Text of bill, S. 284.....	1
Agency reports on S. 284:	
Agriculture Department.....	9
Bureau of the Budget.....	5
Interior Department.....	5
Fryingpan-Arkansas project, Colorado.....	IV

STATEMENTS

Allott, Hon. Gordon, a U.S. Senator from the State of Colorado.....	14
Boustead, Charles, executive secretary, Southeastern Colorado Water Conservancy District.....	61
Carroll, Hon. John A., a U.S. Senator from the State of Colorado.....	10
Chenoweth, Hon. J. Edgar, a Representative in Congress from the State of Colorado.....	22
Goslin, Ival V., executive director, Upper Colorado River Commission...	64
Kuiper, Leonard R., acting director, Colorado Water Conservation Board...	57
McDonald, Angus, assistant director, Division of Legislative Services, National Farmers Union.....	72
McNichols, Hon. Steve, Governor, State of Colorado.....	32
Palmer, William I., Assistant Commissioner, Bureau of Reclamation; accompanied by James L. Ogilvie, Harold Davis, Dan McCarthy, and Jim T. Casey.....	38, 52
Robinson, Charles A., Jr., staff engineer and counsel, National Rural Electric Cooperative Association.....	66
Udall, Hon. Stewart L., Secretary of the Interior.....	29

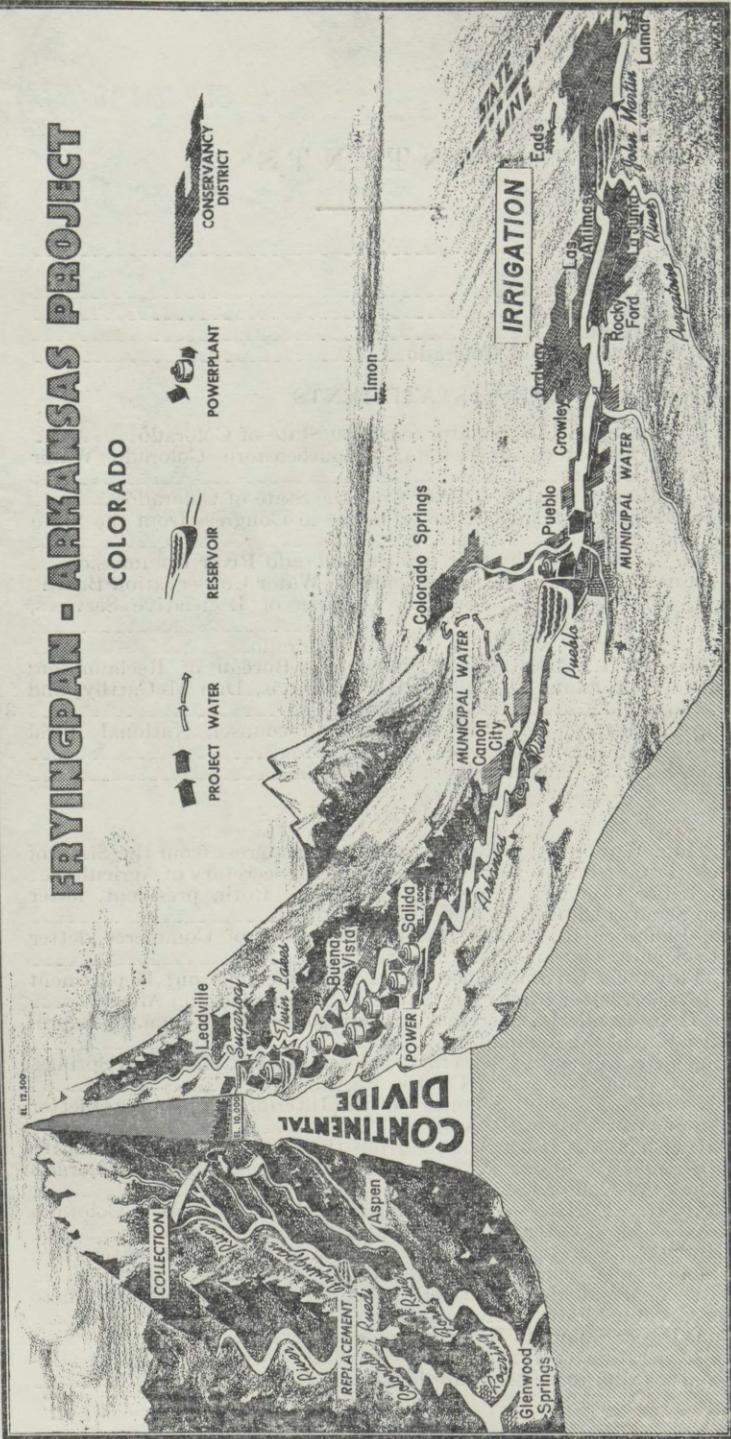
COMMUNICATIONS

Aspinall, Hon. Wayne N., a Representative in Congress from the State of Colorado, letter from, to Hon. Orville Freeman, Secretary of Agriculture...	48
Colorado Labor Council, AFL-CIO, Herrick S. Roth, president, letter from, to Senator Clinton P. Anderson.....	72
Campton, Laurence R., manager, Salida Chamber of Commerce, letter from, to Senator Gordon Allott.....	21
Dominy, Floyd E., Commissioner, Bureau of Reclamation; Department of the Interior, letter from with tables, to Senator Gordon Allott.....	17
Freeman, Hon. Orville L., Secretary of Agriculture, letter from, to Representative Wayne N. Aspinall.....	49
Guild, Eugene R., executive secretary, the Angrilantes, Glenwood Springs, Colo., letter from, to Senator Clinton P. Anderson.....	32
Holum, Kenneth, Assistant Secretary of the Interior, supplemental letter from, to Senator Clinton P. Anderson.....	10
Kuchel, Hon. Thomas H., a Senator from the State of California, letter from, to Senator Clinton P. Anderson with letter from the Colorado River Board of California.....	71
Mattingly, Mrs. E. H., secretary-treasurer, Salida Chapter, Colorado Motel Association, letter from, to Senator Gordon Allott.....	21
Noren, Harry A., secretary, Denver Chamber of Commerce, letter from with resolution, to Senator Gordon Allott.....	21
Person, R. T., president, Public Service Co. of Colorado, letter from, to Senator Gordon Allott.....	20
Resolution, Upper Colorado River Commission.....	64
Tri-State Generation & Transmission Association, Inc., Wendell J. Garwood, letter from, to Senator Gordon Allott.....	45

FRYINGPAN - ARKANSAS PROJECT

COLORADO

-  PROJECT WATER
-  RESERVOIR
-  POWERPLANT
-  CONSERVANCY DISTRICT



March 1960

THE FRYINGPAN-ARKANSAS PROJECT, COLORADO

THURSDAY, JUNE 28, 1962

U.S. SENATE,
SUBCOMMITTEE ON IRRIGATION AND RECLAMATION
OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 3110, New Senate Office Building, Senator Clinton P. Anderson (chairman of the committee) presiding.

Present: Senators Clinton P. Anderson of New Mexico, John A. Carroll of Colorado, Frank E. Moss of Utah, J. J. Hickey of Wyoming, Henry C. Dworshak of Idaho, and Gordon Allott of Colorado.

The CHAIRMAN. The Subcommittee on Irrigation and Reclamation will please come to order.

The hearing this morning is on S. 284, the Fryingpan-Arkansas reclamation project.

I am sure that most of the members of the committee are completely familiar with the proposal. It has been before the committee and the Congress since 1954. Three times it has had committee approval and was passed by the Senate in the 83d, 84th, and 85th Congress.

This year, for the first time, a companion measure H.R. 2206 has passed the House and it too is before our committee.

In view of the extensive record already compiled on this project, I would suggest that the witnesses confine themselves to new material. The transcripts of the previous hearings will be incorporated in the record by reference. A copy of the bill and copies of the executive department reports will be inserted in the record at this point.

(The bill and reports referred to follow:)

[S. 284, 87th Cong., 1st sess.]

A BILL To authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of supplying water for irrigation, municipal, domestic, and industrial uses, generating and transmitting hydroelectric power and energy, and controlling floods, and for other useful and beneficial purposes incidental thereto, including recreation and the conservation and development of fish and wildlife, the Secretary of the Interior is authorized to construct, operate, and maintain the Fryingpan-Arkansas project, Colorado, in substantial accordance with the engineering plans therefor set forth in House Document Numbered 187, Eighty-third Congress, modified as proposed in the September 1959 report of the Bureau of Reclamation entitled "Ruedi Dam and Reservoir, Colorado", with such minor modifications of, omissions from, or additions to the works described in those reports as he may find necessary or proper for accomplishing the objectives of the project. Such

modifications or additions as may be required in connection therewith shall not, however, extend to or contemplate the so-called Gunnison-Arkansas project; and nothing in this Act shall constitute a commitment, real or implied, to exportations of water from the Colorado River system in Colorado beyond those required for projects heretofore or herein authorized. In constructing, operating, and maintaining the Fryingpan-Arkansas project, the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902; 32 Stat. 388, and Acts amendatory thereof or supplementary thereto).

(b) A Reservoir at the Ruedi site on the Fryingpan River with an active capacity of approximately one hundred thousand acre-feet shall be constructed in lieu of the reservoir on the Roaring Fork River at the Aspen site contemplated in House Document Numbered 187, Eighty-third Congress. The Secretary shall investigate and prepare a report on the feasibility of a replacement reservoir at or near the Ashcroft site on the Roaring Fork River above its confluence with the Fryingpan River with a capacity of approximately five thousand acre-feet, but construction thereof shall not be commenced unless said report, which shall be submitted to the President and the Congress, demonstrates the feasibility of said reservoir and is approved by the Congress. The Secretary shall expedite completion of his planning report on the Basalt project, Colorado, as a participating project under the Act of April 11, 1956 (70 Stat. 105), and said report shall have the priority status of the reports to which reference is made in section 2 of said Act.

(c) No part of the single purpose municipal and industrial water supply works involved in the Fryingpan-Arkansas project shall be constructed by the Secretary in the absence of evidence satisfactory to him that it would be infeasible for the communities involved to construct the works themselves, singly or jointly. In the event it is determined that these works, or any of them, are to be constructed by the Secretary, a contract providing, among other things, for payment of the actual cost thereof, with interest as hereinafter provided, as rapidly as is consistent with the contracting parties' ability to pay, but in any event, within fifty years from the time the works are first available for the delivery of water, and for assumption by the contracting parties of the care, operation, maintenance, and replacement of the works shall be a condition precedent to construction thereof.

SEC. 2. (a) Contracts to repay the portion of the cost of the Fryingpan-Arkansas project allocated to irrigation and assigned to be repaid by irrigation water users (exclusive of such portion of said cost as may be derived from temporary water supply contracts or from other sources) which are entered into pursuant to subsection (d), section 9, of the Reclamation Project Act of 1939 (53 Stat. 1187), as amended, shall provide for a basic repayment period of not more than fifty years after completion of construction and shall not provide for any development period. Such contracts shall be entered into only with organizations which have the capacity to levy assessments upon all taxable real property located within their boundaries.

(b) Rates charged for commercial power and for water for municipal, domestic, or industrial use or for the use of facilities for the storage and/or delivery of such water shall be designed to return to the United States, within not more than fifty years from the completion of each unit of the project which serves those purposes, those costs of constructing, operating, and maintaining that unit which are allocated to said purposes and interest on the unamortized balance of said construction allocation and, in addition, within the period fixed by subsection (a) of this section, so much of the irrigation allocation as is beyond the ability of the water users and other organizations to repay.

(c) The interest rate on the unamortized balance of the commercial power and municipal, domestic, and industrial water supply allocations shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which construction is initiated, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations, which are neither due nor callable for redemption for fifteen years from the date of issue.

SEC. 3. (a) The Fryingpan-Arkansas project shall be operated under the direction of the Secretary in accordance with the operating principles adopted by the State of Colorado on December 9, 1960, and reproduced in House Document Numbered _____, Eighty-seventh Congress.

(b) The Secretary may appoint the two representatives of the United States to the Commission referred to in paragraph 19 of said principles and may, upon

unanimous recommendation of the parties signatory to the operating principles, adopt such modifications therein as are not inconsistent with the provisions of this Act.

(c) Any and all benefits and rights of western Colorado water users in and to water stored in the Green Mountain Reservoir, Colorado-Big Thompson project, as described, set forth and defined in Senate Document Numbered 80, Seventy-fifth Congress, shall not be impaired, prejudiced, abrogated, nullified, or diminished in any manner whatever by reason of the authorization, construction, operation, and maintenance of the Fryingpan-Arkansas project.

(d) Except for such rights as are appurtenant to lands which are acquired for project purposes, no valid right to the storage or use of water within the natural basin of the Colorado River in the State of Colorado shall be acquired by the Secretary of the Interior through eminent domain proceedings for the purpose of storing or using outside of said basin the water embraced within that right, and no water, the right to the storage or use of which is so acquired by anyone other than the Secretary, shall be transported through or by means of any works of the Fryingpan-Arkansas project from the Colorado River Basin to the Arkansas River Basin.

SEC. 4. (a) The Secretary is authorized and directed (1) to investigate, plan, construct, operate, and maintain public recreational facilities on lands withdrawn or acquired for the development of said project, (2) to conserve the scenery, the natural, historic, and archeologic objects, and the wildlife on said lands, (3) to provide for public use and enjoyment of the same and of the water areas created by this project by such means as are consistent with the purposes of said project, and (4) to investigate, plan, construct, operate, and maintain facilities for the conservation and development of fish and wildlife resources. The Secretary is authorized to acquire lands and to withdraw public lands from entry or other disposition under the public land laws necessary for the construction, operation, and maintenance of the facilities herein provided, and to dispose of them to Federal, State, and local governmental agencies by lease, transfer, exchange, or conveyance upon such terms and conditions as will best promote their development and operation in the public interest: *Provided*, That all lands within the exterior boundaries of a national forest acquired for recreational or other project purposes which are not determined by the Secretary of the Interior to be needed for actual use in connection with the reclamation works shall become national forest lands: *Provided further*, That the Secretary of the Interior shall make his determination hereunder within five years after approval of this Act or, in the case of individual tracts of land, within five years after their acquisition by the United States: *And provided further*, That the authority contained in this section shall not be exercised by the Secretary of the Interior with respect to national forest lands without the concurrence of the Secretary of Agriculture.

(b) The costs, including the operation and maintenance costs, of the undertakings described in subsection (a) of this section shall be nonreimbursable and nonreturnable under the reclamation laws, and funds appropriated for carrying out the authorization contained in section 1 of this Act shall, without prejudice to the availability of other appropriated moneys for the same purpose, also be available for carrying out the investigations and programs authorized in this section.

SEC. 5. (a) The use of water diverted from the Colorado River system to the Arkansas River Basin through works constructed under authority of this Act shall be subject to and controlled by the Colorado River compact, the Upper Colorado River Basin compact, the Boulder Canyon Project Act, the Boulder Canyon Project Adjustment Act, the Colorado River Storage Project Act, and the Mexican Water Treaty (Treaty Series 994), and shall be included within and shall in no way increase the total quantity of water to the use of which the State of Colorado is entitled and limited under said compacts, statutes, and treaty, and every contract entered into under this Act for the storage, use, and delivery of such water shall so recite.

(b) All works constructed under authority of this Act, and all officers, employees, permittees, licensees, and contractees of the United States and of the State of Colorado acting pursuant thereto, and all users and appropriators of water of the Colorado River system diverted or delivered through the works constructed under authority of this Act and any enlargements or additions thereto shall observe and be subject to said compacts, statutes, and treaty, as hereinbefore provided, in the diversion, delivery, and use of water of the Colorado

River system, and such condition and covenant shall attach as a matter of law whether or not set out or referred to in the instrument evidencing such permit, license, or contract and shall be deemed to be for the benefit of and be available to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming and the users of water therein or thereunder by way of suit, defense, or otherwise in any litigation respecting the waters of the Colorado River system.

(c) None of the waters of the Colorado River system shall be exported from the natural basin of that system by means of works constructed under authority of this Act, or extensions and enlargements of such works, to the Arkansas River Basin for consumptive use outside of the State of Colorado, and no such waters shall be made available for consumptive use in any State not a party to the Colorado River compact by exchange or substitution; nor shall the obligations of the State of Colorado under the provisions of the Arkansas River compact (63 Stat. 145) be altered by any operations of the Fryingpan-Arkansas project.

(d) No right or claim of right to the use of the waters of the Colorado River system shall be aided or prejudiced by this Act, and the Congress does not, by its enactment, construe or interpret any provision of the Colorado River compact, the Upper Colorado River Basin compact, the Boulder Canyon Project Act, the Boulder Canyon Project Adjustment Act, the Colorado River Storage Project Act, or the Mexican Water Treaty or subject to the United States to, or approve or disapprove any interpretation of, said compacts, statutes, or treaty, anything in this Act to the contrary notwithstanding.

(e) In the operation and maintenance of all facilities under the jurisdiction and supervision of the Secretary of the Interior authorized by this Act, the Secretary of the Interior is directed to comply with the applicable provisions of the Colorado River compact, the Upper Colorado River Basin compact, the Boulder Canyon Project Act, the Boulder Canyon Project Adjustment Act, the Colorado River Storage Project Act (and any contract lawfully entered into by the United States under any of said Acts), the treaty with the United Mexican States, and the operating principles, and to comply with the laws of the State of Colorado relating to the control, appropriation, use, and distribution of water therein. In the event of the failure of the Secretary of the Interior to so comply, any State of the Colorado River Basin may maintain an action in the Supreme Court of the United States to enforce the provisions of this section and consent is given to the joinder of the United States as a party in such suit or suits, as a defendant or otherwise, and any person or entity whose rights may be affected, impaired, or infringed upon by reason, or as a result, of such noncompliance may maintain an action, suit, or proceeding in the United States District Court in and for the District of Colorado seeking appropriate relief, and consent is hereby given to the joinder of the United States, the Secretary of the Interior, and his subordinate officials, employees, and agents as a party or parties to such action, suit, or proceeding, as a defendant or otherwise.

Sec. 6. The Secretary of the Interior is directed to continue his studies of the quality of water of the Colorado River system, to appraise its suitability for municipal, domestic, and industrial use and for irrigation in the various areas in the United States in which it is used or proposed to be used, to estimate the effect of additional developments involving its storage and use (whether heretofore authorized or contemplated for authorization) on the remaining water available for use in the United States, to study all possible means of improving the quality of such water and of alleviating the ill effects thereof, and to report the results of his studies and estimates to the Congress on January 3, 1963, and every two years thereafter.

Sec. 7. There is hereby authorized to be appropriated for construction of the Fryingpan-Arkansas project, the sum of \$170,000,000, plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the types of construction involved herein. There are also authorized to be appropriated such additional sums as may be required for operation and maintenance of the project and for future costs incurred under section 4 of this Act.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., May 1, 1961.

HON. CLINTON P. ANDERSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of January 17, 1961, requesting the views of the Bureau of the Budget on S. 284, a bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

The purpose of the bill is clearly stated in its title.

Sections 3 and 5 of S. 284 would (a) require the Secretary of the Interior to operate the Fryingpan-Arkansas project in accordance with certain operating principles adopted by the State of Colorado, (b) provide for the appointment of Federal representatives to a proposed commission to be composed of two representatives of the United States and three representatives of agencies of the State, and (c) consent to legal actions in Federal courts and to the joinder of the United States and Federal officials as parties to such legal actions. We will not be in a position to advise you with respect to our views on these provisions until we have obtained the advice of the Department of Justice on this matter. We have asked the Department for its views and will supplement this letter when the Department's reply is received.

We note that \$1,757,800 of the costs of the proposed Reudi Dam has been allocated to fish and wildlife, although no specific costs will be incurred for the realization of fish and wildlife benefits, and that a 100-year evaluation period has been used in allocating the costs of the dam among its purposes. In this connection, the President in his natural resources message instructed the Bureau of the Budget to reevaluate current standards for appraising the feasibility of water resources projects. A review of current standards is currently underway, pursuant to the President's instructions, and is scheduled for completion early in June 1961. We would expect that, prior to a request for funds to initiate construction on the Fryingpan-Arkansas project, the Secretary of the Interior would reallocate the costs of the project in accordance with the evaluation standards for water resources to be established following completion of this review.

Accordingly, subject to the understanding that we will supplement the views expressed in this letter when the views of the Department of Justice are received, the Bureau of the Budget would have no objection to the enactment of S. 284.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 2, 1961.

HON. CLINTON P. ANDERSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR SENATOR ANDERSON: This is in response to your request for an expression of the views of this Department on S. 284, a bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

We recommend that this bill be enacted, provided that it is amended as hereinafter indicated.

S. 284 is a revised version of S. 2700, 86th Congress, on which this Department reported by letter dated April 1, 1960. It provides for the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado. The purposes served by the project would be the supplying of water for irrigation, municipal, domestic and industrial uses, generating and transmitting hydroelectric power and energy, and controlling floods, and for other useful and beneficial purposes incidental thereto, including recreation and conservation and development of fish and wildlife.

A rather full description of the engineering features of this proposed undertaking, of the purposes which it will serve, and of the benefits which will be associated with it is readily available in the report of the Department of the

Interior on the project which was submitted on June 9, 1953, to the President of the Senate and the Speaker of the House of Representatives in accordance with the provisions of section 9(a) of the Reclamation Project Act of 1939, and which was printed as House Document 187, 83d Congress.

Since House Document 187 was printed, a number of changes in the project plan have been adopted which can be accommodated under the provisions of the legislation under consideration. A major modification is the substitution of Ruedi, and possibly Ashcroft Dam and Reservoir for Aspen Dam and Reservoir. Other changes include the elimination of the water treatment plant at Pueblo, a change in the point of diversion for service to Colorado Springs, the addition of facilities to insure winter operation, and the withdrawal of certain lands from the Southeast Colorado Conservancy District. The effect of these changes and of changes in price levels and cost indexes on the physical plan and on the economic and financial aspects of the project are set forth in detail in the re-evaluation statement, Fryingpan-Arkansas project, Colorado, January 1960, a copy of which was attached to our letter of April 1, 1960, reporting on S. 2700 of the 86th Congress.

For convenient reference by the committee, the purposes and expected accomplishments of the project may be summarized thus: the project contemplates (1) diverting through the project works from the Roaring Fork River Basin in western Colorado to the Arkansas River Basin in eastern Colorado approximately 69,000 acre-feet of water per annum; (2) diverting through the existing works of the Twin Lakes Co. about 15,000 acre-feet per annum over and above what that company now diverts; (3) construction of storage on the eastern slope for the waters thus imported and, in addition, for eastern slope flood waters and winter flows averaging 50,000 and 93,000 acre-feet per annum, respectively. This plan will provide supplemental irrigation water for 280,000 acres of irrigated land in the Arkansas River Valley which do not now have an adequate water supply, and will supply expanding needs for municipal, domestic, and industrial water on both sides of the Continental Divide. The project will prevent a large part of the flood damages along the Arkansas River which occur, under present conditions, between Pueblo and John Martin Reservoir. In accomplishing these primary purposes of the project, works will be provided for the generation of about 469 million kilowatt-hours of hydroelectric energy annually.

As previously noted, the plan described in House Document 187 involved construction of Aspen Dam and Reservoir on the Roaring Fork River on the western slope of the Continental Divide. This reservoir, the cost of which was included in the cost of the project, was designed to protect the water supply of present and prospective western slope water users from any impairment through diversion of western slope waters to the Arkansas River Basin. Further studies have revealed that the same project purposes could be served from the proposed Ruedi Dam and Reservoir on the Fryingpan River and that that reservoir could also perform a further regulatory function on the Fryingpan River. Therefore, the plan now proposed includes Ruedi Reservoir in lieu of Aspen Reservoir.

A report demonstrating the feasibility and justification of providing replacement storage and regulatory storage for Colorado River Basin uses has been transmitted to the Congress and printed as House Document 353, 86th Congress, 2d session.

The principal change in S. 284 from S. 2700, 86th Congress, is the elimination of section 2(d) of S. 2700. This section would have provided for the return of a portion of the cost of Ruedi Reservoir and Ashcroft Reservoir, or substitutes therefor, as if these reservoirs were participating projects under the Colorado River Storage Project Act of April 11, 1956 (70 Stat. 105), and for all net revenues derived from their operation to be paid into the upper Colorado River Basin fund. Without such provision, S. 284 makes the entire cost of Ruedi Reservoir a part of the Fryingpan-Arkansas project and the reimbursable cost thereof returnable from project revenues. Studies completed in March 1961 show that the expected revenues of the Fryingpan-Arkansas project are sufficient to return the reimbursable costs of the project including all of the reimbursable costs of Ruedi Reservoir.

These studies demonstrate the effect of certain conditions of repayment that were discussed during hearings before the Subcommittee on Irrigation and Reclamation, Committee on Interior and Insular Affairs, House of Representatives, on H.R. 9229 and companion measures to authorize the Fryingpan-Arkansas project in the 86th Congress. These conditions were:

(a) The interest rate formula contained in the Water Supply Act of 1958 be applied in the amortization of interest-bearing investments. (The Secretary of the Treasury has certified the rate of 2.632 percent as being applicable for fiscal year 1961.)

(b) Repayment of all reimbursable project costs be accomplished within 50 years.

(c) A definite plan be made for the repayment of deferred municipal and industrial water supply allocation in Ruedi Dam and Reservoir.

The studies are summarized in the Supplemental Feasibility Analysis, Fryingpan-Arkansas Project, Colorado, March 1961, a copy of which is attached to and made a part of this letter.

The operating principles referred to in section 3 of the bill were first printed in House Document 187. They have since been modified and amended to conform with changes in the plan and to accommodate the plan of repayment for Ruedi Reservoir discussed above. The modified operating principles, as last amended on December 9, 1960, and printed as House Document 130, 87th Congress, are acceptable to this Department as a basis for project operation.

The area affected by the proposed project is an area containing outstanding fish and wildlife resources. The operating principles will safeguard the highly important sport fishery on the western slope by providing for certain specified minimum flows in the Roaring Fork and Fryingpan Rivers. This Department expects also to work out operating plans to protect, to the fullest extent practicable, the potentially important sport fishery resources in the headwaters of the Arkansas River on the eastern slope. This area is relatively close to population centers in east-central Colorado and is subject to heavy use by sportsmen. The inclusion of conservation and development of fish and wildlife as one of the purposes of the project in section 1 of the bill, together with the authority provided in section 4(a) and in the Fish and Wildlife Coordination Act, will permit reasonable modifications in the project plan for the conservation and development of fish and wildlife resources as the Department may find desirable to make under the authority of the proposed legislation. Such modifications will be principally in the plan of operation and not in construction of the project. S. 284 provides the flexibility needed to carry out the investigations and planning for the conservation and development of fish and wildlife resources that are required in the postauthorization stage.

The pending bill would also provide for the construction, operation, and maintenance of public recreation facilities on lands withdrawn or acquired for the Fryingpan-Arkansas project. The costs associated with such facilities would be nonreimbursable. We encourage development of public recreation facilities on lands withdrawn or acquired in connection with the development of Federal reclamation projects. In the absence of one uniform national law governing the development of recreation resources, it is desirable that the merits of recreational development be considered in connection with each individual project.

In our opinion certain provisions of the bill require modification and we recommend the adoption of amendments substantially as set forth below. We further point out some provisions of the bill which, while not essential, are not objectionable:

1. In line 1 on page 3, the words "Castle Creek, a tributary of" should be inserted between the words "on" and "the".

2. Lines 7 through 11, on page 3, have been added to section 1(b) requiring the Secretary to expedite the planning report on the Basalt project, Colorado, as a participating project of the Colorado River storage project. Although this has no bearing on the project authorization, we have no objection to its inclusion.

3. There is some question as to the proper interpretation of section 3(d). Our interpretation, which would be consistent with our proposed plan of development and operation of the Fryingpan-Arkansas project, is that the restriction prescribed in that section would not apply to any water presently planned to be stored and used through the project works, including that of the Twin Lakes diversion and highline canal (Busk-Ivanhoe Tunnel) and any rights that are appurtenant to lands which may be acquired for project purposes, even if the use of eminent domain should be required. In the future, the Secretary would not be able to acquire water rights through eminent domain, and water so acquired by others could not be transported through project facilities, including powerplants. If this interpretation is not proper, the language should be clarified to avoid future problems.

4. Section 6 directs the Secretary to continue his studies of the quality of water of the Colorado River system. Such quality-of-water studies are of general nature applying to the Colorado River Basin and are already required by previous legislation. Except as it is an unnecessary complication of the bill, the repetition of this requirement is not objectionable if it is clearly understood that this is not to be made a financial obligation of the Fryingpan-Arkansas project. If it is retained, we would, therefore, suggest that the period at the end of the section be changed to a comma and that the following words be added: "the expense of said studies to be no part of the financial obligation of the Fryingpan-Arkansas project."

Section 4(a) authorizes the Secretary to acquire lands and to withdraw public lands for the construction, operation, and maintenance of certain named facilities, and to dispose of them to Federal, State, and local governmental agencies as may be in the public interest. It then requires the Secretary within 5 years after the acquisition of any such lands to make a determination as to which of those lands that are within the exterior boundaries of a national forest are not needed for actual use in connection with the reclamation work, and upon that determination being made such lands will then become national forest lands. While we do not object to this provision in connection with this project, we desire to make it clear that we are not approving its terms as a precedent in connection with other projects. At this time we are studying its possible application to other reclamation projects in an effort to formulate an overall policy as to the disposition of those lands in line with the President's special message to the Congress on natural resources. The message instructs the Secretary of the Interior to cooperate with the Secretary of Agriculture and other appropriate Federal, State, and local officials and private leaders to form a comprehensive Federal recreational land program and other recreational matters.

Attached is a statement concerning estimated personnel and other requirements for the Fryingpan-Arkansas project as required by Public Law 801, 84th Congress.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

Estimated additional man-years of civilian employment and expenditures for the first 5 fiscal years (as required by Public Law 801, 84th Cong.)

	1st year	2d year	3d year	4th year	5th year
Estimated additional man-years of civilian employment:					
Executive direction: Administrative services and support:					
Clerical.....	12.75	6.0	3.0		
Personnel.....	1.0				
Total, administrative services and support.....	13.75	6.0	3.0		
Substantive (program):					
Engineers.....	23.5	7.0	2.0		
Engineering aids.....	24.75	28.0	21.5		
Geologists.....		2.0	.5		
Agriculturists.....	1.0				
Economists.....	.5				
Land appraisers and negotiators.....	1.5				
Total, substantive.....	51.25	37.0	23.0		
Total, estimated additional man-years of civilian employment..	65.0	43.0	26.0		
Estimated additional expenditures:					
Personal services.....	\$319,971	\$191,659	\$109,808		
All other.....	465,945	5,853,082	11,193,348	\$15,233,812	\$19,710,556
Total estimated additional expenditures.....	785,916	6,044,741	11,303,156	15,233,812	19,710,556

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 31, 1961.

HON. CLINTON P. ANDERSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate.

DEAR SENATOR ANDERSON: This is a voluntary report by this Department on S. 284, a bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

We are sympathetic with the objectives of the bill and would have no objection to its enactment.

The portion of the bill with which this Department is particularly interested is subsection 4(a). It would authorize and direct the Secretary of the Interior to (1) investigate, plan, construct, operate, and maintain public recreational facilities on lands withdrawn or acquired for the development of the Fryingpan-Arkansas project; (2) conserve the scenery, the natural, historic, and archeologic objects and the wildlife on said lands; (3) provide for public use and enjoyment of same and of the water areas created by this project by such means as are consistent with the purposes of said project; and (4) investigate, plan, construct, and maintain facilities for the conservation and development of fish and wildlife resources. Subsection 4(a) would authorize the Secretary of the Interior also to acquire lands and to withdraw public lands from entry or other disposition under the public land laws necessary for the construction, operation, and maintenance of the recreational facilities and to dispose of them to Federal, State, and local governmental agencies by lease, transfer, exchange, or conveyance upon such terms and conditions as would best promote their development and operation in the public interest.

Subsection 4(a) would further provide that all lands within the exterior boundaries of the national forest acquired for recreational or other project purposes which are not determined by the Secretary of the Interior to be needed for actual use in connection with the reclamation works shall become national forest land, the determination to be made within 5 years after approval of the act or, in the case of individual tracts of land, within 5 years after their acquisition by the United States.

It would also provide that the authority contained in subsection 4(a) would not be exercised by the Secretary of the Interior with respect to national forest lands without the concurrence of the Secretary of Agriculture.

The provisos in subsection 4(a) are the same as those recommended to your committee in our report of May 24, 1960, on S. 2700. They were earlier recommended in our letter of March 21, 1957, on S. 60, 85th Congress, relating to the Fryingpan-Arkansas project, and were adopted by your committee in reporting S. 60 to the Senate.

Some of the lands within the reclamation withdrawal in connection with the Fryingpan-Arkansas project are national forest lands. Under a memorandum of understanding entered into in January 1948, between the Bureau of Reclamation of the Department of the Interior and the Forest Service of this Department, it was agreed that the Forest Service would continue to administer these national forest lands whenever such lands were not in actual use in connection with any reclamation works. The Secretary of Agriculture has authority to manage such lands and is now developing and administering them not only with respect to recreation but also for timber, grazing, wildlife habitat, and other resources. This is planned and done in such a way as not to conflict with major project purposes and is in accord with the principles of multiple use and sustained yield. The bill, if enacted, will permit the continuation of this satisfactory division of responsibility.

Some lands within the exterior boundaries of the national forests would be acquired by the Bureau of Reclamation for project purposes. These lands are intermingled with nearby and adjoining national forest lands. All parts of these acquired lands not needed for actual use in connection with reclamation works would, under the provisions of subsection 4(a) of the bill, become national forest lands. This would facilitate effective and economical administration of these lands by this Department and would permit their development and management as national forest lands under the principles of multiple use and sustained yield, and at the same time would provide protection to the reclamation works.

This Department notes the inclusion in section 1(a) of the provision that the operation of the Fryingpan-Arkansas project shall be governed by the Federal reclamation laws. These laws require that preference in the sales of

power be given to public bodies, and to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act. The cooperatives financed by the Rural Electrification Administration in this Department which would qualify as preference users of the power developed at the project have urged authorization of the project and its construction together with transmission and appurtenant facilities which will enable them to exercise their preference rights. The Department is in accord with their position and believes that enactment of the proposed authorization is consistent with the program interests of the Rural Electrification Administration.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 28, 1961.

HON. CLINTON P. ANDERSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR SENATOR ANDERSON: On May 2, 1961, we submitted to your committee the views of this Department on S. 284, a bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

This letter supplements and revises that report.

In addition to the suggestions contained in our May 2, 1961 report, we would further recommend the deletion of the following language in section 5(e) of the bill, beginning on line 9 through the end of the section on page 11:

"* * * and any person or entity whose rights may be affected, impaired, or infringed upon by reason, or as a result, of such noncompliance may maintain an action, suit, or proceeding in the United States District Court in and for the District of Colorado seeking appropriate relief, and consent is hereby given to the joinder of the United States, the Secretary of the Interior, and his subordinate officials, employees, and agents as a party or parties to such action, suit, or proceeding, as a defendant or otherwise."

We feel this language might well unnecessarily burden operation of the project for the benefit of all the people with a multiplicity of individual suits with diverse claims for relief. The individual is guaranteed just compensation for any property rights of which he might be deprived through operation of this project for the general welfare by the fifth amendment to the U.S. Constitution. Such interests are also afforded protection beyond the ordinary by the provisions authorizing suits by the States against the United States.

Further, should any agent of the United States act beyond the scope of his statutory authority any citizen adversely affected by that action could enjoin the agent without the consent of the United States to suit (*Larson v. Domestic & Foreign Commerce Corp.*, 337 U.S. 682 (1949)). Such action is not that of the United States and the suit brought to enjoin it is not brought against the United States.

The Bureau of the Budget has advised that there is no objection to the presentation of this supplemental report from the standpoint of the administration's program.

Sincerely yours,

KENNETH HOLUM,
Assistant Secretary of the Interior.

The CHAIRMAN. Senator Carroll, do you wish to make a statement to start it off?

STATEMENT OF HON. JOHN A. CARROLL, A U.S. SENATOR FROM THE STATE OF COLORADO

Senator CARROLL. Mr. Chairman, as you have indicated, this project has been before the Congress many times. It has passed the Senate three times.

I ask unanimous consent to insert my statement in the record at this time rather than reading it. It is a short statement.

The CHAIRMAN. It will appear as if read.

Senator CARROLL. Some 2 weeks ago the Southeastern Colorado Water Conservancy District, the sponsoring entity for the Fryingpan-Arkansas project, celebrated the 30th anniversary of efforts to develop a project which would alleviate the chronic water shortages of the Arkansas Valley in Colorado.

It has been stated many times that generations are required to process a reclamation project from its inception to its fruition. This is a prime example of a project requiring generations to complete.

Many of the people who did the early spade work to develop the project which is before us today are no longer with us. I am sure that this committee will, in its wisdom, see fit to approve the legislation now under consideration and to justify the lifelong efforts of these good people.

Started as private project: In the beginning a volunteer group of people, spending their own hard-earned money, developed a dream into a concrete plan for a more efficient utilization of their water supplies, underpinning the natural supply of the basin with water imported from an area more completely endowed with this precious commodity. It soon became obvious that the financial drain on these individuals would be beyond their means.

In order to provide the necessary financial support a volunteer organization was formed which solicited and collected volunteer contributions from the beneficiaries of this dream. As the size of the volunteer organization grew it became obvious that a more formal entity would be required to prosecute this project to its logical conclusion.

Passage of enabling legislation by the Legislature of the State of Colorado made possible the formation of the Southeastern Colorado Water Conservancy District with quasi-municipal powers. The district is essentially a volunteer organization because affirmative action is necessary by the people desiring such a district. A district such as this can only be formed by petition.

A movement got underway and as the potential benefits of the proposed project became more widely known the area of this district expanded to approximately 340,000 acres. Not all of the people in this 340,000 acres would receive direct benefits from the project. This fact was well known to those people outside the direct benefit area of the project. However, they did not hesitate when the time of decision was at hand and the district was formed without controversy.

I may state here that some small areas of the Arkansas Valley are not presently within the district. The choice was theirs to make and they stayed out. I must also state, however, that many of these people after more mature consideration and study are actively endeavoring to be added to the district at this time.

The organization of this district was completed and confirmed in 1958 and the district has actively carried forward the work of the various volunteer organizations to this date. There is certainly no question of adequate, unified local support of this project.

Project water will be most used in United States: The Senate Select Committee on National Water Resources so ably chaired by the dis-

tinguished Senator from Oklahoma, Robert Kerr, made some very pungent and pertinent observations regarding the importance of water in the national economy. Report No. 29 of this committee states:

The earliest civilizations were established where water supplies were available. Many historians believe that the decline and disappearance from the face of the arid or semiarid regions began with the failure to properly use their available water resources. Areas of this globe that will thrive, or even survive, will be determined by the availability of water resources and their wise use to serve man.

The report states that:

The basic problems are associated with navigation, flood control, irrigation, hydroelectric power, municipal and industrial water supply, drainage, fish and wildlife conservation, recreation—all functions commonly associated with water resources development programs. These problems can be narrowed down physically to problems of seeing that the right quantity and quality of water is available at the right place and at the right time to meet needs.

All of the water resource problems stated are found in the Arkansas Valley except that of navigation. This is truly a multiple-purpose water development project. The Kerr report further states that water resource planning must wring from the water all the benefits that are possible. This is also one of the salient features of this project. The water is used over and over for many purposes. All of the various uses cited above have been correlated with each other so that not one drop of water will be wasted nor will a single possible use of the water be overlooked.

The water proposed for development in this project will probably be the most used water in the United States.

Benefits east and west slopes: This is a self-contained multiple-purpose development wherein each function is related and contributes to the support of the overall project in its feasibility. The project would be operated in a manner which has been agreed upon by the State of Colorado, and all agencies within the State, which have responsibilities in connection with the development and use of water resources, have endorsed the project.

This project benefits both the western and eastern portions of the State. The Ruedi Dam and Reservoir which would be constructed on the Fryingpan River about 14 miles above Basalt, Colo., with a capacity of about 100,000 acre-feet, would provide the replacement water for the water diverted to the Arkansas Basin and would also provide additional regulatory storage capacity to serve future multiple-purposes in western Colorado.

This is new project before Senate: The Fryingpan-Arkansas project we have before us today is physically different, economically and financially improved and enjoys much greater support than the Fryingpan-Arkansas project previously considered, and approved by the U.S. Senate.

From the standpoint of the physical plan, the Ruedi Dam and Reservoir on the Fryingpan River has been substituted for the Aspen Dam and Reservoir on the Roaring Fork River.

This relocation of the western Colorado storage feature from Aspen to Ruedi has resulted in almost four times the original storage capacity.

This change provides storage to serve western Colorado in the foreseeable future in addition to the replacement storage needed in connection with the Fryingpan-Arkansas transmountain diversion.

There is no question but what the water from Ruedi Reservoir will be fully utilized in western Colorado in the near future.

In the meantime, as another indication of the solid support of the Fryingpan-Arkansas project in Colorado, the Southeastern Colorado Water Conservancy District has agreed to sign a contract for repayment of the entire cost of the Ruedi Reservoir until such time as the excess storage capacity is used to serve western Colorado and the water users receiving the service assume a portion of the reservoir cost.

Improved feasibility: With respect to feasibility, the project before us today shows a much improved repayment picture. The power allocation will be repaid with interest in 41 years after completion of all power facilities. The municipal water supply allocation will be repaid with interest in 40 years following completion of the construction. The irrigation allocation will be repaid within 50 years.

Water district is largest in Colorado: The organization of the people of the Arkansas Valley into the largest water conservancy district in Colorado demonstrates their willingness to raise from ad valorem taxes alone approximately \$516,000 annually over the repayment period to assist in project repayment and operation.

An additional sum of half this amount can be raised to cover any deficiencies or defaults in contractual obligations.

This is a recognition on the part of the people of the Arkansas Valley of the value of the development to the overall economy of the area.

It is an indication that they recognize that extensive, indirect, or secondary benefits, will flow from the construction and operation of the project.

Over 50 percent of the irrigation revenues will come from ad valorem taxes.

No new lands in project: This is not a project which will bring new, previously unirrigated lands into production. The people in the Arkansas Valley settled this area many years ago.

With their own funds they developed the water resources of this valley to the extent that it was within their capabilities so to do.

Changing climatic and economic conditions have threatened the millions of dollars and years of hard, backbreaking labor invested in this valley.

The solution is beyond the financial capability of these fine people.

This is truly an area in which assistance, in the form of a loan, by the Federal Government will permit the Arkansas Valley to insure its tremendous investment and to provide an economic boost to the entire Nation.

Mr. Chairman, the Senate has authorized the Fry-Ark project three times. I hope that we will again pass it quickly and that after this fourth passage it will be quickly signed into law.

Urge adoption of House bill: I see no reason for any amendments by our committee.

The bill as passed by the House of Representatives is acceptable verbatim to the State of Colorado and all interested parties.

I urge that our Interior Committee adopt the bill before us, Mr. Chairman, and report it to the Senate floor as is.

The people of Colorado are grateful that this project will soon be ready for the turning of the first shovel of dirt.

After 30 years of perseverance, they are anxious to clear these last hurdles and see the beginning of construction.

I urge adoption of the Fryingpan-Arkansas bill as passed by the House.

I wish to stress that the Fryingpan-Arkansas project we have before us today is physically different, economically and financially improved, and enjoys much greater support than the Fryingpan-Arkansas project which has been previously considered and approved by the U.S. Senate. We believe it is now a vastly improved project. It has greater economic feasibility and will serve more people in our area.

The State of Colorado on both sides of the mountain is now united in support of this.

Under the able leadership of Congressman Aspinall, who is the chairman of the Interior Committee in the other body, this measure was overwhelmingly approved by the House of Representatives.

It is my hope that this legislation passes this House.

I know the chairman and the whole committee will give it careful scrutiny.

It is my hope that we will make no changes in this bill.

I will have other comments to make from time to time.

Mr. Chairman, we have the Governor of Colorado and other leading Colorado citizens here who I would like to introduce but I understand that Senator Allott wishes to make some observations on this bill first.

The CHAIRMAN. Thank you.

Senator Allott is an able member of this committee.

STATEMENT OF HON. GORDON ALLOTT, A U.S. SENATOR FROM THE STATE OF COLORADO

Senator ALLOTT. Mr. Chairman, my statement will be very brief.

I ask, first of all, that a statement that I have prepared, a factual statement with respect to the Fryingpan-Arkansas be included in the record as if read by me.

The CHAIRMAN. Without objection, it will be done.

Senator ALLOTT. I wish to express my appreciation to the chairman of this committee for scheduling this hearing today on this legislation which is of great importance to the State of Colorado.

This committee, as well as its chairman, has in the past looked with favor upon the Fryingpan-Arkansas project in Colorado, and I am hopeful that it will do so again. Bills similar to the one before us today were favorably reported by this committee and passed the Senate in the 83d, the 84th, and 85th Congresses. While bills were favorably reported by the House Interior Committee during those same Congresses, the House never voted on the merits of the project prior to the present session.

Since the House has during this session now acted favorably upon a bill authorizing this project, the people of Colorado are now extremely hopeful that favorable action will again be taken by this committee and by the Senate so that this project may soon become a reality.

During previous consideration of this project by this committee, there were some misgivings expressed about it from responsible water organizations in western Colorado as well as by the senior Senator from California, Mr. Kuchel. These misgivings stemmed from fears

that adequate protection had not been given in the prior bills to the interests of water users in western Colorado and in southern California.

While the basic features of the project contemplated by S. 284 are virtually the same as those outlined in prior bills considered by this committee, the bill now under consideration, S. 284, has new provisions designed to meet the objections to earlier proposals.

Sections 1(a) and 5(e) of S. 284 contain language substantially the same as that of the amendments urged by Senator Kuchel as the basis for his minority views filed in the 85th Congress.

The substitution of the Ruedi Dam and Reservoir for the Aspen Dam and Reservoir and the adoption of revised operating principles has resulted in endorsement of the project by all the principal water agencies in western Colorado.

The project as now envisioned in S. 284 also has the enthusiastic support of principal water agencies in eastern Colorado and the Colorado Water Conservation Board representing the entire State.

Description of the project: The project is designed to collect and divert, from the waters of the Colorado River Basin, an average of 69,100 acre-feet through the Continental Divide to the Arkansas River Basin. In addition, an existing transmountain diversion would be increased by 14,200 acre-feet. These waters together with regulated winter flows in the Arkansas River, reuse of return flows, conservation of floodflows, would increase the annual water supplies in the Arkansas Valley by about 183,600 acre-feet.

Of this total increase in water supply, 163,100 acre-feet would be used as supplemental water for approximately 280,000 acres of land already being irrigated, and 20,500 acre-feet would be used for municipal and industrial uses in Arkansas Valley towns and cities. The power facilities would total 123,900 kilowatts and produce 507 million kilowatt-hours annually.

Principal changes from earlier project proposals:

1. The most important change is the substitution of Ruedi Dam and Reservoir—100,000 acre-feet—on the Fryingpan River to provide replacement storage and protection for future users in western Colorado. Earlier bills called for the Aspen Dam and Reservoir—28,000 acre-feet—on the Roaring Fork River just above the town of Aspen.

2. All reimbursable costs are to be repaid within 50 years after completion of the construction—with no allowance for any development period. Earlier bills called for repayment within 60 and 69 years.

3. As has been previously mentioned, language has been included in the bill to meet the objectives sought by Senator Kuchel's proposed amendments. Revised operating procedures also have been adopted to give greater protection to western Colorado.

4. Computations in the financial revaluation by the Bureau of Reclamation as of March 1961 have been figured on an interest rate of 2.63 percent under the Water Supply Act of 1958 rather than 2.5 percent, and further studies, later construction cost estimates, new policies on cost allocations (including the Fish and Wildlife Coordination Act), and other factors have caused some changes in the cost allocations as well as the total cost of the project.

Financial aspects of project: A study of the financial features of this project will reveal that it is a sound project and compares very favorably with other reclamation projects. Some of the outstanding features include the following:

1. Of the total cost of \$169,905,000, approximately \$151 million (or 89 percent) is reimbursable.

2. Of the reimbursable allocations, 56 percent or \$84,900,000 is to be repaid with interest, and \$66,097,000 is reimbursable without interest.

3. Of the irrigation allocation of \$66,907,000, the sum of \$46,685,741 (over 70 percent) will be repaid by the water users. I am told that this is the highest percentage of any reclamation project considered by this committee during this Congress.

4. The remainder of the irrigation allocation (\$19,411,259) will be repaid within the 50-year period from surplus power revenues from the project, beginning in the 41st year of project operation. No assistance to irrigation will be required from power revenues of the Colorado River storage project.

Ruedi Dam and Reservoir: Whereas the total costs of the Ruedi Dam and Reservoir (\$12,776,000) with the added recreation facilities (\$55,000) are included within the cost allocations for the project and are thus included within the studies of economic justification of the project, it is anticipated that only \$7,600,000 of this cost will be permanently assigned to the Fryingpan-Arkansas project.

Because one important function of Ruedi will be to supply future water users in western Colorado (possibly municipal water and industrial water for oil shale development), the remainder of the reimbursable cost of this dam and reservoir will ultimately be assigned to such uses.

Project needs in Arkansas Valley: In 1958, a large conservancy district was organized for the purpose of serving as the contract agency for this project. This district, having an assessed valuation of \$425 million in 1960, together with the State of Colorado, has already spent over \$700,000 in project studies and in anticipation of authorization of this project.

The irrigation water from this project will provide a supplemental water supply of approximately six-tenths of an acre-foot of water annually for each of the 208,000 acres to be served by the project. It is estimated that long-term average irrigation shortages will thus be reduced from 32 percent to 16 percent, and crop failures in high-value speciality crops will be minimized. While water shortages will not be eliminated entirely, the new water will tend to insure a sound agricultural economy in a presently depressed farming area.

Approximately 20,500 acre-feet of water will be provided for rapidly growing municipalities.

Water supply: It is estimated that present water uses within the State of Colorado from the Colorado River Basin are only about one-half of the amount that the State is entitled to under compacts. Total uses within the upper Colorado River Basin States through existing or authorized projects will use an estimated annual average of 4,260,000 acre-feet over a 100-year forecast by the Bureau of Reclamation. Even by the most conservative estimates, there is available for use in the upper basin States an additional 2 million acre-feet

for new uses. This project would require less than 4 percent of that surplus water entitlement.

As previously indicated, I have studied the bill carefully as passed by the House of Representatives. I have no hesitancy in saying that, in my opinion, and in the opinion of many Coloradans with whom I have discussed the bill, it meets the needs of every section of the State involved. There is no longer any part of this project upon which there can be any pertinent controversy. This is exemplified by the completely nonsectional and nonpartisan approach to this measure taken by the people of Colorado. This is not, to them, a question of area or political significance, but rather, a question of whether or not they can anticipate an economic growth in their State and, even in some cases, economic survival.

Hence, it is my hope that this committee will see fit to act upon this matter favorably.

Thank you for this opportunity to appear before you and express my views on this measure that is of such importance to my State and its people.

I would like to include in the record some statistics prepared for me at my request by the Department of the Interior under the Big Thompson as compared with the Fryingpan.

I would like to include also a letter from the Public Service Co. of Colorado reiterating their position in support of this project, and reaffirming the position that they took in the hearings before the House.

One from the Colorado Motel Association.

One from the Salida Chamber of Commerce, and one from the Denver Chamber of Commerce.

Mr. Chairman, I only wish to say at this time that I have been actively interested in and supported this project since 1948.

It appears we are coming to the time when we can probably see it passed.

The Governor is here. I see Congressman Chenoweth in whose district this project lies and who has worked hard and diligently for it for many, many years.

I reaffirm what has been said that Colorado and every official agency and every official of the State of Colorado is wholeheartedly in support of this as well as the entire Colorado delegation.

With that statement, we will pass on to the witness.

(The documents referred to follow:)

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D.C., June 25, 1962.

Hon. GORDON ALLOTT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ALLOTT: Knowing of your interest in the accomplishments of irrigation and reclamation in the western United States, and particularly in the State of Colorado, we are pleased to enclose information supplementing the pamphlet entitled "Economic Changes in the Arkansas Valley in Colorado During the 1950's." This pamphlet was furnished you in May of 1961.

The tax information presented pertains to the total for the counties specified. No attempt has been made to limit the taxes collected to those resulting solely from project construction.

In checking with the Census Bureau and the Internal Revenue Service, we find these agencies make no breakdown of Federal taxes by counties. The smallest political subdivision into which Federal taxes are broken is the metropolitan area. Therefore, we divided all Federal taxes paid in the State among the counties on the basis of the ratio county retail sales are of the total retail sales of the State.

State income tax data by counties are available only for the year 1960. A tabulation of these data is also enclosed.

Sincerely yours,

FLOYD E. DOMINY, *Commissioner.*

TABLE I.—Assessed property value, total property tax revenue, and total sales tax revenue for counties influenced by Colorado-Big Thompson project, 1950 and 1961

Counties	1950			1961		
	Assessed property value ¹	Total tax revenue ²	Sales tax ³	Assessed property value ¹	Total tax revenue ²	Sales tax ³
Boulder.....	\$49, 126, 125	\$2, 335, 150	\$604, 174	\$145, 948, 030	\$9, 213, 434	\$1, 856, 230
Grand.....	6, 205, 200	279, 950	75, 623	11, 798, 080	617, 234	133, 925
Larimer.....	47, 149, 245	2, 296, 810	606, 318	104, 394, 860	5, 924, 697	1, 344, 907
Logan.....	27, 140, 915	1, 358, 143	213, 971	61, 135, 160	3, 329, 648	464, 694
Morgan.....	25, 000, 550	1, 134, 237	259, 554	73, 752, 190	3, 054, 413	550, 025
Sedgwick.....	10, 012, 210	450, 829	64, 921	14, 805, 360	839, 045	91, 660
Summit.....	4, 417, 360	179, 056	9, 687	6, 458, 580	327, 130	23, 551
Washington.....	13, 479, 771	622, 849	62, 438	46, 537, 150	1, 732, 175	99, 914
Weld.....	87, 200, 360	4, 314, 625	798, 486	153, 365, 790	8, 535, 440	1, 528, 599
Total.....	269, 731, 736	12, 971, 669	2, 695, 172	618, 195, 200	33, 573, 216	6, 093, 505
Adjusted to 1961 ⁴	334, 467, 353	16, 084, 870	3, 342, 013	618, 195, 200	33, 573, 216	6, 093, 505
Percent increase 1961 over 1950.....				84	109	82

¹ Assessed valuation of all taxable property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

² Total tax revenues from assessed property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

³ From State of Colorado Department of Revenue.

⁴ Obtained by multiplying 1950 values by index of 1.24, based on purchasing power of the dollar measured by consumer prices: 1950=97.3; 1961=78.3.

TABLE II.—Assessed property value, total property tax revenue, and total sales tax revenue for counties influenced by proposed Fryingpan-Arkansas project, 1950 and 1961

Counties	1950			1961		
	Assessed property value ¹	Total tax revenue ²	Sales tax ³	Assessed property value ¹	Total tax revenue ²	Sales tax ³
Bent.....	\$12, 336, 827	\$502, 277	\$69, 169	\$15, 367, 690	\$710, 477	\$107, 745
Chaffee.....	8, 234, 425	411, 576	101, 874	13, 991, 310	741, 362	171, 065
Crowley.....	6, 651, 040	312, 537	42, 602	7, 401, 170	409, 842	51, 132
El Paso.....	72, 958, 150	3, 824, 949	1, 200, 400	216, 407, 470	14, 219, 178	3, 007, 580
Fremont.....	18, 764, 500	835, 685	167, 709	31, 468, 822	1, 990, 054	323, 032
Otero.....	27, 627, 395	1, 354, 223	302, 538	38, 662, 740	2, 572, 395	541, 762
Prowers.....	19, 448, 380	835, 531	244, 672	28, 410, 405	1, 535, 981	339, 618
Pueblo.....	78, 980, 733	7, 110, 959	1, 059, 633	176, 486, 530	12, 376, 852	2, 408, 573
Total.....	245, 001, 450	15, 187, 737	3, 188, 597	528, 196, 137	34, 556, 141	6, 950, 507
Adjusted to 1961 ⁴	303, 802, 000	18, 833, 000	3, 954, 000	528, 196, 137	34, 556, 141	6, 950, 507
Percent increase 1961 over 1950.....				74	83	76

¹ Assessed valuation of all taxable property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

² Total tax revenues from assessed property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

³ From State of Colorado Department of Revenue.

⁴ Obtained by multiplying 1950 values by index of 1.24, based on purchasing power of the dollar measured by consumer prices: 1950=97.3; 1961=78.3.

TABLE III.—Retail sales, 1948 and 1958, and estimated Federal taxes paid by Colorado-Big Thompson Counties, 1950 and 1960

State and County	1948 retail sales		1950 Federal taxes paid ²	1958 retail sales		1960 Federal taxes paid ²
	Total ¹	Percent of State		Total ¹	Percent of State	
	Thousands \$1,252,585	100.00	Thousands ³ \$272,506	Thousands \$2,105,110	100.00	Thousands ² \$1,056,000
Colorado						
Boulder	42,343	3.38	9,211	81,230	3.86	40,761
Grand	4,727	.38	1,036	5,863	.28	2,957
Larimer	40,134	3.20	8,720	64,174	3.05	32,208
Logan	19,360	1.55	4,224	25,583	1.22	12,883
Morgan	18,932	1.51	4,115	26,272	1.25	13,200
Sedgewick	5,459	.44	1,199	7,059	.34	3,590
Summit	550	.04	109	1,549	.07	739
Washington	5,654	.45	1,226	6,138	.29	3,062
Weld	58,954	4.71	12,835	75,138	3.57	37,699
Total	196,113	15.66	42,675	293,006	13.93	147,099
Adjusted to 1961 dollars ⁴			52,917			148,570
Percent increase 1950 to 1961						181

¹ Source: "Retail Trade, Census of Business," Bureau of the Census, 1948 and 1958.

² County revenues estimated in same proportion of State total as county retail sales are of total Colorado retail sales.

³ Source: "Statistical Abstract of the United States, 1955 and 1961," includes individual income and employment taxes and corporation income and profit taxes.

⁴ Obtained by multiplying 1950 values by index of 1.24 and 1960 values by 1.01, based on purchasing power of dollar measured by consumer prices.

TABLE IV.—Colorado State income tax data by counties for the Colorado-Big Thompson and the Fryingpan-Arkansas areas and the State total, 1960

County	Adjusted gross income	Net taxable income	Personal income tax paid
Colorado-Big Thompson counties:			
Boulder	\$119,690,000	\$40,984,000	\$1,640,000
Grand	5,156,000	1,690,000	65,000
Larimer	69,067,000	21,742,000	861,000
Logan	26,719,000	8,343,000	341,000
Morgan	26,656,000	8,621,000	369,000
Sedgewick	5,307,000	1,730,000	70,000
Summit	3,227,000	1,148,000	43,000
Washington	8,242,000	2,719,000	118,000
Weld	90,403,000	29,751,000	1,218,000
Total	354,467,000	116,728,000	4,725,000
Per capita	1,374	453	18
Fryingpan-Arkansas counties:			
Bent	6,188,000	1,811,000	70,000
Chaffee	9,508,000	2,731,000	101,000
Crowley	3,540,000	970,000	37,000
El Paso	176,113,000	58,074,000	2,421,000
Fremont	19,588,000	5,429,000	200,000
Otero	25,369,000	7,567,000	295,000
Prowers	15,440,000	4,974,000	213,000
Pueblo	167,367,000	63,715,000	2,075,000
Total	423,113,000	145,271,000	5,412,000
Per capita	1,283	441	16
Colorado State total	2,746,209,000	965,337,000	39,627,000
Per capita	1,566	550	23

Source: Statistician, Colorado Department of Revenue.

PUBLIC SERVICE COMPANY OF COLORADO,
Denver, Colo., June 25, 1962.

Hon. GORDON ALLOTT,
*Senate Office Building,
 Washington, D.C.*

DEAR GORDON: Enclosed herewith is a letter to you reiterating our company's support of the Fryingpan-Arkansas project.

I am sending this letter to you pursuant to your request today to Ralph Sargent of our company, and I understand that you may want to introduce this letter into the record of the hearings to be held before the Interior and Insular Affairs Committee on Thursday.

This letter is similar in form to a letter which we furnished to Congressman Aspinall when the project was before the House for consideration earlier in the month. I trust that it will be satisfactory for your uses at this time.

I have enclosed several additional copies of the letter to facilitate your use of the letter in any way that you may want. We are very happy to cooperate with you and our entire congressional delegation in achieving passage of this important legislation.

If we can be of any further assistance to you in connection with the matter, please do not hesitate to let us know.

Cordially yours,

R. T. PERSON, *President.*

PUBLIC SERVICE COMPANY OF COLORADO,
Denver, Colo., June 25, 1962.

Hon. GORDON ALLOTT,
*Senate Office Building,
 Washington, D.C.*

DEAR GORDON: We understand that the Fryingpan-Arkansas project is scheduled for consideration by the Senate Interior and Insular Affairs Committee on June 28.

As you know, our company has consistently supported the Fryingpan-Arkansas project since it was first proposed to Congress in 1953 and has presented statements and testified in favor of the project before congressional committees in every succeeding year that hearings have been held. Our support is based on the company's recognition that water is one of our most vital resources and its proper utilization, conservation, and development are inseparably linked to the continuing growth and economic progress of this region and the entire Nation.

The Fryingpan-Arkansas project with water development features on both the east and west slopes of the Rocky Mountains demonstrates in all its aspects the wise and proper utilization of water in the broadest public interest.

The prime purpose of this project, as you know, is to provide approximately 160,000 acre-feet per year of supplemental water to 280,000 acres of land in the Arkansas River Valley. This project will not bring any additional land under irrigation but will only serve to make presently irrigated land economically productive. An important consideration from our point of view is the fact that this supplemental water will help to stabilize the livestock industry in the area, will permit flexibility in farming operations so cropping practices can be adjusted to meet market demands, and will help to alleviate the present unstable economic conditions that exist due to the effects of drought and a restricted water supply. The project will also provide additional water for municipal use for Colorado Springs, Pueblo, and other cities in the valley.

The company recognizes that there is electric generation associated with this project, but that this is incidental and subordinate to the primary purpose of the project, which is to supply needed irrigation and domestic water.

Our company has always been able to meet the rapidly increasing demands for electric power in its service territory from its own generation sources and we intend to continue to do so in the future. Nevertheless, in connection with this project, where power generation is economically feasible and the power output can be absorbed by preference customers and other power suppliers in the area and where such generation can contribute to the feasibility of water resource development, we believe it is only sound economics to develop this incidental electric power and that such is a logical and proper adjunct to this project.

In previous years and again before the House and Senate Interior and Insular Affairs Committees last year, our company and the Southern Colorado

Power Co. offered to make their transmission facilities available for wheeling power generated by plants of this project. These plants will be located adjacent to transmission facilities now being operated by the companies. We believe this proposal supports and adds to the feasibility of this water resource development by offering substantial benefits and savings to the Arkansas Valley water users, the State, and the Nation's taxpayers. The company stands ready to cooperate with the Bureau of Reclamation as we have on the Colorado Big Thompson and the upper Colorado River projects in working out details for the transmission and marketing of power from this project.

It is our firm belief that the proposed Fryingpan-Arkansas project is a needed and worthy reclamation undertaking deserving the broadest cooperation and support, as the economic development of the Arkansas Valley is dependent upon this project for its future growth. As a company we are pleased to add our support along with others in the State to Colorado's entire congressional delegation who are working so diligently for passage of this authorizing legislation by Congress.

Warmest personal regards.

Cordially yours,

R. T. PERSON, *President.*

 PONCHA LODGE,
Poncha Springs, Colo., February 27, 1962.

Hon. GORDON ALLOTT,
Senate Office Building, Washington, D.C.

DEAR SENATOR: We, the Salida Chapter of the Colorado Motel Association, would like for you to support the Arkansas-Fryingpan project.

We would like to know if there is anything more we can do to build support on the project as this whole area wants full support.

Thank you for your interest and support.

Yours truly,

Mrs. E. H. MATTINGLY,
Secretary-Treasurer, Salida Chapter, Colorado Motel Association.

 SALIDA CHAMBER OF COMMERCE,
Salida, Colo., March 16, 1962.

Hon. GORDON ALLOTT,
*Senate Office Building,
 Washington, D.C.*

DEAR SENATOR ALLOTT: The Salida Chamber of Commerce and the people of Salida earnestly request your wholehearted support in obtaining passage of the Fryingpan-Arkansas water diversion project this year.

We know that you are working on this program but we wanted to assure you of our interest and that the entire community is behind you in your efforts.

We will appreciate anything you can do for the passage of this bill.

If we can ever be of any assistance to you in any way please feel free to call on us.

Sincerely yours,

LAURENCE R. CAMPTON,
Manager.

 DENVER CHAMBER OF COMMERCE,
Denver Colo., May 29, 1962.

Hon. GORDON ALLOTT,
*Senate Office Building,
 Washington, D.C.*

DEAR SENATOR ALLOTT: I am pleased to attach a copy of the resolution approved by the board of directors of the Denver Chamber of Commerce on the subject of the Fryingpan-Arkansas project at our regular meeting May 25, 1962.

We are hopeful our support of the project will assist you in your efforts to secure favorable consideration of appropriate legislation in the Congress.

Respectfully yours,

HARRY A. NOREN,
Secretary.

RESOLUTION

Whereas there will be submitted shortly, for the approval of the House of Representatives in the Congress of the United States, H.R. 2206, the bill being a bill to authorize the construction of the Fryingpan-Arkansas project, a Federal reclamation project located within the boundaries of the State of Colorado; and

Whereas H.R. 2207, 2208, and 2209 are duplicates of H.R. 2206 and were introduced by the Colorado Congressmen representing both political parties; and

Whereas H.R. 2206 has been officially approved not only by the State of Colorado but also by all affected States of the Colorado River, including without limitation, California, New Mexico, Nevada, Utah, Wyoming, and Arizona, and also by the State of Kansas, which State is interested in the Arkansas River; and

Whereas the east slope—west slope intrastate problems within the State of Colorado have been resolved to the satisfaction of all entities that are by State law charged with the responsibility for the protection of the water resources of Colorado; and

Whereas the Fryingpan-Arkansas project is of inestimable value to the State of Colorado and is a multipurpose project serving all interests including flood control, irrigation, municipal, recreation, and power requirements; and

Whereas the United States will recover and be reimbursed for all moneys expended in behalf of said project, save and except the item allocated to fish and wildlife and flood control, being \$17 million out of a total anticipated expenditure of \$169 million and, the United States will also recover interest to all moneys expended on the project during construction and thereafter until repayment of the principal sum, save and except for the portion allocated to irrigation: Now, therefore, be it

Resolved by the Denver Chamber of Commerce, That H.R. 2206 reflects sound policies of the Reclamation Bureau in connection with western development and said project will greatly strengthen critical water resources of the southeastern portion of Colorado; and be it further

Resolved, That said project is hereby approved by the Denver Chamber of Commerce and that copies of this resolution be furnished to the congressional delegation of the State of Colorado.

Approved by the board of directors of the Denver Chamber of Commerce at its regular meeting Friday, May 25, 1962.

The CHAIRMAN. Thank you.

Now I have the privilege of introducing a really old friend, Congressman Chenoweth, who has been in the House of Representatives with me in the 77th Congress and remained my good friend through the years.

I am very happy to have you here.

STATEMENT OF HON. J. EDGAR CHENOWETH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Representative CHENOWETH. Thank you very much.

I appreciate this opportunity to appear before you and I want to submit a statement in the record which I hope will be printed as though read.

The CHAIRMAN. Without objection.

Representative CHENOWETH. Mr. Chairman and members of the committee, I greatly appreciate the opportunity to appear before you in support of H.R. 2206, a bill authorizing the construction of the Fryingpan-Arkansas transmountain water diversion project in Colorado. I hope that the committee will give this bill its early approval.

I want to commend this committee on approving the Fryingpan project three times, and in obtaining passage of the bill by the Senate in three separate Congresses: the 83d, 84th, and 85th. I regret that

we in the House could not match that outstanding performance. I am delighted that we were finally able to pass the bill this year. In view of the success of the committee in previous years we anticipate favorable action again this year. I hope the committee will report this bill at an early date and that the Senate will pass the same without delay.

This is the fourth time I have appeared before this committee in support of this project. My last appearance was on March 21, 1957. Since then there have been some very important developments on this project. The water users of the eastern and western slopes in Colorado reached an agreement and Colorado is now presenting a united front for this project. This was not the case when I was here before, as on my previous appearances I was the sole sponsor of this project in the House.

I hope that this committee will approve this bill in its present form, and as it passed the House. I feel this is a good bill. In my opinion, it is the best bill that has been presented to this committee. I do not believe any changes are necessary. I urge that the House bill be passed without amendment and sent direct to the President.

I might state that the bill before you was introduced by my distinguished colleague from Colorado, Mr. Aspinall. Companion bills were introduced by my colleagues, Mr. Rogers and Mr. Dominick, and myself. The Colorado House delegation was in complete accord on the provisions of this bill, and we have worked as a team to get this project authorized. The favorable action in the House recently was the result of this coordinated effort.

The principal change in the project since my last appearance is the substitution of the Ruedi Reservoir on the western slope for the Aspen Reservoir. The Ruedi Reservoir provides storage for 100,000 acre-feet. Under the new operating principles, as contained in House Document 130 of the 87th Congress, this dam must be in operation before any water is diverted from the western slope under this project.

I feel that this change is most beneficial to the water users of the western slope, and contributed largely to the agreement which was reached. The Aspen Reservoir contained storage for only 28,000 acre-feet and the western slope will obtain many additional benefits because of this substitution of the Ruedi Reservoir.

The Fryingpan-Arkansas transmountain water diversion project is a multiple-purpose project located entirely within the State of Colorado. It derives its name from the Fryingpan River in western Colorado, from which river water will be diverted to the Arkansas River in eastern Colorado.

The purpose of the project is to divert surplus water from the Colorado River Basin in western Colorado to the Arkansas Valley in eastern Colorado. The project will provide supplemental water for irrigation, and also water for municipal, domestic, and industrial purposes, as well as flood control. Hydroelectric power will be generated at 7 powerplants. There is also an allocation for the preservation of fish and wildlife resources, and recreation.

The Fryingpan-Arkansas project is feasible and has a favorable benefit-cost ratio. An economic analysis of the project indicates that over a 100-year period the project benefits will exceed the cost in a ratio of about 1.65 to 1.

I want to emphasize at the outset that this is a reclamation project, and not a power project. We are primarily interested in the water the project will make available. The development of power is incidental to the water features of the project.

The residents of the Arkansas Valley are asking for a loan, not a gift. They have obligated themselves to repay every cent of the construction costs of this project. Their property is included in the Southeastern Colorado Water Conservancy District, organized under the laws of the State of Colorado, which will sign a contract for the repayment of construction costs allocated to irrigation, power, and municipal water. This property will be taxed to assist in repayment of these costs. The farmers using project water will pay for the same. The towns and cities using water for municipal purposes will pay for this water, with interest.

This project provides for the annual diversion of 69,100 acre-feet of water from the western slope to the eastern slope of Colorado. This will be accomplished by a tunnel 5.3 miles in length, and some 10 feet in diameter.

In addition, it will be possible to capture intermittent floodflows of the Arkansas River and reregulate these waters. The water supplies of the Arkansas Valley would be increased by about 183,000 acre-feet annually. This would furnish 163,100 acre-feet of supplemental water for the 280,000 acres of farmland now under cultivation, and would supply 20,500 acre-feet for municipal purposes.

No new land will be brought under cultivation by this project. The irrigation water will be used to supplement the water now being used on some 280,000 acres of irrigated land in the Arkansas Valley in Colorado. There is an annual shortage of water in this area, and this additional water will be used to firm up crops, which might otherwise be lost for lack of sufficient water at the proper time.

This project is not going to add to the surplus stock of agricultural commodities in this country. On the contrary, the project will enable the farmers of the Arkansas Valley to plant those crops which will bring them the highest yield per acre. These are not crops which are now in surplus. At the present time the farmers must plant those crops which they feel can be harvested. This will depend on the amount of water available. If they had the assurance of adequate water in the late season they would plant the specialty crops which bring them the most money, and provide a higher net cash yield per acre. This project will give them that assurance.

The water made available under this project can be regarded as insurance for the farmers in the Arkansas Valley. They are now confronted each year with the possibility that they will not have sufficient water to finish out the high value crops which are grown in this area. If they knew that adequate water would be available at all times during the growing season they would plant more of these crops each year. Under this project the farmers will raise more sugarbeets, alfalfa, onions, tomatoes, and other high value crops. This has been the experience under the Colorado-Big Thompson project in Colorado, which has been in successful operation for some years.

The Arkansas Valley is a very fertile and productive area. The principal crops raised are alfalfa, sugarbeets, corn, sorghums, vegetables, and different types of seeds. There are two sugarbeet factories in the

valley. The American Crystal Sugar Co. has a plant at Rocky Ford, and the National Sugar Manufacturing Co. operates a plant at Sugar City. There is a tomato cannery which also processes pickles, and a number of alfalfa dehydrating plants. The valley is the home of the famous Rocky Ford watermelons and cantaloupes. Turkey raising and cattle feeding are very important to the economy of this area. It is necessary to ship in large amounts of grains to supply the turkey and livestock producers. The feed grains produced in the valley are consumed locally, and will not add to our farm surplus.

There is also a growing need for additional domestic water in this area. Some 20,500 acre-feet of this water will be used to supply cities and towns with municipal water. Included are Pueblo and Colorado Springs, the second and third largest cities in Colorado, as well as a number of other cities and towns in the Arkansas Valley.

I would like to make it crystal clear at the outset that this is not a new project, hastily conceived and lacking necessary engineering data and support. This project has been under consideration for many years and has received exhaustive study and planning by the Bureau of Reclamation. Many years ago in Colorado men with vision conceived the idea of bringing surplus water from the western to the eastern slope of Colorado, in order to satisfy recurring water shortages in the Arkansas Valley. This project is the culmination of their dreams. Many of these pioneers in water development have passed on to their reward, but others are living and I hope will live to see their dreams fulfilled.

This project is being sponsored by the Southeastern Colorado Water Conservancy District, which has been organized under the laws of the State of Colorado. This district comprises the lands which will be served with supplemental irrigation water under this project, and consists of some 280,000 acres. The total assessed value of the lands contained in the district is over \$450 million. This district also includes the cities of Colorado Springs and Pueblo, and other towns and cities in the Arkansas Valley, which will receive municipal water.

The conservancy district is the legal entity which will sign the repayment contract with the Federal Government on this project. It has been operating for several years and is being financed by a 0.4 of a mill levy on all of the property included in the district. The district has a most competent board of directors, and has prospered under their efficient direction. A tax of 1 mill will be levied upon all of the real property in the district when the project is in operation. The office is located at Pueblo, where monthly meetings of the board are held. The president of the district is Mr. J. Selby Young of Colorado Springs.

This project has had the approval of 3 administrations, 2 Democratic and 1 Republican. The first approval was by Mr. Oscar L. Chapman, Secretary of the Interior, on May 4, 1951. The second approval was by Mr. Douglas McKay, Secretary of the Interior, on April 28, 1953, and also by Mr. Fred Seaton, when he was Secretary of the Interior. The project has again been approved by the present administration and by Mr. Stewart Udall, Secretary of the Interior.

The project has had the strong, personal endorsement of 2 Presidents of the United States, former President Dwight D. Eisenhower, and President Kennedy. In several budget messages to Congress from

1955 to 1960, President Eisenhower annually recommended authorization of the Fryingpan project. He included funds for the project in 1955 and 1956, and continued to recommend its prompt authorization. President Kennedy has also endorsed the project and has urged Congress to authorize the same.

The Fryingpan project has the unanimous approval of the Colorado Water Conservation Board, which speaks officially for the State of Colorado on all water matters. I wish to commend Mr. Felix L. Sparks, executive director of the board, for the fine job he did in working out the agreement between the water users in the western and eastern slopes. It is largely through his efforts that Colorado is today presenting a united front on this project.

The project has the approval of the Colorado River Water Conservation District, and the Southwestern Water Conservation District, both of which have agreed to the operating principles as contained in House Document 130, 87th Congress. These districts represent the water users of western Colorado.

The project has also received the unanimous endorsement of the Upper Colorado River Commission. At a meeting of the commission held in Denver on May 11, 1961, a resolution was adopted by unanimous vote endorsing the Fryingpan project. This commission has the responsibility for the administration of the Upper Colorado River Basin Compact. The endorsement and approval of the project by this commission is most significant, and indicates that all of the upper Colorado River States have approved the project.

The Fryingpan project has the approval of all of the States which are parties to the Colorado River Compact, as well as the State of Kansas, which has a compact with the State of Colorado for the division of the waters of the Arkansas River.

The estimated cost of the project based on 1961 prices is \$169,905,000, which is allocated as follows:

Irrigation.....	\$66,097,000
Power.....	62,667,000
Municipal water.....	22,233,000
Flood control.....	15,014,000
Fish and wildlife.....	3,839,000
Recreation.....	55,000
Total.....	169,905,000

This is a self-contained and independent project, using water belonging to the State of Colorado which has been allocated under the Upper Colorado River Compact. Only 69,100 acre-feet of water is to be diverted from the Colorado River Basin. Under this compact, Colorado was allotted 51.75 percent of 7,500,000 acre-feet, amounting to 3,850,000 acre-feet of water in the Colorado River. The amount to be used by this project is less than 2 percent of this total.

Colorado is now using less than 2 million acre-feet of the Colorado River water to which she is entitled under the terms of the compact. Colorado furnishes 70 percent of the water in the Colorado River.

No other State is affected by this project. This water belongs entirely to the State of Colorado. Not a drop of water is taken from any other State. The project merely provides for the use in Colorado of water which has been allocated to us under the terms of the Upper Colorado River Compact.

The project will produce about 123,900 kilowatts of hydroelectric energy from a series of seven powerplants. Six of these plants will be in the vicinity of Leadville and Salida, where there is a total drop of 2,250 feet in elevation. The seventh plant will be located at the Pueblo Reservoir, just west of the city of Pueblo. It is estimated that the total firm power output of these plants would be 507 million kilowatt-hours annually. It is proposed to sell firm power at 6.5 mills.

Most of this power will be purchased by REA cooperatives in this area, including the Southeast Colorado Power Association at La Junta, the San Isabel Electric Association at Pueblo, and the Sangre de Cristo Electric Association at Salida. These REA cooperatives serve more than 35,000 rural people living in 17 counties in southeastern Colorado, comprising approximately one-fourth of the State's total area.

These REA groups have been intensely interested in this project and have always given the same their wholehearted support. They have first claim on this power as preference customers. All of these cooperatives are in need of cheaper and additional power in order to supply the demands of their customers, and at the same time meet their financial obligations to the Rural Electrification Administration in Washington.

Practically all of the power now available to the REA cooperatives comes from private utilities. There has been a very happy relationship between the REA groups and the private power companies in this area. The private utilities, the Southern Colorado Power Co., and the Public Service Co. of Colorado, have agreed to make their transmission facilities available for the distribution of this power. They have also offered to purchase all of the power not required by the preference customers.

This project has the enthusiastic support of the people of the Arkansas Valley. Many civic, fraternal, and community organizations have endorsed this project. The desperate need for this additional water is fully recognized and these people are most anxious to have this project constructed at the earliest possible date.

Mr. Chairman, I want to thank you for this opportunity to appear before your committee in support of this project. I again respectfully urge the committee to report H.R. 2206 without amendment. Thank you again for your support over the years and for your many courtesies.

I want to thank you for arranging this hearing.

You know the bill has passed the House and we feel very encouraged for prospects for favorable action at this session.

I want to thank you personally for your interest in this Fryingpan project over the years.

This is the fourth time that I have appeared before your committee. Previously I was sole sponsor in this House but now we are presenting a united front. And we obtained the results we sought over there.

I hope the committee will report the House bill as it comes to you so that no further action will be necessary in the House and it may go direct to the President. I feel that is the most expeditious action you can take at this time. I feel it is a good bill. I do not think it needs any changes.

I think it is the best bill you have had before your committee.

Mr. Chairman, I deeply appreciate the many courtesies which you have extended me personally, as one time the sole sponsor of the project in the House and now speaking on behalf of the Colorado congressional delegation.

We do appreciate that. I will not take further of your time. I am very grateful for this opportunity to be before you this morning. It brings back many happy memories of our association over the years.

The CHAIRMAN. There is one point that I do want to raise. I do not care whether you answer it or others answer it.

At the time the Navajo-San Juan-Chama was reported out, the House Members urged us not to change the House bill.

I would have liked to have gone to conference to take two amendments out of it. One had to do with surplus crops in which we did the same thing as in the other irrigation project in the United States for 10 years until after completion. The other thing had to do with no long-term contract except for a contract of benefit to the land shall be entered for the delivery of water in the Navajo Reservoir or the San Juan River and tributaries until the Secretary has determined by hydrologic investigations that sufficient water to fulfill said contract will be available to the State of New Mexico.

At the time I was assured there was no objection to writing the same provisions in all the bills that come along on Colorado River water.

If we take the bill as it comes from the House, the House left those amendments out of the Fryingpan bill. If we do not take action on them here you put the Fryingpan in a different category than the New Mexico project.

Representative CHENOWETH. I am sure the House never intended to do that, Mr. Chairman. It is something that was done inadvertently and unintentionally.

I hope that the Fryingpan bill can go as it came out of the House because it would greatly expedite the final action on the bill.

I think those other matters can be taken care of at a later date, Mr. Chairman, if you consider that necessary.

I think it would be much more desirable to do it in separate legislation.

The CHAIRMAN. It does have the effect of saying that the Navajo Indians on their 105,000 acres of irrigated land cannot produce crops which are in surplus supply for 24 years. The amount of irrigated land in the Fryingpan project is small.

Representative CHENOWETH. We bring no new land under cultivation. We merely provide supplemental water for land which is presently under irrigation.

There was no reason for the inclusion of that amendment in the Fryingpan bill.

Senator CARROLL. Mr. Chairman, if I may interrupt at this point, I think the point that the Congressman makes is absolutely correct. There is no new land brought under cultivation by this project. This is an area where there is a deficiency of water.

Representative CHENOWETH. That is right.

The CHAIRMAN. I recognize that. But there was testimony that this project would greatly increase production.

You cannot have it both ways.

Representative CHENOWETH. We did our best to refute that on the House floor and partially succeeded.

The CHAIRMAN. I am not one to hurry about this. I just point out the fact that part of the Navajo bill that I most strenuously objected to was the fact that they had to come back and get congressional approval if they wanted to contract for a small amount of industrial water. Nothing has ever been required of any project in the history of the United States. But it had to go into that bill.

I assume you will have contracts to use this water.

I do not understand why the same rule does not apply here.

Representative CHENOWETH. The chairman recalls my interests in the San Juan-Navajo project. In the debate on the floor I stated very emphatically and as strongly as I could that the San Juan-Chama-Navajo project would not contribute to the surplus agricultural stock of this country.

I tried to refute as best I could the contention that was made.

I do not think it is and I do not think the Fryingpan is either.

The CHAIRMAN. I hope maybe we will take care of this by discussion on the floor, because I do not wish to amend the bill to tie it up. I do recognize that similar treatment is not too objectionable.

Representative CHENOWETH. We wanted to treat both of them exactly the same in the House.

What is good for Colorado is good for New Mexico.

Thank you for all you have done for the Fryingpan project.

The CHAIRMAN. We will now hear from the Secretary of the Interior, Hon. Stewart Udall.

STATEMENT OF HON. STEWART L. UDALL, SECRETARY OF THE INTERIOR

Secretary UDALL. Thank you, Mr. Chairman.

The CHAIRMAN. We are very happy to have the Secretary of the Interior, who is a staunch supporter of these projects. I am highly pleased that he is here testifying on behalf of the project. At the time of his appointment, many people said, "You are going to put a man from the lower basin States in the Secretary of the Interior's Office and let them steal all the water from the upper basin States."

I had the pleasure of replying that I knew the man who was going to be Secretary of the Interior and he was just as friendly to the upper Colorado storage projects and to the participating projects thereunder as though he lived in those States.

We are happy to have you.

Secretary UDALL. Thank you, Mr. Chairman.

My presence today here indicates, I hope, the interest and concern of President Kennedy and the administration in this legislation.

I have a very brief statement.

There are one or two comments I should like to make that are not in the statement.

In the first place, I think this is a very happy occasion. I am sure there are many people in this room who would not have predicted even 60 days ago that we would ever find the Senate sitting to consider a Fryingpan-Arkansas bill which the House had passed. I

think we have had some statesmanship and teamwork that have gotten us where we are and I hope it will continue.

I should like to say this, too, and I have gone back and studied the records. I think one will have to go back many years, certainly more than a decade, to find a single session of Congress that has passed, as I know this Congress will, two major reclamation bills. I think this is a banner year for this committee and for the West in terms of reclamation development in the future.

I should like to comment on the wonderful statesmanship that has been demonstrated by the people of Colorado, the Governor, the Senators, Congressmen, and the local people in getting together on a transmountain project of this kind. It takes statesmanship to take water from a watershed where the water naturally belongs and put it into an area of shortage.

I think it is a tribute to the State of Colorado and the leadership of its people that they have gotten together.

I rarely would even venture the thought, and it would be impertinent of me to try to tell this committee how to handle legislation, but I have the feeling, Senator Carroll, that after all the bills the Senate passed and all the work that was done that the House learned from the Senate where all of the flaws and defects were.

I should like to say as far as the Department is concerned that we are most pleased with the House bill. The perfecting amendments that we wanted were placed in the bill. We do feel that the House bill that is before you embodies the best thinking of the Senate in the past and certainly represents a very fine vehicle to work on.

Senator CARROLL. May I say, Mr. Secretary, in response to this portion of your statement, that Senator Allott and I on the Senate side and other members of this committee, as well, were aware of the deficiencies in the bill that was initially offered in the House. Congressman Aspinall, Congressman Chenoweth, Congressman Dominick, and Congressman Rogers, moved together to eliminate some of the flaws that appeared in the first bill. I think that is why there now emerges what we think is as good a bill as is possible.

Secretary UDALL. The Fryingpan-Arkansas project is a transbasin diversion project which will result in an increase in Arkansas River Basin water supply and will permit more effective utilization of native Arkansas Basin water.

Regulation and distribution of this water resource will enable the generation of about 124,000 kilowatts of electric power, furnish about 20,000 acre-feet of municipal and industrial water, and furnish a stabilizing water supply to 280,000 acres of inadequately irrigated land. Fish and wildlife resources will be conserved and developed, and opportunities for outdoor recreation will be created and stimulated.

Thus, the Fryingpan-Arkansas project is a classic example of the development and utilization of our water resources through the multiple-purpose concept. Every major recognized water-use function except navigation will be benefited through these proposed works of development. The most recent analysis of costs, benefits, and repayment shows that 90 percent of the original cost will be reimbursable and that about one-half of the total amount will be returned to the Treasury with interest at a rate to be fixed by the legislation. Repay-

ment of the reimbursable costs can be accomplished within the recommended 50-year payout period.

We understand that virtually all areas of disagreement at the local level have been resolved through negotiations among the people and officials of the State of Colorado. This is reflected in approved operating principles to which the Department of the Interior subscribes and which are referred to in the legislation. This meeting of the minds within the State of Colorado has been made possible by the substitution of Ruedi Dam and Reservoir for the previously proposed but controversial Aspen Dam and Reservoir. Either of these facilities would provide for replacement storage on the western slope in Colorado to protect Colorado River Basin water rights. Ruedi Reservoir would serve an additional purpose of regulating water supplies for future beneficial use in the basin of origin and is thus more acceptable to representatives of the diversion and collection area. It is gratifying to report that the additional cost of constructing Ruedi Reservoir, over and above the cost of Aspen Reservoir, is well within the repayment capabilities of the Fryingpan-Arkansas project, and there are no apparent difficulties from that standpoint.

This project, if authorized and constructed, would be in the finest traditions of the Federal reclamation program. It meets all of the standards which this administration has established for evaluation of water resource development. For this reason, it has been officially approved and supported by my Department, and carries President Kennedy's personal endorsement. No pending resource development legislation enjoys a higher priority for congressional action than does this vital transmountain diversion project being considered here today.

I wish, Mr. Chairman, the committee speedy and successful deliberations in handling this important bill.

Thank you.

Senator CARROLL. Mr. Chairman, may I say that I personally wish to thank the Secretary of the Interior for his great efforts concerning the passage of this measure in the other body and I am sure he will be of help to us in this body, as well. We also greatly appreciate President Kennedy's personal interest in not only the Fryingpan project but the San Juan-Chama.

I believe this is one of the reasons why this administration will have a great record in the field of reclamation.

I personally want to thank you for your efforts.

The CHAIRMAN. Senator Allott?

Senator ALLOTT. Mr. Secretary, I want to thank you for this. I recall when you first came up before this committee you assured us at that time of your interest and support of not only Fryingpan but Upper Colorado River development.

We have all been very heartened by your support of the recent San Juan-Chama-Navajo project but also by the good support you gave this in the House.

I think the statement you have made has adequately borne out that the successful action on both of those, and particularly with this, has been due to the efforts—the combined efforts—of the entire Colorado delegation, and we all support it very much. Particularly do I express my deep appreciation to you for your support of this.

Secretary UDALL. Thank you, Senator.

The CHAIRMAN. Senator Hickey?

Senator HICKEY. I am interested, Mr. Secretary, in the fact that this is a 50-year payout which is different than some. I would suspect that this recommends the feasibility to a great extent in your testimony.

Secretary UDALL. Within the present new standard and guidelines we think this is entirely proper.

Mr. Palmer, I am sure, can discuss this with you.

Senator HICKEY. That is all, thank you.

The CHAIRMAN. Senator Moss?

Senator MOSS. I have no questions other than to congratulate the Secretary for his support of this project as he has supported our other reclamation projects so vigorously.

The CHAIRMAN. Thank you very much, Mr. Secretary. We are always happy to have you come.

We may have questions to ask of others.

Governor McNichols?

STATEMENT OF HON. STEVE McNICHOLS, GOVERNOR, STATE OF COLORADO

Governor McNICHOLS. Thank you, Mr. Chairman.

The CHAIRMAN. I have a statement from a man named Guild. He submits a statement along with his letter. I am going to put the letter in the record. I will leave out the statement. There is a lot of material in here that I do not think is quite proper for the hearing.

We will put the original letter in and that is all.

(The letter referred to follows:)

THE ANGRILANTES,
Glenwood Springs, Colo., June 25, 1962.

Senator CLINTON P. ANDERSON,
Chairman, Interior and Insular Affairs Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR ANDERSON: I wish to have the following testimony included in the published hearings by your committee on the Frying-Pan-Arkansas bill.

My name is Eugene R. Guild, address box 548, Glenwood Springs, Colo. I am 66 years old, and own and live upon a ranch outside of Glenwood Springs. I am the executive secretary of the Angrilantes, an organization of some 300 citizens mostly from Colorado, some being from the Arkansas Valley, who believe that the Frying Pan-Arkansas project is needless political spending and is criminal, even treasonous when our country is in the financial crisis described by Senator Byrd of Virginia with our national debt soaring and our gold reserves dwindling below the danger point.

Our \$9 billion surplus makes the project needless for irrigation; if there is a demand for nonsurplus crops it can be met by diverting suitable land from surplus to nonsurplus crops, and so reducing the surplus, or by using some of the land held in the costly soil bank.

Electric power? The members of your committee well know that where coal is available as in Colorado, steampower is cheaper, quicker, and capable of protection from atomic attack which a waterpower reservoir is not.

Domestic water for eastern slope cities? That is nonsense, there is no need for the Frying Pan-Arkansas for it. They all have enough water for many years.

The Air Force Academy does not need it, that was settled before the site was decided upon.

One hundred and seventy-one million dollars would do any State good but there is no need for it in Colorado's economy. We have gotten along all right in the 10 years the matter has been agitated, and can get along all right for 40 years more.

It would be in the national interest to kill this bill no matter how much Colorado pressure groups and politicians and the reclamation service want it and lobby for it. Killing this bill would show the people of the country that the Senate is loyal to the country and not just loyal to politics and pork barrel.

I enclose 16 copies of a letter to Senators which contains the gist of this testimony. Will you please give each member of your committee one.

EUGENE R. GUILD, *Executive Secretary.*

Senator CARROLL (presiding). Governor, we are delighted to have you here this morning. You are representing both your own views and those of the people of Colorado.

I want to say that as we look back on the history of the Fryingpan-Arkansas and the difficulties which we have met through the years, I think that the leadership of Governor McNichols in this field with his appointment of Larry Sparks as the director of the Colorado Water Conservation Board, has been instrumental in the creation of what we call the New Fryingpan-Arkansas.

As I said a little earlier, this then provided the opportunity for the House Members to gather under the leadership of Congressman Aspinall and for the first time there now comes to this body a bill from the House of Representatives.

I personally commend the leadership of the Governor in this field.

Governor, you may present your full statement or summarize it and testify in any manner that you see fit.

Governor McNICHOLS. Thank you, Senator.

I am certainly proud and pleased to be here today to appear before this distinguished committee, all of whom I have had the pleasure of knowing.

I only have a brief statement and, at the risk of perhaps being cumulative in a couple of instances, there are some things in here that I would like to point out. So, with your permission, I would like to read this. It is only several pages.

Senator CARROLL. You may proceed.

Governor McNICHOLS. What I have to say here would only add a few words to this record which has been compiled in this project, and it is a small reflection of the patient efforts which have been exerted by the people of the Arkansas Valley to bring their project into being. Today I speak for all of the people in Colorado in stating that this project occupies the highest priority in the development of the water resources of our State.

The factor which most clouds the future of the Arkansas Valley in Colorado is the lack of dependable water supplies. This valley contains about 25 percent of the State's total population, but only about 7 percent of the available surface waters. The valley's principal cities, Colorado Springs and Pueblo, are well known throughout the United States but what is little known outside of Colorado is that the valley suffers from chronic shortages of water supplies. It was to supply a part of this deficiency that the Fryingpan-Arkansas project was conceived.

The problems which the project has encountered to date have been largely of our own making. During the past years, however, we have spared no effort or expense to solve our internal problems. We now present to the Congress a project which has the solid endorsement of our people. It is a project which serves a dual purpose of promoting development on both sides of the Continental Divide.

The people in western Colorado are reasonable and are sympathetic to the water problems of eastern Colorado. They felt, however, that the development in western Colorado could be stagnated if provision for future water supply for their development was not assured. They recognized that the water diverted to the east slope by the Fryingpan-Arkansas project would not preclude developments on the west slope provided proper operating principles were formulated. West slope interests requested assurance that their future needs for water and the relation of supply to need be determined as a condition precedent to their acceptance of the Fryingpan-Arkansas project.

Concentrated efforts to resolve these internal problems really began in 1959 with the adoption of the following resolution by the Colorado Water Conservation Board:

Whereas the Colorado Water Conservation Board has directed the staff of the board to proceed with all dispatch to assemble the data required to determine the water use requirements in the natural basin of the Colorado River in Colorado and make recommendations to the board with the view that such determination be completed within 5 years; and

Whereas it is the policy of this board that it is the function of the board to determine when the study above referred to has been completed and is in final form;

Now, therefore, predicated on agreement on operating principles of the Fryingpan-Arkansas project: Be it resolved

The Colorado Water Conservation Board hereby resolves That it will not approve any further federally financed transmountain diversion plans or projects until all water use requirements in the natural basin of the Colorado River in Colorado shall be determined and protected.

Immediately upon passage of this resolution the Colorado Water Conservation Board embarked on a 5-year study to determine the present and future requirements for water on the west slope of Colorado and to relate these requirements to the water supply available. These two actions set the stage for negotiation of acceptable operating principles between the Southeastern Colorado Water Conservancy District Board and the Colorado River Water Conservation District representatives.

Mr. Felix L. Sparks, director of the Colorado Water Conservation Board, conducted very extensive negotiations between the two conservancy district representatives.

The resulting operating principles, which have been made a matter of record as House Document No. 130, are acceptable to all parties concerned. As evidence of this acceptance I should like to quote the testimony of Mr. John B. Barnard, counsel for the Colorado River Water Conservation District, contained in hearings before the Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs of the House of Representatives, 87th Congress, 1st session, on H.R. 2206, H.R. 2207, H.R. 2208, and H.R. 2209, published in serial No. 4 dated May 15 and 16, 1961:

I should say to you that the protection afforded western Colorado by these operating principles prompted not only the directors of the district I represent, but western Colorado interests generally to approve the Fryingpan-Arkansas project. Without them I believe there would have been strong opposition to the bill at this time.

I feel that this clearly demonstrates the unanimity of support for this project in the State of Colorado.

Interstate opposition to this project has come from the State of California in the past. Amendments to earlier legislation concerning

this project have been negotiated with the affected interests in California and as a result the objections of California have been corrected. These negotiations were carried out between the director of the Colorado Water Conservation Board and officials of the Colorado River Board of California, the official agency for the State of California in Colorado River affairs.

I should like to quote from a publication of the Colorado River Board of California entitled "California's Stake in the Colorado River" which states at page 27 of the fifth revision, 1961, 11th printing:

Fryingpan-Arkansas project bills were passed by the Senate in several different Congresses, but failed of passage in the House, primarily because of the criticism voiced by California and western Colorado interests. Following a series of conferences, representatives of the 2 States reached substantial agreement in 1960 on amendments proposed by California which are deemed essential to the protection of California's interests in the Colorado River, including a restriction of the annual use of water by the project to a relatively small amount (90,000 acre-feet). Such amendments were incorporated into the project bills introduced in the 87th Congress, 1961.

The author of this publication is Raymond Matthew, chief engineer, Colorado River Board of California.

My purpose in reciting the above quotations is to assure you that past objections to this project have been corrected by the language contained in H.R. 2206 as passed by the House of Representatives on June 13 of this year. S. 284 now before this committee is practically identical to H.R. 2206.

I am pleased to add my endorsement to the Fryingpan-Arkansas project as chief executive of the State of Colorado and respectfully request that this committee take such action necessary to approve a bill containing language identical to that in H.R. 2206 as passed by the House of Representatives earlier this month.

I want to thank you for giving me the opportunity to appear here because this is certainly one of our most important projects and one that is vital to the economy of Colorado and I think will make a contribution to the security of this Nation as do all of these projects that we are recommending in the upper basin.

Senator CARROLL. Senator Allott?

Senator ALLOTT. I do not have any questions, Mr. Chairman.

I just want to express my deep appreciation to the Governor, whom I have known for a long time, for coming here and for the activity that has been carried on during the past few years.

It has been a tremendous accomplishment in our State to bring together the conflicting interests which he recited, particularly with respect to California, and ultimately with western Colorado. This has now been done.

Your statement, Governor, is of very great help in setting out and clearing up this matter.

Governor McNICHOLS. Thank you, Senator. I appreciate that very much.

Senator CARROLL. I want to say to members of this subcommittee that this is one of the reasons why I spoke of the Governor's selection of Larry Sparks, as the director of the Colorado Water Conservation Board. I think that in drawing together the conflicting interests, both in Colorado and California, they achieved something quite remarkable. This is one of the reasons why we have this bill before us today.

I think all of us who have witnessed this fight and are now seeing the successful culmination of our efforts are impressed with what can be achieved by fine leadership and teamwork in our State.

Senator DWORSHAK?

Senator DWORSHAK. All I want to say, Mr. Chairman, is that it is interesting to note the somewhat exceptional bipartisan support for this project.

I am wondering what the politicians in Colorado will do during the next decade after the Fryingpan project has been constructed.

Senator CARROLL. We have many more water projects that need bipartisan support.

Governor McNICHOLS. I would like to say something additional, if I may, Mr. Chairman.

This has not just been a Colorado effort. I think the Senators from Wyoming and Utah and New Mexico, who are also vitally interested in these projects, will certify to the fact that Colorado and the Governors of these upper basin States as well as the congressional delegations of all of these States have been working together to develop this whole basin. Not only the Colorado River Basin but we strongly support basin development wherever it is, whether it is the Columbia River or the Missouri River or the Tennessee Valley or any other river basin.

I have had the pleasure of appearing here with the Governors of these States not only in the furtherance of these projects that are vital to Colorado but that are also vital to Utah and Wyoming and New Mexico.

The Governors of these States have representatives on this Upper Colorado River Board and we work closely together on this.

I am happy to appear here in the furtherance of projects in these other States.

While Senator Hickey was Governor of Wyoming I think he will recall the harmonious efforts that we all participated in to get this upper basin development. This is a great river basin. It is one of the richest river basins in the world. I think it will make a substantial contribution to the security of this Nation and to the welfare of our people. So this is not a selfish thing at all. We want all of these projects developed and anything that we can do in furtherance of these projects will be done.

I might cite that when the San Juan-Chama project appeared to have some conflict between Las Animas-La Plata project, which was of vital interest to Wyoming and New Mexico, we made the study, spending our own money, and were able to endorse the San Juan-Chama project and prove to our own people in Colorado that there was actually no conflict between that project and Las Animas-La Plata project, which is an important bistate project.

We have not been selfish about this and do not intend to be.

Senator ALLOTT. Governor, you said interest to California. I think you meant to say Colorado-New Mexico.

Governor McNICHOLS. No, I say the upper basin Governors have cooperated completely and fully in setting up a priority of projects. If Utah has a project, we support it. If Wyoming has one, we support it. If New Mexico has a project, we support it.

That same cooperation, I think, exists not only between the upper basin States internally and among themselves but we have tried to cooperate with the lower basin States in their development also. But they have had substantial development in the past. It now appears to be our turn in the scheme of things to get some upper basin development.

I say it is not selfish interest because we have been interested in the upper basin, the lower basin, the entire basin, as well as basins outside the State of Colorado in other areas which we support strongly.

That in effect, is what I am trying to say.

Senator CARROLL. I think you have said it very well.

Senator HICKEY?

Senator HICKEY. Mr. Chairman, I would only like to testify to the diligence with which I have personally observed Governor McNichols' activity in the Upper Basin Commission. I can well remember the presentation he made of the Fryingpan-Arkansas in the continual answering of questions propounded on it. I think it is a great tribute to your administration, Governor, that you have come along as far as you have.

I would only like to make this observation, and I know that certainly from what you have done in the past and said in the past that you will continue to cooperate. We are interested in getting with you immediately after this project is in the final stages for another project which might answer our friend from Colorado's question as to what cooperation in the future we can look forward to from Colorado. Heretofore Colorado has been more than cooperative, offering to us some of the things that you badly needed, that the new report on our project indicates now we will not have to ask for. Certainly your statement of cooperation is one that I can duly testify to and say it has been a tremendous influence on this great project.

Governor McNICHOLS. We are available any time, Senator, to add any grain of sand that we can to the completion of that project and also any projects Senator Moss has in his State or Senator Anderson has in his State.

Senator CARROLL. Senator Moss?

Senator MOSS. I might like to borrow a little of the Governor's magic in compromising the interests of people since I am in the cross-fire now of a small project that simply has diversion from one watershed to another. It is creating enough heat in that small area of my State to recognize the tremendous problem involved when you have transmountain diversion out of one basin into another, such as we have here in this great project.

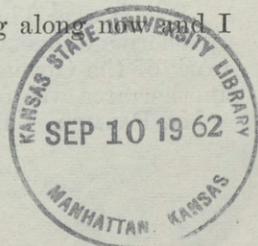
I certainly do pay tribute to the Governor and to the congressional delegation and to all of the people of Colorado who worked so diligently to solve the problem so that this project could go forward.

One of the things that constantly faces us as we go ahead with the development of our area is the very prickly problem we have when water is taken from one drainage basin to another. But the general good is obvious.

I am just delighted to see this project moving along and I support it most heartily.

Thank you, Governor.

Governor McNICHOLS. Thank you, Senator.



Senator CARROLL. Thank you very much for coming, Governor.

Governor McNICHOLS. Thank you, sir.

Senator CARROLL. I think we will move on and have Mr. Palmer come forward. He is the Assistant Commissioner of the Bureau of Reclamation.

STATEMENT OF WILLIAM I. PALMER, ASSISTANT COMMISSIONER, BUREAU OF RECLAMATION, ACCOMPANIED BY JAMES L. OGILVIE, ASSISTANT REGIONAL DIRECTOR, AND HAROLD DAVIS, ECONOMIST, REGION 7, DENVER, COLO.; DAN McCARTHY, ASSISTANT CHIEF, PROJECT DEVELOPMENT DIVISION; AND JIM T. CASEY, ENGINEER, PROJECT DEVELOPMENT DIVISION, BUREAU OF RECLAMATION

Mr. PALMER. I would like to have Mr. Ogilvie, who is Assistant Regional Director of Region 7, Denver, and also Dan McCarthy, who is Assistant Chief of the Project Development Division here, and Mr. Jim Casey, who is one of the engineers in that Division.

Senator CARROLL. Before you begin, are there any other Members of Congress here or their representatives who wish to offer a statement?

You may proceed, Mr. Palmer.

Mr. PALMER. We are delighted to appear before the subcommittee in support of S. 284 and H.R. 2206. This is especially gratifying in view of the recent favorable action taken by the House of Representatives.

I should like to say at the outset that H.R. 2206 as passed by the House on June 13, 1962, has been amended as recommended in the departmental report on the legislation. It has also been amended in certain minor respects by House action. We have no objection to these amendments and can effectively develop and administer the project under the bill as it now stands.

In the interest of simplification, I would like to step to the map and point out that since we were last before this committee a number of changes have been made in the basic plan of the project, all of which improve the project. This is the finest Fryingpan-Arkansas project that has ever been considered by this committee.

One of these has already been referred to—the original plan that called for a 28,000 acre-foot reservoir at Aspen to provide storage for the west slope. As this was highly controversial we sought out and developed a site on the Fryingpan River, Ruedi. It would make possible the storage of 100,000 acre-feet of water which will not only take care of the offset replacement storage but will provide additional water as projects are developed on the west slope. For instance, it would provide water for a project in this area downstream from Ruedi Reservoir.

Senator CARROLL. To state it differently, if I may interrupt, initially there was to be a reservoir in the Aspen area.

Mr. PALMER. That is right.

Senator CARROLL. This was highly controversial. Through the work of the Governor, Mr. Sparks, and the Department of Interior, another area was found which we call the Ruedi Reservoir.

Mr. PALMER. That is right.

Senator CARROLL. The proposed Ruedi Reservoir would have a greater storage capacity.

You indicated that this is a better bill.

Mr. PALMER. We think it is the best bill and most soundly conceived proposal for the Frypan-Arkansas project that has ever been before the committee. We think it is a pretty fine bill and report.

Going on with these changes, we found ways and means of improving the collection system as engineering studies were made to make it easier to operate and more immune from the hazards of operation at high elevations.

Senator CARROLL. When you refer to the collection system, are you referring to the water collection system?

Mr. PALMER. This, Senator, would be the area for collecting the water that would be diverted through the tunnel. An average of 69,000 acre-feet of water a year would be diverted to the east slope.

Senator HICKEY. You mentioned altitude. What is the altitude?

Mr. PALMER. In this general area the altitude is 10,000 feet and above. We also sought out and found a better route, a better point of diversion, for the Colorado Springs conduit. Perhaps one of the finest things that has happened since we appeared before this body is that a conservancy district has been organized officially. It now has a tax base of \$452 million. It includes 280,600 acres of irrigable land, and is pledged to help defray the cost of the project by ad valorem taxation up to 1 mill per dollar of assessed valuation.

We also, in this plan, have abandoned the treatment plant that was once proposed at Pueblo. Pueblo could not wait and has built its own plant. So one is no longer needed.

The period of water supply analysis of 1934 to 1948 was criticized on the House side. We have now brought the hydrologic analysis up to 1957. The period of 1934 to 1957, gives us a longer period of record to appraise water supply operations.

Senator CARROLL. Before you leave, if you will, tell us a little bit more about the conduit that extends to Colorado Springs.

I might add at this point that in the Colorado Springs area we have the Air Force Academy, Camp Carson, and Norad.

What is the purpose of that conduit going to the Colorado Springs area?

Mr. PALMER. Something over 20,000 acre-feet of water that would be developed by this project will be for the municipalities of Colorado Springs, Pueblo, and others along the river.

I want to talk about this conduit later.

The purpose would be to take municipal water from the river to the city.

It has been mentioned by the Governor and I want to reiterate, that the adoption of the operating principles and the updating and amending of the operating principles to consolidate the Ruedi operation into the plan has been achieved since we were before you.

There is one other thing that is worth consideration.

The original power transmission grid would have started at the Salida plan and gone down into Canon City and Pueblo into Colorado Springs and over to Linnell.

This committee is familiar with the long-range, somewhat protracted, and sometimes acrimonious negotiations that went on as to

whether we would build an all-Federal power system in connection with the Colorado River storage project or whether it would be built by private utilities.

I think you are also familiar with the happy conclusion of this long negotiation. It ended up by our finding that if we cooperated with the privately owned public utilities in the Colorado River Basin in an integrated operation involving wheeling agreements with the companies, substantial savings would accrue to the companies to the preference customers, and to the Federal Government. As a matter of fact, this one negotiation has resulted in there being some \$74 million more surplus revenues available in the Colorado River storage project account.

The transmission line now proposed goes from Salida and terminates at Lamar.

This we would not propose to build until it had been given the same kind of analysis and the same kind of treatment that was accorded the Colorado River storage project.

Senator CARROLL. Where would the major powersite on the Fryingpan-Arkansas be?

Mr. PALMER. There are several plants down the river.

Jim, why don't you come up here and identify the plants and tell us something about the capacity?

Senator ALLOTT. Mr. Chairman, I think we can help this matter for members of the committee.

All of the committee have a copy of this photograph. I think watching this they can identify these as Mr. Ogilvie goes down because they are identified on the photograph.

Senator CARROLL. I think that is a very good suggestion.

Mr. OGILVIE. Mr. Chairman, the water comes to the east slope into Sugar Loaf Reservoir, it then passes through a series of canals and powerplants. The reservoirs are here, Sugar Loaf and Twin Lakes. The first powerplant is just above Twin Lakes. It is the Elbert powerplant. Below Twin Lakes, Otero, another powerplant. The water flows down a canal to Wapaco powerplant, and then right into another power canal leading to Princeton powerplant. From there the water again enters a canal and flows to Pancho powerplant, and then to Salida powerplant.

That series of powerplants extend all the way from a point near Leadville to Salida.

There is also a powerplant proposed at Pueblo Reservoir for the generation of energy as the water is released to the irrigators.

The combined capacity of this power system is 123,900 kilowatts.

Senator CARROLL. Will you say that again, please? There has been some noise here.

Mr. OGILVIE. The combined capacity of this power system is 123,900 kilowatts. We estimate that will generate, on an average annual basis, in excess of 500 million kilowatt-hours.

Senator CARROLL. How will that power be distributed?

Mr. OGILVIE. We will distribute it to the preference customers, municipalities in the area. It is an area where they have a growing demand for it.

Senator CARROLL. I did not mean to whom. I said how?

Mr. OGILVIE. It will be distributed in accordance, we hope, with wheeling arrangements. In the absence of being able to work out a wheeling arrangement for the distribution of the power, our present project estimate includes an item for the construction of the transmission lines necessary to distribute the power.

Senator CARROLL. But from plant to plant is there any connecting system?

Mr. OGILVIE. Yes; from plant to plant we have the transmission lines connecting the powerplants that are necessary to assure their operation. They will be built in any event.

Senator CARROLL. That is a connecting line between the plants themselves?

Mr. OGILVIE. Yes, sir.

Senator CARROLL. Who will build those lines?

Mr. OGILVIE. The Bureau of Reclamation will build those lines as part of the construction of the power system.

Senator CARROLL. What about the line from Salida? We are now down at Salida. What will happen at the Salida plant? Where will the line extend beyond that?

Mr. OGILVIE. This is a possible arrangement for distribution of power. Of course, we will have to look at that carefully as our definite plan progresses to see whether this is the most advantageous at the time we get into the construction.

This line down here would be an alternate, and probably the best proposal that we could advance at this time.

Senator CARROLL. Would you say that after you complete construction of the plant and backbone transmission lines at Salida you will then make a determination at that time about wheeling arrangements, about extension of lines?

Mr. OGILVIE. Yes, sir. We will probably have made some progress before then. We would like to work those things out as rapidly as we can so we know where we are going with respect to constructing the line so we will be ready to market that power just as soon as we possibly can.

Senator CARROLL. That leads to my next question.

What about the marketability of that power? Is there an ample market for that power?

Mr. OGILVIE. Yes, sir; there is an ample market for the power here.

The load growth is as it is every place. It is exceeding the generation and the local demand is very evident.

Senator CARROLL. The reason I ask these questions is because other Members of the Senate will want to read the record in this case.

The marketability of the power is one of the important factors in the economic feasibility of the project; is it not?

Mr. OGILVIE. Yes, sir. The market is there.

Senator CARROLL. What about that powerplant that you mentioned at the Pueblo Reservoir?

Mr. OGILVIE. That is a relatively small plant. It would be used to generate energy at the time the irrigation releases are being made to the Arkansas Valley.

There is one thing in connection with that plant that might be significant. When it is generating and releasing water, there are some pumping loads down here in this area. Coincident with the

need for pumping energy here we are releasing water for irrigation and generating power. At the same time we help serve those pumping loads.

Senator CARROLL. I did not mean to interfere with Mr. Palmer's presentation but I thought we might want an explanation of these matters for the record.

Senator DWORSHAK. What will be done with the power in excess of the requirements of the preference customers?

Mr. OGILVIE. If there are any excesses to preference customers, we have had no trouble in working out a marketing arrangement with the utilities in the area.

We doubt very seriously if there will be excesses to preference requirements.

Senator DWORSHAK. Can you not anticipate whether the requirements of the preference customers are such that they will take all of the power generated?

Mr. OGILVIE. Our estimates are that the preference customers will take all of the generation.

Senator CARROLL. I might say for the record, Senator Dworshak, that in this very area there are extensive lines built by private utility companies.

I would point out that the Public Service Co. of Colorado is in favor of this project.

Senator ALLOTT. Mr. Chairman, may I interject here two points with respect to Mr. Ogilvie's statement that I think should be made clear.

First of all, the area from Lamar on clear up past Salida is already connected both by private or REA lines. As a matter of fact, Lamar has obtained power from REA since 1939, if my recollection is correct. This is the first thing.

The second thing is that there are two private utilities chiefly operating in this area. One is the Public Service Co. of Colorado—and I introduced into the record in my original statement a letter from them confirming their statement before the House committee supporting this—and the Southern Colorado Power Co. at Pueblo which also completely supports this project. So the two private utilities who are involved in this are in complete support of the project.

The other thing that I would like to point out is that in this series of generators to which you have referred, Mr. Ogilvie, what you are doing here is using the same water over and over again to take advantage of the energy which is created by the fall of the water from the outlets of the tunnel level down to the Pueblo altitude.

I would also like to say at this time, Mr. Chairman, I have known Mr. Ogilvie a great many years. The Bureau of Reclamation has done a lot of work but Mr. Ogilvie has followed this very, very closely and has done a tremendous amount of personal work on it; and, Mr. Ogilvie, we are very much in your debt and appreciate the attention and devotion you have given to the development of this project.

Mr. OGILVIE. Thank you, sir.

Senator CARROLL. Are there any other comments at this point?

Senator HICKEY. I would just add, is that the area where the tri-state REA operates, the area that Senator Allott has referred to? Is that the Tristate REA?

Mr. OGILVIE. No, sir; the tristate is farther north. It is up in the northeastern Colorado area.

Senator HICKEY. Would it participate in the use of your load here?

Mr. OGILVIE. Only to the extent that we would feed some Fryingpan generated power into the western division of the Missouri River Basin project.

Senator HICKEY. That would be through the private utilities that have been spoken of here and that are wheeling in cooperation with the tristate REA?

Mr. OGILVIE. Yes, sir.

Senator CARROLL. Mr. Palmer, you may proceed, now.

Senator ALLOTT. May I make one other comment?

Senator Dworshak has asked the question with respect to demand for power.

Is it not a fact that the Arkansas Valley Generating & Transmission Co., which is a combination of REA's, is already, and has been for the past 2 years, planning additional facilities there for power that they need now and which is not available?

Mr. OGILVIE. Yes, sir. They have plans for expansion.

Senator CARROLL. Before we leave this point; in other words, if this project is approved and built, the Bureau of Reclamation is going to give the same treatment to the power preference customers as it does in other projects and it will make the necessary wheeling contracts.

The REA's will certainly participate in this power.

Mr. PALMER. May I go back to the explanation I had started to give?

The final location of the line will depend, as did the final location of the Colorado River storage lines, on what kind of wheeling arrangements we might be able to negotiate.

It would go forward under these three basic principles:

A decision as to who should build the lines would be based upon the most economic and efficient development from the standpoint of both the Federal Government and the customers.

Acceptance of companies' proposals must be contingent upon compliance with power preference laws, and upon the finding that project repayment and consumer power rates will not be adversely affected.

If by applying those regulations or the yardsticks which we applied on the Colorado River system, we found a cheaper way of moving the power, we would, of course, want to go the cheaper way.

This would mean, if we developed a wheeling agreement, that some of the money that is in for construction of transmission lines would not be needed.

Senator CARROLL. You do not want to foreclose yourself from that position.

Mr. PALMER. That is right. We do not want at this time to tell you that we will build that line if we can find a less expensive way of getting the job done and provided that the project remains whole, that the customers get as good a treatment under the wheeling arrangement as they would have before, and that the preference laws be observed. We would want to go the best possible way in terms of the Federal Government and the customer.

Senator CARROLL. Would you say that under the present plan this line is contemplated from Salida south?

Mr. PALMER. Yes, sir.

Senator CARROLL. Depending upon the factors that you have raised here as to whether it is built, this will be determined later?

Mr. PALMER. That is correct.

Senator CARROLL. But you are in the position where you are in the driver's seat. You are not going to foreclose yourself from building these lines.

Mr. PALMER. We want to stay in the driver's seat. This is the best way to negotiate; from a strong position.

The CHAIRMAN. But you want to leave yourself where you are not forced to spend money on transmission lines.

Mr. PALMER. That is right.

The CHAIRMAN. If you save money it is not going to be wasted on some other part of the project. It goes back to the Treasury.

Mr. PALMER. That is correct.

The CHAIRMAN. Did you not find in the Upper Colorado storage project transmission line question the fact that you had some money to do certain things and it made negotiating a little easier and friendlier?

Mr. PALMER. It made it a great deal easier to negotiate.

The CHAIRMAN. Therefore, if this is authorized here you are in a good bargaining position with other people and you would save money if you could?

Mr. PALMER. That is correct.

The CHAIRMAN. I think the record indicates that it would be wise to give them money to operate here and express at the same time our desire to see you save money if you can, if you can find somebody else who will help you with it.

I am sure they will.

Senator CARROLL. That is a good statement to clarify the record.

Let me go back to the Salida plant.

How large will that powerplant be in relation to the six? I am speaking capacitywise.

Mr. PALMER. While looking it up, may I add one last major change that it is in the plan that is now before you that was not in when the matter was brought to this committee before?

The area diverting water beyond John Martin Dam did not petition into the conservancy district but lands in Fountain Valley that had not originally planned to be in the conservancy district did petition in.

So we end up with a total of 280,600 irrigable acres in the conservancy district which makes it one of the larger ones in every respect and one of the better ones.

Mr. OGILVIE. The capacity of the Salida plant is 28,000 kilowatts.

Senator CARROLL. How does that compare with some of the others?

Mr. OGILVIE. That is the largest plant in the group. I could go down and give you each one.

Senator CARROLL. That is what I want to point out for the record, this is the largest plant.

Mr. OGILVIE. Yes, sir.

Senator CARROLL. And power will come from this plant to the Bureau of Reclamation transmission lines, if the Bureau builds the lines.

Mr. OGILVIE. That is right.

Mr. PALMER. It will collect at that plant the product of the other plants in the system.

Senator CARROLL. So, stemming from the Salida plant will be this collection of power. How much power will come from the Salida connection?

Mr. OGILVIE. The Pueblo plant is only 12,000 kilowatts. So you take the 12 off the 123.9 would be roughly 112,000 kilowatts that would be coming off that Salida connection.

Senator CARROLL. I thought I heard somewhere in the testimony an estimate of about 500,000 kilowatts.

Mr. OGILVIE. It would be 500 million kilowatt-hours generated on an average annual basis.

Senator CARROLL. So really you have a major concentration of power in the Salida plant except for the 12,000 kilowatts at the Pueblo plant.

Mr. OGILVIE. Yes.

Senator DWORSHAK. At what price do you intend to dispose of that power?

Mr. PALMER. 6½ mills at load center.

Senator ALLOTT. Mr. Chairman, I would like to ask unanimous consent to put in the record at this time a letter I have from the Tri-State Generation and Transmission Association supporting this project. I would like to have it inserted in the record at the point where I believe the Senator asked his question.

(The letter referred to above follows:)

TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.,

Denver, Colo., April 18, 1962.

HON. GORDON ALLOTT
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR ALLOTT: The finest newspaper story in several weeks blazed last night on the front page of the Denver Post: The heartening news that the Fryingpan-Arkansas project has been given open rule for House debate.

You and the other members of Colorado's congressional delegation are to be highly commended for your successful repair work which was made necessary by the Rules Committee's adverse report last week. Apparently no sound reclamation project is possible without this type of yeoman effort on the part of Members of the Congress.

The Members of Tri-State, including those in Wyoming and western Nebraska have twice resolved in favor of Fryingpan authorization. This is to advise you of our full and continuing support for H.R. 2207 and to inquire if there is anything we at home can do to aid you and your colleagues' efforts to secure that authorization.

Yours very sincerely,

WENDELL J. GARWOOD.

Mr. PALMER. I believe the committee would also be interested in knowing that this area is rapidly becoming one of the best covered in terms of interconnected power systems. The western division of the Missouri River Basin system will be interconnected at Dillon so there would be Fryingpan-Arkansas, Colorado River storage and Missouri River Basin systems interconnected.

This interconnection offers many possibilities for improving system operation, by taking advantage of diversities and in firming power generation. The committee has before it as a part of the departmental report on the bill now being considered, the supplemental feasibility analysis of Fryingpan-Arkansas project. It is dated May 1961, and it contains the data on cost allocations, annual revenues, and payout,

studies. It contains a listing of sources of revenue and establishes beyond any question of doubt that the project can pay out within 50 years.

The cost of Ruedi Dam and Reservoir is estimated at \$12,831,000 as compared to \$7,600,000 for the Aspen site that it replaces. This increase in cost in the amount of \$5,231,000 would be, under the pending bill, an obligation of the Fryingpan-Arkansas project for repayment purposes until such time as Congress might relieve the project of this expense through legislation to authorize the Basalt project or alternative development for utilization of Ruedi Reservoir storage.

Even though much of the benefit of Ruedi will ultimately go to the west slope, the Fryingpan-Arkansas people are willing to underwrite the added cost of Ruedi until such time as that cost can be picked up by a project authorized by the Congress.

Senator HICKEY. Will the benefits you speak of for the western slope be in the nature of flood control?

Mr. PALMER. There is some flood control, some recreation and some fish and wildlife benefits. There will be a considerable amount of water that can be used when a feasible project has been developed to use that water and has been brought to the committee for authorization.

Senator HICKEY. On the western slope?

Mr. PALMER. On the western slope.

Senator HICKEY. I had the idea from just looking at what we have here that most of the water would be diverted through the Continental Divide for use on the other side.

Mr. PALMER. There is an average of 69,100 acre-feet that would be diverted eastward. To assure the western slope that their existing needs would be cared for, replacement storage is provided at Ruedi Dam which would take care of developed demands. Additionally, Ruedi Reservoir would provide for future development of the western slope.

Senator HICKEY. What is the total capacity of Ruedi?

Mr. PALMER. 100,000 acre-feet.

Senator HICKEY. And 69,000 from 100,000 is approximately 31,000?

Mr. PALMER. This is a bit of arithmetic that is hard to do. Actually, we would move eastward an average of 69,100 acre-feet per year. But to guarantee that we will be able to take care of the markets, the diversions, the irrigation that has already taken place on the western side of the mountain and to give them an assurance that there will be water for future developments on the western side of the mountain we would build a dam at Ruedi that adds up to 100,000 acre-feet. But the two are not necessarily interrelated.

Senator ALLOTT. Also the point ought to be made, if it is not clear, Senator, that the Ruedi Dam, while it has some fish and wildlife associated with it, it is primarily for presenting agricultural use and also future industrial and municipal use?

Mr. PALMER. That is correct, sir.

Mr. CASEY. It might be well to clarify this question of arithmetic that Senator Hickey raised. Before Ruedi came into this plan we had determined that about 28,000 acre-feet would be necessary on the western slope to preserve existing water rights. That was the capacity at the Aspen site. It was the crux of the Ruedi substitution that some

more capacity would be provided for future use, as Mr. Palmer has said. So; I believe it could fairly be said that 28,000 or thereabouts of the Ruedi capacity is associated with the responsibility to preserve existing uses on the western slope, thus leaving the remainder available to regulate water for future use.

The operating principles referred to in the bill spell this out with some degree of clarity.

Senator CARROLL. This is a compensating reservoir, is it not, somewhat similar to the Green Mountain Reservoir on the Colorado-Big Thompson?

Mr. PALMER. That is correct.

Senator CARROLL. I might say for the record in that 1954 when there was a drought in that area the water that was stored in a compensating reservoir was of great help to the Grand Valley area.

This is the concept of the Ruedi Reservoir. It will hold water to be stored for future use.

Mr. PALMER. That is right, sir.

Senator CARROLL. Are there any further questions?

Mr. PALMER. I have a few more points to cover here.

Senator CARROLL. Go right ahead.

Mr. PALMER. We are pleased to confirm that the project is shown to be capable of meeting the requirement of the bill as drawn in every respect as illustrated by the supplemental feasibility analysis of the Fryingpan-Arkansas project. The estimated cost of the project is now \$169,905,000. This estimate includes the total cost of Ruedi Dam and Reservoir and reflects appropriate indexing as required by changes in price levels since the date of the previous testimony.

The water supply aspects of the project are essentially unchanged from our previous testimony. The project would result in the importation on the average of about 69,000 acre-feet of water annually from the Colorado River Basin and the regulation of native Arkansas River winter flows and floodflows totaling more than 100,000 acre-feet per annum.

These water supplies would provide needed supplemental municipal and industrial water to the cities of Colorado Springs and Pueblo as well as to other communities in the Arkansas River Basin. Hydro-power generation, totaling about 500 million kilowatt-hours annually by seven plants with a combined capacity of 123,900 kilowatts remains unchanged.

Long-term average yearly irrigation shortages of 32 percent will be reduced to 16 percent by timely releases of stored water during critical crop-growing periods, amounting to an average of 0.6 of an acre-foot for each of the 280,600 inadequately irrigated acres in the Southeastern Colorado Water Conservancy District.

Although not great in amount, the supplemental water supply represents two irrigations of about 3 inches each and will enable farmers to be assured that specialty crops for which this valley is adapted can be started and finished. Historically, farmers in the Arkansas River Valley have utilized as much land for the production of melons, fruits, sugarbeets, vegetables, and other specialty crops as the water supply prospects would justify.

At this point, Mr. Chairman, and with your permission, I would like to point out that Congressman Aspinall addressed a letter to

Secretary Freeman of the Department of Agriculture to inquire as to the position the Department of Agriculture would take with regard to crop surpluses and the alleged argument that this project would produce crop surpluses.

If I might read a couple of paragraphs from both the request and the reply, I think it will head off discussion on crop surplus.

Senator CARROLL. I was going to ask you about that letter. I had a note that you might offer that letter for the record.

Mr. PALMER. I will do that.

Since the President's message on agriculture is received we are being continuously confronted with the reference to the need of fewer lands for agricultural production as an argument against the authorization of additional reclamation projects. There has been much misunderstanding with respect to the language in the President's message and you have subsequently personally clarified this matter to a great extent. For instance, I have seen your letter to Senator Anderson in which you stated that the Department's estimates of needed acreage by 1980 included an increase of 9.4 million acres of irrigable land.

You also stated, "It is the view of the Department that resource policies should provide for an orderly improvement of croplands through carefully selected irrigation, drainage, flood protection, watershed, and other conservation measures along with adjustment activities as needed for reducing the total average devoted to crop production." Your speech made in Brawley, Calif., has also been called to my attention. In this speech you pointed out that attempts to balance production with market needs by elimination of sound reclamation and irrigation projects would be tantamount to deliberately promoting inefficient use of agricultural resources.

I will introduce this in the record.

Senator CARROLL. I direct that the letter be placed in the record at this point.

(The letter referred to above follows:)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
OFFICE OF THE CHAIRMAN,
Washington, D.C., June 2, 1962.

HON. ORVILLE L. FREEMAN,
The Secretary of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: It is expected that H.R. 2206 to authorize construction of the Fryingpan-Arkansas reclamation project in Colorado, will be considered by the House in the near future. The committee has your letter of May 31, 1961, indicating no objection to the enactment of this legislation and proposing certain amendments which, I am happy to advise, were adopted by the committee and are now in the legislation.

Since the President's message on agriculture was received, we are being continually confronted with the reference in that message to the need for fewer lands for agriculture production as an argument against the authorization of additional reclamation projects. There has been much misunderstanding with respect to the language in the President's message and you have subsequently personally clarified this matter to a great extent. For instance, I have seen your letter to Senator Anderson in which you stated that the Department's estimate of acreage needs by 1980 included an increase of 9.4 million acres in irrigated acreage. You also stated that "it is the view of the Department that resource policies should provide for the orderly improvement of cropland through carefully selected irrigation, drainage, flood protection, watershed, and other conservation measures along with adjustment activities as needed for reducing the total acreage devoted to crop production."

The speech you made last March in Brawley, Calif., has also been called to my attention. In this speech you pointed out that attempts to balance production with market needs by eliminating sound reclamation and irrigation projects would be tantamount to deliberately promoting inefficient use of agricultural resources. You also stated that "reclamation and irrigation have a highly neces-

sary role to play in the wise present and future use of national land and water resources" and "sound reclamation and irrigation projects and the land adjustment proposals of the food and agricultural program for the 1960's are compatible with each other."

After going over these and other statements which you have made relative to the position of the Department of Agriculture I believe that the Fryingpan-Arkansas project is exactly the kind of project that should go forward in line with your statements. The Arkansas Valley is an area, of course, where irrigated acreage has been developed under private financing. The problem is overdevelopment of the available water supply. The small amount of supplemental water which would be supplied by the project certainly increases the efficiency of land and water use and will permit the necessary flexibility for more diversified cropping which will move production away from those crops which have contributed to the surplus problem. No new lands would be brought into production. This is actually a rescue operation for the existing irrigated lands.

If you are in agreement with my conclusion that there no conflict between this project to rescue the presently irrigated lands in the Arkansas Valley and the long-term agricultural objectives of your Department I would appreciate it very much if you would so advise me. It would be extremely helpful to have such a statement from you when H.R. 2206 is considered by the House.

Sincerely yours,

WAYNE N. ASPINALL, *Chairman.*

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 8, 1962.

HON. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives.

DEAR MR. ASPINALL: This is in reply to your letter of June 2, 1962, about the relationship between the proposed Fryingpan-Arkansas reclamation project in Colorado and the projected need for land to meet future national agriculture production requirements.

As is indicated in your letter, we understand the project would not bring new lands into production but would involve the reorganization of existing irrigation facilities and the supplying of supplemental water to make possible increased efficiency in the management of existing irrigated farms in the project area and minimization of waste that comes from losses in years of short water supply.

This is consistent with a major objective of this Department to provide appropriate and needed services for improvement of the family farm pattern and of farm and rural living. It is in keeping with the provision of technical assistance to individual farmers and ranchers, taking into account present national production needs, to help develop efficient use of soil and water resources and to protect productive agricultural land to meet future national needs.

To attempt to balance agricultural production with market needs by eliminating sound reclamation and irrigation projects would, as I have publicly stated, be tantamount to deliberately promoting inefficient use of agricultural resources.

We feel that reclamation and irrigation have a highly necessary role to play in the wise present and future use of national land and water resources for the economic growth of the Nation.

We recognize that most of the farm products coming from irrigated land are not those for which there are serious overproduction problems. The provision of additional water to supplement present inadequate water supplies, as is proposed by the Fryingpan-Arkansas project, helps enable project farmers to adjust their production plans so they can respond to variations in production needs.

We consider that sound reclamation and irrigation projects and the land use adjustment proposals of the food and agriculture program for the 1960's to be compatible with each other.

Sincerely yours,

(Signed) ORVILLE L. FREEMAN.

Mr. PALMER. Part of the reply reads as follows:

As is indicated in your letter, we understand the project would not bring new lands into production but would involve the reorganization of existing irrigation facilities and the supplying of supplemental water to make possible

increased efficiency in the management of existing irrigated farms in the project area and minimization of waste that comes from losses in years of short water supply.

This is consistent with a major objective of this Department to provide appropriate and needed services for improvement of the family farm pattern and of farm and rural living. It is in keeping with the provision of technical assistance to individual farmers and ranchers, taking into account present national production needs, to help develop efficient use of soil and water resources, and to protect productive agricultural land to meet future national needs.

We feel that reclamation and irrigation have a highly necessary role to play in the wise present and future use of national land and water resources for the economic growth of the Nation.

We recognize that most of the farm products coming from irrigated land are not those for which there are serious overproduction problems. The provision of additional water to supplement present inadequate water supplies, as is proposed by the Fryingpan-Arkansas project, helps enable project farmers to adjust their production plans so they can respond to variations in production needs.

We consider that sound reclamation and irrigation projects and the land use adjustment proposals of the food and agriculture program for the 1960's to be compatible with each other.

I might conclude by saying that joint studies by the Bureau of Reclamation and Sport Fisheries and Wildlife indicate that existing values in the western slope and Arkansas River Basin areas can be preserved and enhanced without detracting from the ability of the project to meet the financial requirements of the pending bills. Continuing consideration will be given to these questions as postauthorization studies are conducted. Minimum streamflows for the preservation and enhancement of fish life in streams of the east slope will be provided according to a schedule to be approved by the Secretary of the Interior.

We in the Bureau of Reclamation believe that this project meets every standard test of current reclamation doctrine, as defined by many recent acts of Congress. All reimbursable costs are returnable within a 50-year time period, and the project is economically justified by exacting standards. Satisfactory repayment entities have been created under Colorado law and have continuously urged enactment of authorizing legislation so that appropriate repayment contracts might be consummated. The State of Colorado and previously divided factions thereof are united in support of the development.

As a matter of national interest, the area of the Fryingpan-Arkansas project is economically depressed from current industrial unemployment and the agricultural development which furnishes the economic backbone of the area has been likewise depressed through the effects of drought and restricted water supply. Municipal growth is being thwarted because of short water supplies, and the communities appear to have exhausted their capacity for self help. Prompt enactment of the legislation being considered here today would do much to alleviate these conditions.

We will be pleased to attempt to answer any inquiries which the subcommittee cares to make in order that the merits of this matter may be fully understood.

Senator CARROLL. Mr. Palmer, if the Congress approved this bill and it went to the President for his signature, how long would it take to build this project?

Mr. PALMER. This is one of those projects where the building at an orderly rate might run to 13 to 14 years. Because it is spread over quite an area and because there are many features, if in the interest of

providing employment or alleviating local unemployment, or any other national interest, it could be expedited. To get started we would have to prepare our designs and specifications. We probably would start with Ruedi Dam and the gathering of data on the trans-continental tunnel and the transmountain diversion, and in the negotiation of the requisite contracts with the water users.

Senator CARROLL. How quickly are you prepared to go ahead with your planning?

Mr. PALMER. We are prepared to go ahead with the planning as soon as money for that planning could be made available.

Senator CARROLL. If money were available this year, you could go ahead?

Mr. PALMER. That is correct.

Senator CARROLL. When would you begin construction?

Mr. PALMER. It probably would take about a year. If we get planning money in fiscal 1963 we could probably start construction in 1964.

Senator CARROLL. You have indicated this is an economically depressed area?

Mr. PALMER. That is correct.

Senator CARROLL. How much work could you do in a year's time, for example?

What is your estimate?

Mr. PALMER. How much money would we need in the first year?

Senator CARROLL. Yes.

Mr. PALMER. We would need somewhere between \$500,000 and \$600,000 that could be expeditiously used in gathering design data and preparing specifications.

Senator CARROLL. You refer to the planning stage. I am thinking about the construction and putting men to work.

Mr. OGILVIE. The first item for construction would be Ruedi Dam and Reservoir. This would mean that a contractor would be moving in there with a substantial labor force that he would have to assemble in order to start the construction of that dam and reservoir.

The same would be true of the Continental Divide Tunnel. That would be another of the first items that would be started under construction.

Presumably it could be drilled from both portals. That would mean he would have a construction force of significant size, maybe 200 people in order to start drilling of the tunnel.

So those would be the initial items of work and would come probably in 1964.

The initial \$500,000 or \$600,000, that Mr. Palmer mentioned would be largely for the collection of design data.

That doesn't mean that it wouldn't assist in alleviating problems in the area because a substantial part of that money would be spent in the area for survey crews, the collection of design data, for drilling out the tunnel portals, for drilling out the damsites and things like that. That would be an initial impact during the first year.

Senator CARROLL. The reason I say this for the record, is that it is the matter of getting planning money?

Mr. OGILVIE. Yes, sir.

Senator CARROLL. The reason I say this for the record, is that it is important that we try to move this bill through this committee and through the Senate as quickly as possible in the hope that we can get some planning money by a supplemental appropriation this year. This is a matter I want to take up with you gentlemen because a little bit later on when we move this bill out of committee I will take it up to the Democratic Policy Committee and try to move it quickly on the floor of the Senate. I want to tell them we have this additional important step this year, that is the attempt to get planning money.

Do you have any money that you can get from any other source within the Department? You people always seem to have a lot of money.

Mr. PALMER. We have some money but we also have some restrictions. There is a limitation on the amount of money that could be moved without the consent of the committees. You undertake a new activity like this but this takes the written consent of the chairman of the committees. That is; the appropriation committees.

Senator CARROLL. We will discuss this later.

Mr. PALMER. These are mechanics we can work out later.

Senator CARROLL. May I suggest to Mr. Palmer and Mr. Ogilvie that if you have other statements or other documents to put in the record at this time, you may do so.

Mr. PALMER. I do have one statement I would like to have inserted in the record as if read.

Senator CARROLL. Without objection it will be placed in the record at this point.

STATEMENT OF WILLIAM I. PALMER, ASSISTANT COMMISSIONER OF RECLAMATION

Mr. PALMER. Mr. Chairman, and members of the subcommittee, the Bureau is pleased to appear and testify concerning S. 284 and H.R. 2206. This is especially gratifying in view of the recent favorable action taken by the House of Representatives. It should like to say at the outset that H.R. 2206 as passed by the House on June 13, 1962, has been amended as recommended in the departmental report on the legislation. It has also been amended in certain minor respects by House action. We have no objection to these amendments and can effectively develop and administer the project under the bill as it now stands.

Since our last hearings on this project in March 1957 on S. 60, 85th Congress, there have been some desirable refinements and alterations in the physical and economic plan. The project, now before you, is thus a much sounder and more defensible proposal than it has been on the three previous occasions in which it was reported by this subcommittee and passed by the Senate. The changes to which I refer have been outlined in the report of the Department of the Interior on S. 284, dated May 2, 1961. I would like to mention some of them at this point.

The original planning report of the Department, House Document No. 187, 83d Congress, contemplated a reservoir on the Roaring Fork near Aspen, Colo. This reservoir would have provided replacement storage for flows diverted from the Western Slope to the Arkansas

River Basin. The subcommittee will recall that considerable opposition to Aspen Reservoir was expressed by various interests in western Colorado in recent years.

Largely as an outgrowth of this opposition, an alternate site has been selected for replacement storage, and the plan no longer contemplates construction of Aspen Dam. In lieu, thereof, we have substituted Ruedi Dam and Reservoir on the Fryingpan River. This facility, with a capacity of 100,000 acre-feet, which is described in House Document No. 353, 86th Congress, would serve the identical replacement function previously accommodated by Aspen Reservoir and would have the added effect of furnishing a regulated water supply for future development in the Colorado River Basin. Investigations are now in progress on opportunities to beneficially utilize this water supply on potential projects in the Basalt Area.

The cost of Ruedi Dam and Reservoir is \$12,831,000 compared to \$7,600,000 for Aspen. The increase in cost amounting to \$5,231,000 would be, under pending bills, an obligation of the Fryingpan-Arkansas project for repayment purposes until such time as Congress might relieve the project of this expense through legislation to authorize the Basalt project or alternative development for utilization of Ruedi Reservoir storage.

Other changes in the engineering plan consist of eliminating the water treatment plant for the city of Pueblo, a change in the point of diversion for the Colorado Springs aqueduct, and the addition of design features to better assure winter operations. It should also be noted, by way of comment on plan changes, that there has been withdrawal of some lands from the conservancy district, and the acreage now to be benefited stands at 280,600 compared to 322,000 acres in previous testimony.

The second major change in the project proposal is in the financial analyses. Pending bills now provide that all reimbursable costs be liquidated within 50 years. Interest rate formulas are also specified in the bills. These formulas are identical to those adopted and imposed in contemporary general enactments and in most recent specific Reclamation authorizations.

We are pleased to confirm that the project is shown to be capable of meeting the requirements of the bills, as drawn, in every respect, as illustrated in the supplemental feasibility analysis, Fryingpan-Arkansas project, dated March 1961. This document is part of the Department's report on S. 284.

The estimated cost of the project is now \$169,905,000. This estimate includes the total cost of Ruedi Dam and Reservoir, and reflects appropriate indexing as required by changes in price levels since the date of our previous testimony.

The water supply aspects of the projects are essentially unchanged from our previous testimony. The project would result in the importation on the average of about 69,000 acre-feet of water annually from the Colorado River Basin and the regulation of native Arkansas River winter flows and flood flows totaling more than 100,000 acre-feet per annum. These water supplies would provide needed supplemental municipal and industrial water to the cities of Colorado Springs and Pueblo as well as to other communities in the Arkansas River Basin. Hydropower generation, totaling about 500 million

kilowatt-hours annually by seven plants with a combined capacity of 123,900 kilowatts remains unchanged. Long-term average yearly irrigation shortages of 32 percent will be reduced to 16 percent by timely releases of stored water during critical crop-growing periods, amounting to an average of 0.6 of an acre-foot for each of the 280,600 inadequately irrigated acres in the Southeastern Colorado Conservancy District.

Although not great in amount, the supplemental water supply represents two irrigations of about 3 inches each and will enable farmers to be assured that specialty crops for which this valley is adapted can be started and finished. Historically, farmers in the Arkansas River Valley have utilized as much land for the production of melons, fruits, sugarbeets, vegetables, and other specialty crops as the water supply prospects would justify.

Shortages in the water supply outlook frequently required that the expense and risk of high-value, nonsurplus crops be avoided and that the land resource be used for general farm crops from which some return might be expected with little or no irrigation water. Often these substitute crops were in categories that are now in surplus. It can thus be seen that this project would have a beneficial effect on the commodity surplus problem by actually bringing about a desirable change in the land use.

Broad generalizations that improved production through development of Reclamation irrigation facilities add to the existing crop surpluses are misleading. Each project proposal should be considered on its own merits—the crops it now produces, the crops it will produce in the future, whether the additional water will stabilize the agricultural and business community, and the immediate effect of construction activities in an area of high unemployment.

The Fryingpan-Arkansas area is one of the depressed economic areas suffering from serious unemployment and accompanying business recession. Construction activities will improve this local situation as a short-term benefit. A number of years will be required in construction and additional years before the project farm production is maximized under mature development. In the meantime, increasing population and increasing consumption trends indicate a future market for the types of products to be produced. Thus, we need have no fear that construction of the project will intensify the existing surplus situation.

From the standpoint of economic justification, the Fryingpan-Arkansas project is meritorious. The ratio of benefits to costs is about 1.65 to 1 on the basis of total benefits for a 100-year period.

Very briefly, our reanalysis demonstrates that the entire reimbursable cost of the Fryingpan-Arkansas project can be returned from anticipated project revenues within a period of 50 years following completion of construction of the project. In these analyses, the hydroelectric power allocation of \$62,667,000 plus \$2,184,000 of reimbursable interest during construction would be repaid to the Treasury based on an interest rate of 2.632 percent by the 41st year after completion of all power facilities. This would be accomplished by applying net power revenues obtained through the sale of energy to preference and nonpreference customers at an estimated rate of 6.5 mills per kilowatt-hour.

The supplemental analysis also demonstrates the costs allocable to municipal and industrial water supply, excluding the cost of delivery system, could be returned during the 40th year following completion of construction using an interest rate of 2.632 percent. Repayment of these costs consisting of a construction cost allocation of \$8,472,000 plus \$302,000 interest during construction would be accomplished by proceeds from water deliveries and a component of conservancy district tax revenue.

Should it be determined on the basis of the required secretarial finding that municipal water delivery systems would be constructed as a part of the project works as provided in section 1(c) of the bills, these facilities could be repaid at an appropriate interest rate within 50 years after the facilities begin to provide service. Revenues to accomplish this repayment would be from proceeds from delivery of water to Colorado Springs and Arkansas River Valley towns. The amount returnable under this arrangement would consist of \$13,761,000 in project costs plus \$479,000 interest during construction. In passing, it should be observed that if these works are undertaken, suitable repayment contract coverage will be obtained prior to the initiation of construction. The interest-free irrigation allocation of \$66,097,000 would be returned within 50 years by conservancy district revenues, comprised of water charges to be paid by the irrigators, ad valorem taxes, and financial assistance from net power revenues.

The foregoing testimony is based on studies and analyses included in our report on S. 284, dated May 2, 1961. In the intervening year, such studies as have been possible with limited funds have been conducted to a view to keeping project relationships abreast with changing policies and procedures for project evaluation. The results of this work in the fields of recreation, fish and wildlife, and evaluation of irrigation benefits show that the application of recently established policies and requirements would be of such limited effect on the project analyses that amendment of our official report was not considered to be warranted.

Continued consideration of the purposes of recreation and fish and wildlife with the National Park Service and Bureau of Sport Fisheries and Wildlife, respectively, have served to assure us that the needs of these purposes are being adequately safeguarded and enhanced.

Section 4 of S. 284 provides the means through which the substantial recreation values implicit in this proposed project may be realized. Time has not permitted a definitive analysis of this matter, but sufficient information is at hand to demonstrate that desirable recreation development will be of significant local and regional benefit.

Joint studies by the Bureaus of Reclamation and Sport Fisheries and Wildlife indicate that existing values in the western slope and Arkansas River Basin areas can be preserved and enhanced without detracting from the ability of the project to meet the financial requirements of the pending bills. Continuing consideration will be given to these questions as postauthorization studies are conducted. Minimum streamflows for the preservation and enhancement of fish life in streams of the east slope will be provided according to a schedule to be approved by the Secretary of the Interior.

We in the Bureau of Reclamation believe that this project meets every standard test if current reclamation doctrine, as defined by many recent acts of Congress. All reimbursable costs are returnable within a 50-year time period, and the project is economically justified by exacting standards. Satisfactory repayment entities have been created under Colorado law and have continuously urged enactment of authorizing legislation so that appropriate repayment contracts might be consummated. The State of Colorado and previously divided factions thereof are united in support of the development.

As a matter of national interest, the area of the Fryingpan-Arkansas project is economically depressed from current industrial unemployment and the agricultural development which furnishes the economic backbone of the area has been likewise depressed through the effects of drought and restricted water supply. Municipal growth is being thwarted because of short water supplies, and the community appears to have exhausted its capacities for self-help. Prompt enactment of the legislation being considered here today would do much to alleviate these conditions.

We will be pleased to attempt to answer any inquiries which the subcommittee cares to make in order that the merits of this matter may be fully understood.

Senator CARROLL. Thank you, Mr. Palmer.

Senator ALLOTT. Thank you, Mr. Palmer.

I would like to ask 1 question of Mr. Palmer before the next witness comes forward.

The amount devoted to recreation, wildlife, has run from 18 to 25 percent on most of our projects?

Mr. PALMER. On many of the recent ones, that is correct.

Senator ALLOTT. The amount allocated in this instance to recreation and wildlife as I figure it is around 2.3 percent?

Mr. PALMER. That is correct. There is 1 provision in the bill and I am glad I have a chance to identify it, it is section 4 of the bill which would call for additional recreation surveys and studies.

Senator ALLOTT. As to the cost of this project, the recreation and wildlife features which are not reimbursable are only 2.3 percent. I am taking the total of the fish and wildlife and recreation as compared to 18 to 20 percent of most projects that have come before us?

Mr. PALMER. That is correct.

Senator CARROLL. Without objection we will now have Mr. Boustead, Mr. Goslin, and Mr. Beise, come forward.

Mr. Boustead is the executive secretary of the Southeastern Colorado Water Conservancy District, and Mr. Goslin is director of the Upper Colorado River Commission.

Mr. Kuiper is acting director of the Colorado Water Conservation Board, and is an engineer who has worked a great deal on this project and has been very helpful to the Government and to Larry Sparks about whom I have previously spoken.

Mr. Kuiper, go right ahead and make your presentation. You may proceed in any way that you wish to. Mr. Boustead, did you have a statement?

Mr. BOUSTEAD. Yes.

Senator CARROLL. Mr. Goslin, do you have a statement?

Mr. GOSLIN. Yes, I have a statement. I would be very happy merely to submit it for the record.

Senator CARROLL. Suppose we have Mr. Kuiper proceed and then we will come to you other gentlemen.

Senator ALLOTT. May I say for the sake of the record it ought to be made clear Mr. Kuiper is here as acting director of the Colorado Water Conservation Board which is the official Colorado agency charged with the responsibility of water matters and development of water matters and also with respect to Mr. Boustead and Mr. Beise. Mr. Boustead has been a director and extremely active in the organization which preceded the conservancy district which is the Southeast Colorado Water Development Association and that Mr. Beise has acted as attorney for that association since its founding. So, in these 2 gentlemen we have people who have been active in the development of this project from its very inception. There are many other people such as the editor of the Pueblo Chieftain who should be given credit, too.

Here we have the acting director of the water conservation board and the 2 men who have been associated with this project from the beginning.

STATEMENT BY L. R. KUIPER, ACTING DIRECTOR, COLORADO WATER CONSERVATION BOARD

Mr. KUIPER. Mr. Chairman and members of the committee, my name is Leonard R. Kuiper, and I appear here as acting director of the Colorado Water Conservation Board, the official agency of the State of Colorado, in matters pertaining to water resource development. Either I or other representatives of our State water board have appeared here before this committee with considerable regularity since 1953 in support of the Fryingpan-Arkansas project.

The project has been so thoroughly documented here that there are members of this committee who could qualify as experts on the subject.

The senior members of this committee have a particular awareness of the prolonged efforts we have put forth in Colorado to secure authorization of this project. The past suggestions and comments of members of this committee have been most helpful in the preparation of the greatly improved project plan which is now before you.

Seldom in the history of reclamation has any group of people, such as those in the Arkansas Valley, demonstrated more convincing faith in the necessity of a reclamation project. In addition to years of untiring efforts, the people of Colorado have to date expended over \$700,000 in bringing this project to its present state, the greatest portion of this sum originating within the valley proper.

In 1958, when the fortunes of the project seemed to be at the lowest ebb, the people of the Arkansas Valley organized themselves into the largest water conservancy district in the history of our State, both in terms of population and assessed valuation.

In so doing, they demonstrated their willingness to raise, from ad valorem taxes alone, approximately \$516,000 annually, based on present assessed values, to assist in project repayment and operation. Under applicable State law, an additional sum of half this amount can be raised to cover deficiencies or defaults in contractual obligations.

Past controversies about transbasin diversions of water have had the unfortunate effect of obscuring one of the most important aspects of the Fryingpan-Arkansas project. That is, the fact that the greatest portion of the water to be delivered by the project originates from floodflows and reregulation of native Arkansas River water.

Like most western rivers, the Arkansas is greatly erratic in both yearly and seasonal fluctuations. Pueblo Reservoir, which is contemplated as the principal storage structure for the project, would permit the conversion of these yearly and seasonal fluctuations into dependable and controlled releases.

The importance of this conversion is best emphasized by the fact that the lower Arkansas Valley in Colorado is situated in that portion of the Great Plains which is classified as a chronic drought area.

Another fact generally overlooked in the present project plans is the emphasis which has been placed upon future development in western Colorado. The relocation of the western Colorado storage feature from Aspen to Ruedi has resulted in almost four times the original storage capacity at less than twice the original cost. Ruedi Reservoir, together with other remaining storage potentials on the upper Colorado River, appears to be completely adequate to serve western Colorado in the foreseeable future.

The Ruedi Reservoir's principle is identical with the construction of the Green Mountain Reservoir as a part of the Colorado-Big Thompson project. And this proposed reservoir, along with the Green Mountain Reservoir, is in compliance with our State law, which requires that an agency or conservancy district, such as the southeastern, replace and provide for the needs of western Colorado in connection with any transmountain diversion.

There is no question whatsoever in our minds and as a result of our studies that the water from Ruedi Reservoir will be fully utilized in the future in western Colorado. The operating principles are so designed that only the people of western Colorado can control and use the water of Ruedi Reservoir.

It is therefore a fair summary of the Fryingpan-Arkansas project to state that it is a proposal to develop the waters of the Fryingpan River for use in both western and eastern Colorado, with the greatest proportion of the available water being reserved for western Colorado.

The operating principles have been printed as House Document 130. These new operating principles amend those previously considered to take care of the repayment of Ruedi Reservoir. The southeastern district has agreed to sign a contract for the repayment of the project by the district, for Ruedi Reservoir, until such time as contractors are available in western Colorado to assume a portion of the project's cost.

The use of Colorado River water for this project is well within the allocation to the State of Colorado under the provisions of the Colorado River compact of 1922 and the Upper Colorado River Basin compact of 1948. This is so under any theory or assumption which has been advanced pertaining to the riverflow. In full recognition of the fact that the other States of the Colorado River Basin share with us common interests and rights in the river waters, we have cooperated fully with them in our legislative and project planning.

The views of any and all States which have made their wishes known to us have been included in either the project legislation or the

operating principles, with one exception. That exception deals with proposed limitations upon the use of water which was allocated to us by the compacts above referred to. The compacts speak for themselves, and there is nothing that we can do, or would attempt to undertake, to either extend or limit our rights and obligations under those compacts.

It is not the function of our State board to represent only segments of our State. I appear today not only at the direction of the members of the State board, but also at the direction of our Governor, our State legislature, and with the approval and active assistance of the only other State agencies charged with responsibility for this project; namely, the Colorado River Water Conservation District and the Southwestern Water Conservation District representing all of the Colorado River Basin in Colorado, and the Southeastern Colorado Water Conservancy District, the sponsoring entity for the project.

And I will add here that the Upper Colorado River Commission has also endorsed the project. We are united, as never before, in urging this committee to report favorably upon the pending legislation.

You have been most patient with our problem. I will close by stating that the people of Colorado are again grateful for the opportunity to present their views on this important project.

I would like to state out of context and not in the prepared statement, this is a response in some nature to the power request and discussion.

I should like to say this. We have made extensive power market surveys within the staff of our board and we have come to the conclusion that the marketing of power other than to preference users is simply a moot question because the market demand for this power by preference users in Colorado will exceed the power that will be produced by this project by the time the power features are completed. So that these people will not only use the power that is produced by this project but certainly will be required to build additional thermal generating facilities or other facilities in order to supplement the power from this project.

Senator CARROLL. There is one point that you mentioned briefly. The city of Pueblo, sometimes called the Pittsburgh of the West, will benefit greatly from the use of this water.

Is that not so?

Mr. KUIPER. It is certainly true. Pueblo is terribly short of municipal water for Pueblo. This project will take care of that.

Senator CARROLL. The economic potential derived from the marketing of power can be a stimulus to the economy of this whole area.

Mr. KUIPER. That is our opinion, Senator, yes, sir.

Senator ALLOTT. I would add one thought. The demand for municipal water is not limited to Pueblo, however. It extends far on down the valley as far as Las Animas and Eads?

Mr. KUIPER. That is right. There is demand as to quantity and quality. The quality of the water in this area for municipal purposes can stand improvement.

Senator CARROLL. I think Senator Allott makes a good point. Municipal water is needed by both large and small cities. I don't wish to emphasize this too much, but it does serve these municipal purposes in addition to serving the farmers of the area, all of whom have made a great contribution to this program.

Mr. KUIPER. Yes, sir.

Senator CARROLL. And adds to the economic feasibility of this program?

Mr. KUIPER. Yes, sir.

Senator ALLOTT. Mr. Chairman, I would like to follow this just to drive it home a little further. This acute need for municipal water is so bad that the city of Las Animas even today is trying desperately to qualify itself for a desalinization plant which is necessary if they are going to have adequate water, as you know. So that the need does extend through all of these towns just as well as Colorado Springs and Pueblo.

Senator HICKEY. I have just one question for the purpose of the record. I notice Mr. Goslin that you and some others who have testified used interchangeably municipal uses and industrial uses. Looking quickly over the statements that have been presented here, I notice that one of the statements particularly discusses municipal uses.

In the use of that word, do you incorporate industrial use? Do you feel that one of the municipal uses is industrial use?

Mr. KUIPER. That is the connotation in my statement, Senator. I have included the industrial uses with the municipal uses. I cannot speak for Mr. Goslin, but certainly that is true in my case.

Senator HICKEY. It is a part of the municipal use.

Mr. KUIPER. Yes.

Senator HICKEY. And this is in line with the Colorado statutes that define preferential uses of water, is that correct?

Mr. KUIPER. That is right.

Senator CARROLL. I thank the Senator from Wyoming for making that point.

Mr. KUIPER. If I might, to reinforce Senator Allott's on quality, I might refer to the problem which we have had with the Mexican Government on quality of water and simply state that the quality of the water in Las Animas which is used for municipal purposes is much poorer than the average quality of water which the Republic of Mexico is objecting to for irrigation purposes.

Senator CARROLL. What is the town you mentioned?

Mr. KUIPER. Las Animas.

Senator CARROLL. It is in the Arkansas Valley. It is a city that is having trouble because of the mineral content of its drinking water. There has been a study of this very valley made by the State of Colorado concerning the quality of water for human beings, is that not so?

Mr. KUIPER. That is so.

Senator CARROLL. This project will help correct that situation, will it not?

Mr. KUIPER. Yes, it will.

Senator CARROLL. Mr. Boustead is here. He has been following this project for many years. He is the director of the Southeastern Colorado Water Conservancy District.

Do you have a statement?

**STATEMENT OF CHARLES BOUSTEAD, EXECUTIVE SECRETARY,
SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**

Mr. BOUSTEAD. Yes, I do have. But in the interest of time I would like to hand that statement in and simply summarize it.

Senator CARROLL. Without objection it is so ordered.

Mr. BOUSTEAD. Mr. Chairman and members of the committee, my name is Charles Boustead. I am executive secretary of the Southeastern Colorado Water Conservancy District with its headquarters at Pueblo, Colo. This district is the proponent of the Fryingpan-Arkansas project.

I have been the executive secretary of the Southeastern Colorado Water Conservancy District since the date it was organized in May 1958. Prior to that time I served, without pay, as president of the predecessor corporation, the Water Development Association of Southeastern Colorado, a nonprofit corporation, which was supported by donations from the citizens of the Arkansas Valley. For more than 10 years I have personally devoted my efforts to procuring the construction of the Fryingpan-Arkansas project.

Mr. Chairman, the Fryingpan project is essential. It is located in the area described by Zebulon Pike as being the center of the great American desert. When Pike arrived at the peak that bears his name, the land which comprises this district was nearly devoid of life. A few Indians and wild game resided in the territory. Today approximately 350,000 people reside on this section of his desert. Many things have happened to make this possible, but one element was absolutely essential—water. Without water there could be no civilization, no cities, no farms.

The Arkansas Valley within the State of Colorado has exhausted its water potential. We have reached the full state of development which our present supplies and circumstances permit. We are here today requesting you to grant us the authority to make an additional investment in plant and equipment to produce new water and to more efficiently utilize the water resources we now have.

This water will not be available overnight. It will take 10 years after construction begins to make this water available; and this new water will serve many purposes, all of which collectively assure repayment to the United States for the loan which we request to build this project.

The Southeastern Colorado Water Conservancy District is the basic security for such a loan. Our district, which embraces most of eight counties, will be the contracting entity for repayment of project costs. Our assessed valuation is currently in excess of \$400 million, and it is increasing at approximately the rate of 4 percent per year.

Our district contains the second and third largest cities in Colorado—Colorado Springs and Pueblo—and many smaller towns, as well as 280,000 acres of irrigated land. This assessed valuation is many times greater than the amount of the loan which we request, and which will be repaid by the municipalities and by the irrigators.

Our district budget for the year of 1961 was \$170,000 to be invested in the work of the district. Our district has saved and set aside and has available over \$200,000 for the purposes of procuring a contract

with the United States, authorizing the same by appropriate district election.

Every conceivable fact of the Fryingpan project has been repeatedly documented, and I do not wish to take the time of this committee to add any repetitive testimony.

Our district has been at all times and is currently the proponent of the Fryingpan-Arkansas project. We are ready, willing, and able to assume our full responsibilities in connection with a contract with the United States. Anticipating the introduction of new water into the Arkansas Valley, we have accelerated the program of measuring waters in the valley so that better administration of existing waters and project waters can be obtained. To this end we have paid the U.S. Geological Survey approximately \$13,000 for the cost of installing new gaging stations and have recently authorized additional funds for additional stations. The education of our people in more efficient utilization of water is important, and we are making every effort to conserve every drop of water that we can. To that end, our district entered into a contract with the Colorado State University for the services of a water conservationist whose responsibility is to keep in constant contact with irrigators on more efficient means of utilizing water.

Our district has been extremely active in advocating the revision of our State water laws in all fields where improvement is possible, and we are pleased to advise that the State of Colorado has inaugurated and will shortly complete a program of complete revision and improvement of its water laws.

The Arkansas Valley is over 300 miles in length from Leadville, at the upper west end, to the Kansas-Colorado line. Our valley varies in altitude from 14,000 feet to 3,500 feet. The lifeblood of this valley is the Arkansas River. The authorization of the Fryingpan project will make possible, not only the reregulation of existing waters of the Arkansas River, but will permit us to introduce into the Arkansas River a vital new supply of water which, by exchange and reregulation, use and reuse, will produce the effect of many times the amount of water introduced.

Transmountain diversions of water are as old as irrigation itself. Transmountain diversions are the means by which New Mexico hopes to grow (the San Juan-Chama project) and by means of which Utah (the central Utah project) will grow, and it is the means by which California has grown. Transmountain diversions of water have been practiced in Colorado for 100 years and there is nothing new or novel in the principle.

Better equipment, better engineering and experience have made possible new developments. Denver has just completed a water tunnel 26 miles long. The tunnel on the Fryingpan project is less than 6 miles in length.

I mention this simply to point out that the Fryingpan-Arkansas project is utilizing principles which are well established and which are not extreme in size or novelty. The project is a sound, sane investment in America. It is an assurance of the strength of the Nation in the future.

Mr. Chairman, I sincerely hope your committee can promptly recommend the authorization of the Fryingpan-Arkansas project.

I think Mr. Palmer and others have covered all the points of the conservancy district and its ability and willingness to stand behind this project and do everything we can to advance its construction. I would like to supplement what you have just discussed about the city of Las Animas municipal drinking water supply. I have personally observed in that town the use of evaporative airconditioning which, as you know, runs water through pads for evaporation and cooling. Those pads within a period of 120 days or sometimes 90 days will turn to solid limestone, weighing as much as 60 to 70 pounds each. This is the water those people are now drinking. So they do have a problem.

Senator CARROLL. I thank you for that observation. Those are the things that we want to know about. We are trying to emphasize that this water will be used for municipal and industrial purposes as well as by the farmers in an area where there is a great scarcity of water. We want to emphasize this point because this makes it a fine program. I also want to commend you for your work. The people of this area are also to be praised as they have obligated themselves rather heavily.

Are there any further questions?

If not, we have with us one of Colorado's distinguished lawyers, Mr. Charles Beise.

Mr. Beise, would you care to make any observations at this point?

Mr. BEISE. It is a pleasure to be with you, Senator, and I have no observations to make unless the committee has some questions to ask.

Senator CARROLL. Are there any questions for Mr. Beise?

Senator HICKEY. Do you concur, Mr. Beise, with what Kuiper has said with regard to the interchange use?

Mr. BEISE. Our constitution mentions the categories you refer to, municipal, industrial—although in the constitution we use the term "manufacturing purposes"—and irrigation. Municipal is the preferred use. As you well know in any city there are some small industries that purchase water from the city. To that extent, and there has never been a decision in our State, it is assumed and all agree as far as I know that a city can sell water to small industries.

In the Fryingpan project, true industrial water is involved and there are 4,000 acre-feet of space set aside for the Colorado Fuel & Iron Co.

Senator CARROLL. This is a very important point.

Mr. BEISE. This is distinct from municipal waters. That industry, the C.F. & I., has its own reservoir and its own rights. They would like some extra space and that extra space is available in this project to them for rental as a part of the project.

Senator CARROLL. The Colorado Fuel & Iron Corp. is a steel mill employing several thousand workers. This water is vital to that industry.

Mr. Boustead, did you desire to make any further comments?

Mr. BOUSTEAD. No, sir.

Senator CARROLL. Mr. Goslin, do you have a statement? Mr. Goslin is the director of the Upper Colorado River Commission. He has had years of experience in the field of reclamation and water conservation.

We are delighted to have you here.

STATEMENT OF IVAL V. GOSLIN, EXECUTIVE DIRECTOR, UPPER COLORADO RIVER COMMISSION

Mr. GOSLIN. Thank you, Mr. Chairman.

I would like to request that my statement be printed into the record of the hearing if that is possible and then I will make just an observation or two from the statement.

Senator CARROLL. Without objection it is so ordered.

Mr. GOSLIN. Mr. Chairman and members of the Subcommittee on Irrigation and Reclamation, my name is Ival V. Goslin. I am executive director of the Upper Colorado River Commission, the principal office of which is located in Salt Lake City, Utah.

The Upper Colorado River Commission is an interstate administrative agency created under the terms of the Upper Colorado River Basin compact, executed in Santa Fe, N. Mex., on October 11, 1948. The commission represents the States of Colorado, New Mexico, Utah, and Wyoming in matters pertaining to the development, utilization, and conservation of water resources of the Upper Colorado River Basin.

The commission is charged with the administration of the Upper Colorado River Basin compact. One of the major purposes of the compact is—

to secure the expeditious agricultural and industrial development of the upper basin, the storage of water and to protect life and property from floods.

Under article VIII(d) (12) of the compact the commission is given the power to—

perform all functions required of it by this compact and do all things necessary, proper or convenient in the performance of its duties * * *, either independently or in cooperation with any State or Federal agency.

Mr. Chairman, I appreciate the opportunity to appear before your committee as a representative of the commission in support of legislation to authorize the Fryingpan-Arkansas project. Our commission is directly interested in the Fryingpan-Arkansas project because it is a natural resource development that will utilize the waters of the Colorado River system within one of the upper division States of the Colorado River Basin as defined in the Colorado River compact of 1922 and the Upper Colorado River Basin compact of 1948. The Fryingpan-Arkansas project, as has been emphasized by Governor McNichols, Mr. Kuiper, Mr. Boustead, and witnesses from the Department of the Interior is an extremely important, integral part of the agricultural and industrial development of the upper basin of the Colorado River. The project will also protect life and property from floods.

The members of our commission, representing the States of Colorado, New Mexico, Utah, Wyoming, and the Federal Government, are unanimous in their endorsement of this project. As an expression of this support, the commission at a regularly called meeting held in Denver, Colo., on May 11, 1961, unanimously adopted the following resolution:

RESOLUTION

Whereas a major purpose of the Upper Colorado River Basin compact, working through the united action of the Upper Colorado River Commission, is "to secure the expeditious agricultural and industrial development of the upper basin";

Whereas the Fryingpan-Arkansas project is an integral part of the agricultural and industrial development of the State of Colorado; and

Whereas planning of the aforementioned project has been completed and the plans therefor have been approved by the Secretary of the Interior and the interested States, and legislation to authorize such project has been introduced in the Congress of the United States and recommended by the Secretary of the Interior: Now, therefore, be it

Resolved by the Upper Colorado River Commission, That this commission hereby endorses the Fryingpan-Arkansas project and urges its early authorization by the Congress of the United States; and be it further

Resolved, That the Secretary of the commission be directed to transmit copies of this resolution to the chairman of the Senate and House Subcommittees on Irrigation and Reclamation, and to each of the Senators and Congressmen of the Upper Colorado River Basin States.

Mr. Chairman, on behalf of the Upper Colorado River Commission thanks for granting this opportunity to express the commission's views in support of the continuing development of the agricultural and industrial resources of the Upper Colorado River Basin through the construction and operation of the Fryingpan-Arkansas project.

First, the commission is charged with the administration of the Upper Colorado River Basin compact and represents the States of Colorado, New Mexico, Utah, and Wyoming in matters pertaining to the Colorado River.

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to appear before your committee as a representative of the commission in support of legislation to authorize the Fryingpan-Arkansas project.

Our commission is also directly interested in the Fryingpan project because it is a natural resource development that will utilize the waters of the Colorado River system within one of the upper division States of the Colorado River Basin as defined in the Colorado River compact of 1922, and the Upper Colorado River Basin compact of 1948.

The Fryingpan-Arkansas project as has been emphasized by Governor Nichols, Mr. Kuiper, Mr. Boustead, and others, as an important integral part of the agricultural and industrial uses and will protect property from floods.

Mr. Chairman I would like for the record to clarify the answer to Senator Hickey's question of the terms "domestic water" and "municipal water," to read article 2, paragraph M, of the Upper Colorado River Basin compact where this development takes place:

The term "domestic use" shall include the use of water for household, stock, municipal, mining, milling, industrial, and other like purposes, but shall exclude the generation of electrical power.

I think that will clarify the matter for the Senators when the bill gets on the Senate floor if that question should happen to arise.

That would conclude my statement, Mr. Chairman.

Senator ALLOTT. I have no questions.

I appreciate the gentlemen being here. They have been very helpful.

Senator CARROLL. Senator Hickey?

Senator HICKEY. I have none. I am sorry I was not in this morning to talk to you.

Mr. GOSLIN. Thank you. We will come back again.

Senator CARROLL. Thank you for being here this morning. Your testimony has been very helpful.

The next witness is Mr. Charles A. Robinson, Jr., staff engineer and counsel of the National Rural Electric Cooperative Association.

STATEMENT OF CHARLES A. ROBINSON, JR., STAFF ENGINEER AND STAFF COUNSEL OF THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. ROBINSON. Thank you, Mr. Chairman. In the interest of time I ask that the prepared statement which I handed to the clerk be made a part of the record at this point and I be given 5 minutes to summarize it orally.

Senator CARROLL. Without objection you may proceed.

(The prepared statement of Mr. Charles Robinson follows:)

STATEMENT OF NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION IN SUPPORT OF LEGISLATION TO AUTHORIZE CONSTRUCTION AND OPERATION OF THE FRYINGPAN-ARKANSAS PROJECT

Mr. Chairman and gentlemen of the subcommittee, my name is Charles A. Robinson, Jr. I am the staff engineer and staff counsel of the National Rural Electric Cooperative Association, which is the national service organization of REA-financed electric systems throughout the United States. Approximately 92 percent of all such systems are members of this voluntary association.

ELECTRIC COOPERATIVES SUPPORT PROJECT

Representatives of the National Rural Electric Cooperative Association, and of the rural electric systems in Colorado have, on several prior occasions, appeared before this subcommittee and its counterpart on the House side, in support of the Fryingpan-Arkansas project. We appear in its behalf again today.

The Fryingpan-Arkansas project exhibits a high benefit-cost ratio: 1 to 64. And, of its total estimated cost of \$171 million, 89 percent is allocated to reimbursable features and will be repaid in cash into the Treasury. To us, the project appears to be a very desirable undertaking.

PROSPECT OF LOWER COST POWER SUPPLY

Seven rural electric systems in Colorado would be benefited directly from the proposed project. These systems now purchase approximately 185 million kilowatt-hours per year of wholesale electricity from municipal electric utilities, investor-owned electric utilities and the Bureau of Reclamation, for which they pay from 7.1 to 9.4 mills per kilowatt-hour. Their weighted average wholesale cost is 7.7 mills per kilowatt-hour. The loads of these systems are growing 10 percent per year. In view of the fact, therefore, that power from the Fryingpan-Arkansas project will be marketed at 6.5 mills per kilowatt-hour, the project offers substantial benefits to these systems by way of lower wholesale power costs.

POWER COMPANY PROPOSALS

During House hearings on authorization of the Fryingpan-Arkansas project, a representative of the Public Service Co. of Colorado asked that the House committee recommend a limitation on the Secretary's authority to construct transmission lines necessary to market project power, and, in its report, endorse the company's plan for marketing the power. We assume that the same will be asked of the Senate committee.

The company plan includes: (1) Sale of all project power and energy at the busbar of each individual powerplant; (2) use of company transmission facilities exclusively for interconnection of project powerplants; (3) use of company transmission facilities exclusively for delivery to preference customers of such power as they may require at the time project power becomes available; and (4) sale of all remaining power and energy above the initial needs of preference customers to the investor-owned companies under long-term contracts.

Such a plan would, if adopted, confer upon these companies an unwarranted control over the operation of the project powerplants and would prevent preference customers from exercising their prior right on availability of Federal power.

A recommendation by this committee that the Secretary's transmission line authority be conditioned upon his inability to accept company wheeling proposals would place the Secretary in an economically disadvantageous position in marketing project power. It would misplace the procedural burden on him by requiring him to exhaust every possibility of securing transmission service from the investor-owned companies before seeking appropriations for the construction of Federal transmission facilities. Experience indicates that this type of negotiation may extend over a period of several years, during which the Department of the Interior, the Congress, the company, and the preference customers dissipate their resources and the resources of taxpayers and consumers in unproductive conflict.

THE LESSON OF THE COLORADO RIVER STORAGE PROJECT

There is no justification for placing a burden of this type upon the Secretary of the Interior in building and operating a reclamation project. The Secretary should be given whatever authority is necessary to achieve the most economic construction and operation. The lesson learned with such difficulty from the Colorado River storage project controversy can be profitably applied to the Fryingpan situation. In the case of the Colorado River storage project, wheeling proposals acceptable to the Secretary were not offered by the companies until after Federal transmission lines were authorized and funds appropriated for construction of the all-Federal system. Here, one of the same companies as was involved in the upper Colorado controversy asks the Congress to restrict the Secretary's transmission authority; apparently so that a wheeling contract of the company's choosing may be imposed on the Secretary. Yet, this company has submitted to the Secretary, himself, no definitive proposal or supporting calculations whatever as to how much its plan will cost or how much it will augment or deplete project benefits.

Even if the proposals offered by the Public Service Co. of Colorado and the Southern Colorado Power Co. could be reduced to a contract, we must assume that the Government would have to negotiate the advantages of operating the Fryingpan-Arkansas project as part of an interconnected system including the Colorado-Big Thompson and the Colorado River storage projects. The companies could be expected to negotiate hard for all benefits of diversity between the individual Federal plants, between the company peakload and the peakload of Government customers and between the generating system of the company and that of the Government.

We believe that if the Department of the Interior is to operate the powerplants of the Fryingpan-Arkansas project in accordance with modern utility system practice, it is indispensable for the Government, as in the upper Colorado case, to construct, at the very least, a basic backbone transmission system necessary to interconnect the various plants of the project, to interconnect the project as a whole with other neighboring Bureau of Reclamation transmission systems, and to deliver power to major load centers.

Under all of the circumstances, it seems to us that the Secretary's ability to achieve the most economic means for marketing project power, and to sell such power in accordance with the law could only be hampered by restricting his statutory authority to build transmission lines.

PREFERENCE WOULD BE VIOLATED

If the companies are permitted, after allowing for the immediate needs of preference customers, to purchase all remaining project power at the bus bar under long-term contracts, it is clear that no additional Federal power will be available to meet preference customer load growth. This would be a denial of the preference customers' basic right to a continuing priority on availability of Federal power.

The two companies involved have nothing to fear from the relatively small amount of power that will be generated at this project. Together they operate generating stations with many times the combined capacity of all of the Fryingpan-Arkansas powerplants.

The continued growth and development of the investor owned power companies in the area to be served by the project is not dependent upon their control over its output. Nor would their business in the territory which they serve be destroyed or seriously deteriorated by construction of a basic minimum Federal transmission system.

CONCLUSION

We respectfully ask that the legislation to authorize the Fryingpan-Arkansas project be favorably reported, and that no restriction whatever, either in the bill or in the committee report, be imposed on the authority of the Secretary of the Interior to construct such transmission lines as he deems necessary to carry out his responsibilities under the law.

Mr. ROBINSON. Thank you, Mr. Chairman.

As we have during prior hearings of this project, we appear in support of it today. Our annual meeting held in Atlantic City last March passed a formal resolution in support of the project. Our people in Colorado have supported it consistently.

It has a high benefit-to-cost ratio. Eighty-nine percent of its cost will be allocated to reimbursable features. To our understanding it is an entirely desirable project and nothing we say concerning the marketing of power from it should detract from the fact that we support it wholeheartedly.

We had not originally intended to mention power marketing at all. However, because of the fact that the representative of the Public Service Co. of Colorado appeared on the House side and asked that the authority of the Secretary of Interior to construct transmission lines be limited both by a recommendation in the committee report and by an amendment to the bill and because the representative of the company asked that his plan of power marketing be adopted, we felt it necessary to appear very briefly to present our side of the power marketing problem and to controvert the evidence which he put in the record on the House side.

We can say only, Mr. Chairman, that the lesson learned so hard from the Colorado River storage project power marketing controversy can be applied to this project very profitably.

You may recall that in that controversy the Secretary did not receive an acceptable power marketing wheeling contract from the companies until his authority to build transmission lines was clear and until the all-Federal system had been funded by the Congress. At that time he received a company plan which he found acceptable. We think it is especially important in view of the Department's testimony this morning that this committee recommend no provision in the bill nor place any language in its report that would in any way detract from the Secretary's authority to construct transmission lines necessary to market power from this project, because although the company asked the House committee to do just that, I am advised by the Department that it has not received any definitive proposal from the company which would in any way indicate whether its plan would augment or detract from the project benefits or exactly how the financial status of the project would be effected by its plan.

In the absence of any definitive proposal we can hardly see how the Congress can take from the Secretary his authority to market power via a Federal transmission system.

So, we again, Mr. Chairman, very respectfully ask that the committee do nothing, either in its report or by way of amending the bill, to in any way hamper the Secretary in the construction of transmission facilities or in any way vitiate his authority to construct transmission facilities, in any way detract from his bargaining position in negotiating contracts if he deems such contracts are in the public interest.

Senator CARROLL. In short, you are in favor of the bill as it emerged from the House. Are you in favor of the report that accompanied that bill?

Mr. ROBINSON. Mr. Chairman, we are in favor of the bill as it passed the House. As to the report I am not certain.

The report language, of course, deals rather extensively with the power marketing problem. I would rather see the Senate committee place in its report, if it decides to discuss the power marketing matter in that report, a statement to the effect that it is not the intent of this committee nor the intent of Congress to detract in any way from the authority of the Secretary of Interior to build Federal transmission lines. As you may recall, in the Colorado River storage controversy similar language was contained in the House committee report and the companies broadcast this as their intent of Congress that no transmission lines be constructed. If this subcommittee were to put any language in the committee report I hope it would be to reiterate the authority of the Secretary of Interior to construct Federal transmission lines.

Senator CARROLL. Were you present this morning in the room when Mr. Palmer testified.

Mr. ROBINSON. I was, Mr. Chairman.

Senator CARROLL. Did you hear the questions that I put to Mr. Palmer and the statement the chairman of the committee, Senator Anderson?

Mr. ROBINSON. I feel your point was well taken. I think that had it not been for your statement the Secretary's position would have been rather seriously compromised by the testimony of the Assistant Commissioner. I feel that he indicated, to me at least, that perhaps a decision had already been reached on this matter. I hope that is not true. At any rate, I think it would be most unfortunate if this committee in any way compromised the Secretary's authority to build transmission lines.

Senator CARROLL. You heard the statement of Senator Anderson. Do you agree with that concept in Senator Anderson's statement?

Mr. ROBINSON. Yes, sir.

Senator CARROLL. Are there any further questions?

Senator ALLOTT. I have just one. You heard Senator Anderson's statement this morning that private power companies should participate in these, but the actual diversion and distribution of power is some 10 or 12 years away in this matter, or could be. We passed the Upper Colorado River Project Act in 1956, if I recall correctly, and it was not until 6 years later that we got around to the matter of firming up contracts for distribution.

Do you know any reason why any private utility should commit itself to a firm contract 10 years ahead of the time that those facilities might be used?

Mr. ROBINSON. Senator Allott, I would say that no power distribution entity should ask that the Secretary's authority to build transmission lines be curtailed before it has made such a proposal to the Secretary.

Senator ALLOTT. Do you find anything in the bill that provides that the Secretary's power is going to be so curtailed?

Mr. ROBINSON. No, sir. We support the bill as it stands.

Senator ALLOTT. Then the real purpose here of your appearance is simply to refute certain statements made by Mr. Person, with which you do not agree?

Mr. ROBINSON. My purpose is to offer the support of our association for this bill. As I said we had no intention of even mentioning power marketing prior to the time the power company representative appeared on the House side and proposed his plan. We support the bill as it is. We want nothing done that will in any way inhibit the Secretary's authority to build transmission lines.

Senator ALLOTT. You do not see anything in the bill that would do that?

Mr. ROBINSON. I do not, not in the bill.

Senator ALLOTT. I refer back to the chairman of the committee's remarks, this morning. Is there anything in the bill which would keep the Secretary from entering into or having the funds so that he could bargain effectively with private power companies in any transmission or wheeling agreements that might be coming up in the future, do you?

Mr. ROBINSON. No, sir. I think the authority in the bill is clear.

Senator ALLOTT. That is all I have, Mr. Chairman.

Senator CARROLL. Thank you. You have been very helpful.

Mr. ROBINSON. Mr. Chairman, on my far right is Mr. Partridge, the legislative representative of the National Rural Electric Co-op Association. On my immediate right is Mr. David Fullerton, our electrical engineer.

Senator CARROLL. They are in here to be of assistance to the committee and to support your position?

Mr. ROBINSON. They are, sir.

Senator CARROLL. We appreciate your presence. We need your advice on a matter like this and are delighted that there is unanimity among your group in support of this program. To summarize, you are in favor of the bill and believe that the authorizations that are set forth in the bill concerning transmission lines ought to stay there?

Mr. ROBINSON. Yes, sir.

Senator CARROLL. We will meet these problems later on. We want to leave the Secretary of the Interior in a bargaining position when these problems arise, some years hence. That is your position?

Mr. ROBINSON. That is our position, Mr. Chairman.

Senator CARROLL. Thank you, gentlemen. We have one final witness.

Mr. Arthur J. Kane, attorney from Aspen, Colo.

Is there a Mr. Kane here from Aspen, Colo.?

(No response.)

Senator CARROLL. I understand that there was a request to be heard. I will announce for the third time, Mr. Kane, we will be delighted to hear from you.

Does anybody know Mr. Kane?

Senator ALLOTT. I think he has not been here this morning. I am so informed.

Senator CARROLL. Without objection we are willing to have comments from any committee member.

I would be glad to include Mr. Kane's statement in the record at this point if he has a statement to submit. Is there anyone else who desires to offer testimony either for or against this project?

Senator ALLOTT. Mr. Chairman, may I suggest that if Mr. Kane should appear or file a statement that the appropriate official agency of the State of Colorado might wish to file a short memorandum in rebuttal and that should be provided for.

Senator CARROLL. I think that is a very good suggestion and a fair one to Mr. Kane and to the State of Colorado. It would be most helpful to the committee.

I also have a letter here from Senator Kuchel, addressed to the chairman of the committee.

It is signed Thomas H. Kuchel, one of the Senators from California. Without objection it will be put in the record at this point.

(The letter referred to above will follow at this point.)

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
June 28, 1962.

HON. CLINTON P. ANDERSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I would be very grateful if you would include in the hearings you are holding on the Fryingpan-Arkansas project in Colorado a letter from Mr. M. J. Dowd, chairman of the Colorado River Board of California, regarding H.R. 2206 which is now before the Subcommittee on Irrigation and Reclamation. Mr. Dowd, on behalf of the Colorado River Board, an official agency of the State of California, clearly sets forth the views of his agency on this project.

With kindest regards.

Sincerely yours,

THOMAS H. KUCHEL.

STATE OF CALIFORNIA,
COLORADO RIVER BOARD OF CALIFORNIA,
Los Angeles, June 25, 1962.

HON. THOMAS H. KUCHEL,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KUCHEL: The Subcommittee on Irrigation and Reclamation of the Senate Committee on Interior and Insular Affairs now has under consideration H.R. 2206, to authorize the Fryingpan-Arkansas project, Colorado, and has scheduled hearings on that measure for Thursday, June 28, 1962.

As you know, the Colorado River Board of California takes the position that Congress should not authorize any new projects in the Colorado River Basin pending the U.S. Supreme Court's final decision in *Arizona v. California*, No. 8 original, October 1961 term, and until the Secretary of the Interior submits a comprehensive inventory of the available water resources of the Colorado River Basin. The reasons for this position are grounded in the premises of the decision which the special master has proposed for the Court in *Arizona v. California*, and in increasingly less optimistic estimates of the dependable water supply of the Colorado River Basin.

However, if Congress nevertheless is to authorize new projects in this session, as it has already in the case of the Navajo Indian and San Juan-Chama projects (Public Law 87-483), the Colorado River Board has no objections to the specific provisions of H.R. 2206, with the single exception noted below.

You are familiar with California's opposition to authorization of the Fryingpan-Arkansas project in previous Congresses. However, as a result of the cooperation of the Colorado sponsors of the project over the past few years, all but one of California's objections to the earlier versions of the authorization bill have been eliminated through negotiation. The one provision which the Colorado spokesmen have been unable to accept would require the Colorado Legislature to agree to limit transmountain diversions of Colorado River water for use in Colorado to 25 percent of that State's allocation of Colorado River system waters under the Upper Colorado River Basin compact of 1948. We still consider the proposed limitation to be reasonable and justified.

We would like these views presented by you to the Subcommittee on Irrigation and Reclamation in the manner which you consider appropriate.

Your continuing efforts in these matters of such vital interest to the people of the State of California are much appreciated.

Very truly yours,

M. J. Dowd,

Chairman, Colorado River Board of California.

Senator CARROLL. I have a letter from the Colorado Labor Council, AFL-CIO, signed by the president, saying that this large body of men and women give their full support to the Fryingpan-Arkansas and a statement of Angus McDonald, assistant director, National Farmers Union.

I will put that in the record at this point.

(The documents referred to above follow at this point:)

COLORADO LABOR COUNCIL, AFL-CIO,
Denver, Colo., June 26, 1962.

HON. CLINTON ANDERSON,

Senator from New Mexico, Chairman, Interior and Insular Affairs Committee, Senate Office Building, Washington, D.C.

DEAR SENATOR ANDERSON: Reference is made to H.R. 2206, which has passed the House and authorizes the establishment of the Fryingpan-Arkansas project, and the companion bill, S. 284, assigned to your committee.

Inasmuch as detail statements are being made by mutually interested groups in the State of Colorado, including the Southeastern Colorado Water Conservancy District and the Electric Consumers Information Committee, may we simply state our full support of the union movement in our State, on both the eastern and western slopes of Colorado, of the measures authorizing this project.

Further than this, as you undoubtedly know, we have had support from the labor movements of neighboring States and of the great majority of the international unions affiliated with, as well as the AFL-CIO itself.

It would be redundant, therefore, to impose upon your committee with further statements or appearances in this regard. We are hoping that your committee will act favorably, as it has in past sessions, to move the matter to the floor of the Senate at an early date to complete the authorization.

Sincerely yours,

HERRICK S. ROTH, *President.*

STATEMENT OF ANGUS McDONALD, ASSISTANT DIRECTOR, DIVISION OF LEGISLATIVE SERVICES OF THE NATIONAL FARMERS UNION, IN SUPPORT OF S. 284

Mr. Chairman and members of the committee, the National Farmers Union has been supporting the Fryingpan-Arkansas project for many years. There has never been any doubt about its merits for a reclamation project. It should be considered in the light of agricultural surpluses which are sometimes given as a reason for disapproval of reclamation projects.

We emphasize the fact that no new land will be brought into cultivation by the construction of the Fryingpan-Arkansas irrigation facilities. All of the area which will benefit from Fryingpan-Arkansas water is irrigated now. Engineers tell us that the 280,000 acres now irrigated receive only about 30 percent of the amount of rainfall needed in a normal year. The result is that farmers and ranchers are experiencing losses ranging from \$50 to \$500 an acre because of water shortages.

The irrigated areas will be planted in sugarbeets, corn, and alfalfa. At the present time feed must be imported because of insufficient water supply. Fryingpan-Arkansas irrigation will result in sufficient production to feed livestock which are raised in the area.

The project will also supply the municipalities of Colorado Springs and Pueblo, Colo. From a financial standpoint, Fryingpan-Arkansas has an excellent repayment future. According to the formula benefits will be 1.6 to 1. Only \$17 million will be charged up to fish and wildlife. All power cost will be repaid at 2.6 percent interest.

We note with approval that the objectionable language will be eliminated from the bill. Reference is made to the section in 5(e) which would give the consent to the United States for a suit brought by a person or group whose rights were alleged to be adversely affected or infringed upon by reason of the building of the

project. We have objected strenuously to this language to various Members of the House and Senate as well as to the Department of Interior.

Attention is called to the fact that individuals or a State may not exercise a veto power over freedom of action authorized by Congress. I quote from a decision of the U.S. Court of Appeals for the Ninth Circuit (case No. 15840) *United States of America: Krug; et al., defendant-appellants v. Everett G. Rank, et al., intervener-appellee*—appeal from the U.S. District Court for the Southern District of California, Northern Division—brief for the United States of America, Bernard P. Bellport, Martin H. Blote, and Edwin F. Sullivan, appellants, pages 89-90 (Signed: Feb. 4, 1960).

"* * * As Congress has authorized the Central Valley Federal reclamation project which includes the construction and operation of the Friant-Kern Canal, the State law could not be controlling as to the diversion and use of water, the rights to which were acquired and long exercised by the United States of America.

"It is, of course, basic as declared by the last-cited case, that the States may not exercise a veto power over a course of action authorized by Congress. Precisely in point on the subject, moreover, is a recent decision of the Supreme Court in which that Court declared in regard to section 8 of the Reclamation Act:

"We do not suggest that where Congress has provided a system of regulation for Federal projects it must give way before an inconsistent State system.' We read nothing in section 8 that compels the United States to deliver water on the conditions imposed by the State.

"In the words of another recent decision: 'To allow Oregon to veto such use, by requiring the State's additional permission, would result in the further duplication of regulatory control precluded by the first Iowa decision. * * *'"

For these reasons, we urge this committee to approve S. 284 as quickly as possible. We believe Members of the U.S. Senate, if given the opportunity, will vote overwhelmingly for the authorization of the project. We commend Senator Anderson for the prompt holding of hearings after the action by the House.

Senator CARROLL. We also have here in the audience, I am pleased to report, Jim Russell, president of television station KKTU in Colorado Springs. We want to commend Mr. Russell.

Mr. Russell has rendered yeoman service on behalf of Fryingpan-Arkansas in the other body. Mr. Russell received commitments from 23 Congressmen to support the bill in the House. This was one of the largest blocs of commitments assembled by any Congressman.

Are there any other questions or any other observations?

Senator ALLOTT. Mr. Chairman, I move we resolve ourselves into executive session and close the hearings.

Senator CARROLL. The hearings on the Fryingpan-Arkansas are adjourned and we will now go into an executive session of the Irrigation Subcommittee.

(Whereupon, at 12:20 p.m. the hearings in the above-entitled matter were concluded and the committee moved to other business.)

