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KENNEWICK DIVISION EXTENSION

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HEARING BEFORE THE SUBCOMMITTEE ON WATER AND POWER RESOURCES OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS UNITED STATES SENATE

NINETIETH CONGRESS

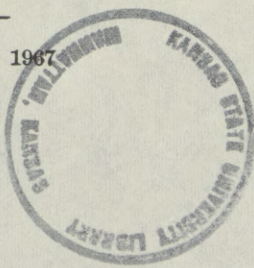
FIRST SESSION

ON

S. 370

A BILL TO AMEND THE ACT OF JUNE 12, 1948 (62 STAT. 382),
IN ORDER TO PROVIDE FOR THE CONSTRUCTION, OPERA-
TION, AND MAINTENANCE OF THE KENNEWICK DIVISION
EXTENSION, YAKIMA PROJECT, WASHINGTON, AND FOR
OTHER PURPOSES

FEBRUARY 23, 1967



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

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KENNEDY DIVISION-EXTENSION

HEARING

HELD THIS

SUBCOMMITTEE ON

WATER AND POWER RESOURCES

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II

FEBRUARY 28, 1967



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KENNEWICK DIVISION EXTENSION

THURSDAY, FEBRUARY 23, 1967

U.S. SENATE,
SUBCOMMITTEE ON WATER AND POWER RESOURCES,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 3110, New Senate Office Building, Senator Clinton P. Anderson, presiding.

Present: Senators Anderson, Jackson, Moss, Allott, and Jordan of Idaho.

Also present: Senator Hatfield.

Staff members present: Jerry T. Verkler, staff director; Stewart French, chief counsel; Roy M. Whitacre, professional staff member; and William J. Van Ness, special counsel.

Senator ANDERSON. This is an open public hearing on a bill involving water resource development in the State of Washington. The bill is S. 370, which would authorize the construction, operation, and maintenance of the Kennewick division extension, Yakima project, in the State of Washington.

This measure was introduced by the distinguished chairman of the Interior Committee, Senator Jackson, for himself and his senior colleague from the State of Washington, Senator Magnuson.

Without objection the text of the bill, together with the reports from the executive agencies, will be printed at this point in the record. (The data referred to follow:)

[S. 370, 90th Cong., 1st sess.]

A BILL To amend the Act of June 12, 1948 (62 Stat. 382), in order to provide for the construction, operation, and maintenance of the Kennewick division extension, Yakima project, Washington, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of June 12, 1948 (62 Stat. 382), is hereby amended as follows:

(a) Insert the words "and Kennewick division extension", after the words "Kennewick division" in section 1 and add the following items to the principal units listed in said section: "Kiona siphon" and "Relift pumping plants".

(b) Insert at the end of section 3 the following: "Costs of the Kennewick division extension allocated to irrigation which are determined by the Secretary to be in excess of the water users' ability to repay within a fifty-six-year repayment period following a ten-year development period, to the extent they may be in excess of Yakima project net power revenues in that period after meeting the requirements specified in (1), (2), and (3) above shall be returned to the reclamation fund from revenues derived by the Secretary from the disposition of power marketed through the Bonneville Power Administration from the McNary Dam project: *Provided*, That section 5 of this Act shall not be applicable to the revenues derived from the McNary Dam project."

SEC. 2. No water shall be delivered to any water user on the Kennewick division extension for a period of ten years from the date of enactment of this author-

izing Act for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is in excess of the normal supply as defined in section 301(b)(10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security.

SEC. 3. There are authorized to be appropriated for the new works associated with the Kennewick division extension \$5,155,000 (October 1964 prices) plus or minus such amounts, if any, as may be required by reason of changes in the cost of construction work of the types involved therein, as shown by engineering cost indexes, and, in addition, such sums as may be required to operate and maintain the extension.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 21, 1967.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JACKSON: This responds to your request for the views of this Department on S. 370, a bill "To amend the Act of June 12, 1948 (62 Stat. 382), in order to provide for the construction, operation, and maintenance of the Kennewick division extension, Yakima project, Washington, and for other purposes." This bill is identical to S. 794, 89th Congress, as passed by the Senate on February 10, 1965.

We recommend enactment of the bill if amended as suggested hereinafter.

S. 370 would authorize the Secretary of the Interior to construct, operate, and maintain the Kennewick division extension, a 6,300-acre irrigation development of the Kennewick division, Yakima project, Washington. This would be accomplished through appropriate amendments to the Act of June 12, 1948 (62 Stat. 382), which authorized the Kennewick division. The bill provides that financial assistance from McNary Dam power revenues shall be available to repay costs allocated to irrigation which are beyond the ability of the water users to repay and which cannot be met from net power revenues of the Yakima project itself.

The existing Kennewick division serves about 19,000 acres of land. Section 6 of the Act of June 12, 1948, authorized the Secretary of the Interior to construct extra capacity in the division's main canal to provide for the future irrigation of approximately 7,000 acres of land in addition to the then proposed development, and to recognize the cost of providing such capacity as a deferred obligation to be paid at such time as the additional area was brought into the project. The main canal was constructed with extra capacity at a cost of \$341,000, which has since been carried as a deferred obligation.

The Kennewick division extension would utilize the extra capacity thus provided, together with additional works which would be constructed, to deliver an irrigation water supply to the 6,300 acres of extension lands. Specific new works required are a hydraulic pump at the Chandler pumping plant to lift additional water into the main canal, through which the water would flow for 6.7 miles. There it would be diverted into the Kiona siphon, which would carry the water 5,800 feet across Badger Draw to the extension lands. Six relift pump plants, six main canals, a system of laterals and drainage works, and electrical transmission facilities to serve the pumping installations are the remaining new facilities required. Power and energy for irrigation water pumping for the extension will be made available from the Federal Columbia River power system at charges determined by the Secretary of the Interior.

Most of the lands of the Kennewick division extension are presently dry. About 100 acres of the best lands have been planted to dry land wheat. The balance supports only sage brush and native grasses used for livestock grazing. Under project development the primary land use expected would be for growing feed and general row crops. Lesser acreages of fruit and specialty crops—grapes, sweet cherries, prunes, peaches, apricots, mint, and asparagus—would also probably be produced. The soil and climate are well suited to all the foregoing crops.

The Kennewick Irrigation District has long been interested in full development of the irrigable lands in the area. The district supported development of the entire area when the Kennewick division lands were brought under irrigation. Nearly all the lands in the extension have been in the district for many years.

The Kennewick division extension is basically an irrigation development, but benefits to wildlife resources will also be realized. The Fish and Wildlife Service reports that irrigation of these lands will be beneficial to upland game birds. Opportunities to develop significant benefits to recreation, flood control, municipal and industrial water supply, or other purposes are not available.

The total investment in the Kennewick division extension would be \$6,141,700, reflecting an updating of the cost estimate in our feasibility report (H.D. 296, 88th Congress) which was \$5,250,400 (January 1962 prices). This current estimate up of \$5,325,000 in construction costs (October 1966 prices); \$341,400 in deferred costs of the Kennewick division attributable to enlarged main canal capacity and assignable to the division extension; \$189,000 for the extension's pro rata share of storage costs of the Yakima project, \$27,000 for settlers assistance, and a \$259,300 suballocation of the commercial power allocation of the Federal Columbia River power system costs to irrigation.

Of the foregoing costs, \$6,009,500 is allocated to irrigation and \$132,200 to fish and wildlife enhancement. The irrigation of extension lands will enhance upland game habitat. Since there will be no separable costs incurred for this purpose, under provisions of the Federal Water Project Recreation Act, the costs allocated to fish and wildlife enhancement would be nonreimbursable. Costs allocated to irrigation would be reimbursable without interest. The total costs allocated to irrigation include \$259,300 as the pumping power suballocation which will be repaid by the annual pumping power charge. The remaining reimbursable irrigation costs amount to \$5,750,200, of which irrigators could repay \$1,716,960 or about 30 percent. Financial assistance in the amount of \$4,033,240 needed to achieve repayment of the remaining reimbursable irrigation costs would be due in Fiscal Year 2040. This assistance would be obtained from net power revenues from the Federal Columbia River power system in accordance with section 2 of the Act of June 14, 1966 (80 Stat. 200), as amended by section 6 of the Act of September 7, 1966 (80 Stat. 707). The conditions prescribed by this legislation for the use of net power revenues from the Federal Columbia River power system for irrigation assistance can be met by the Kennewick division extension, as shown below.

(1) *Maximum permissible aid*

Maximum allowable aid in 20 consecutive years, \$600 million. Total authorized aid due F.Y. 2021 through F.Y. 2040, \$245 million.

(2) *Net power revenues must be available*

System payout studies indicate net revenues in the amount needed will be available.

(3) *Construction schedule must be arranged so that the assistance will not cause an increase in BPA power rates*

The construction schedule for Kennewick division extension as now contemplated is compatible with this requirement.

Policies in effect at the time the Kennewick division was authorized required that all reimbursable project costs be repaid from revenues derived from the project. This required an overall repayment period of 66 years for the facilities built under the 1948 Act. S. 370, which would authorize the Kennewick division extension by adding it to the authorization of the 1948 Act, would make the same repayment period applicable to the extension. We believe that this is appropriate even though current congressional policy is that reimbursable reclamation project costs shall be returned in full within 50 years. The extension water users will be using many of the same facilities, and will bear a prorated share of the district operation, maintenance, and replacement costs as do other Kennewick division water users. It is equitable that their repayment obligation should run for the same number of years as other division water users. Irrigation water users make annual payments toward retiring irrigation cost allocations in accordance with their ability to pay. Thus, the effect of a longer repayment period is that the water users bear more of the irrigation costs.

Section 5 of the Act of June 12, 1948, provides that one-fifth of the revenues derived from the interest component for power rates of the Kennewick division, Yakima project, may be applied toward repayment of Kennewick division irrigation costs assigned for return from power revenues. Under S. 370 this arrangement would extend to the Kennewick division extension as well. The proviso appearing at the end of section 1 of the bill is intended to limit the availability for financial assistance to irrigation of power revenues derived as interest on revenues attributable to the Kennewick division power facilities (Chandler powerplant) and to insure that revenues derived from the interest component of power rates

KENNEWICK DIVISION EXTENSION

of the McNary Dam project, which the bill contemplates as the source of supplementary financial assistance for the extension, shall not be available for financial assistance to the extension. As we have indicated above, the source of supplementary financial assistance should be changed from the McNary Dam to the entire Federal Columbia River power system.

To conform S. 370 to the foregoing discussion, lines 5 through 13 on page 2 should be deleted and the following substituted:

"Shall be charged to and returned to the reclamation fund in accordance with the provisions of section 2 of the Act of June 14, 1966 (80 Stat. 200), as amended by section 6 of the Act of September 7, 1966 (80 Stat. 707): *Provided*, That section 5 of this Act shall not be applicable to the revenues derived from the Federal Columbia River power system. Power and energy required for irrigation water pumping for the Kennewick extension shall be made available by the Secretary from the Federal Columbia River power system at charges determined by him."

Several years may elapse between authorization of the Kennewick extension and execution of construction contracts. Therefore, we recommend that section 3, establishing the appropriations ceiling, be amended to establish the ceiling at the current construction cost estimate with a provision for cost indexing. This could be accomplished by substituting the following for section 3:

"Sec. 3. There are authorized to be appropriated for the new works associated with the Kennewick division extension \$5,352,000 (October 1966 prices) plus or minus such amounts, if any, as may be required by reason of changes in the cost of construction work of the types involved therein, as shown by engineering cost indexes, and, in addition, such sums as may be required to operate and maintain the extension."

A statement of personnel and other requirements that enactment of this legislation would entail is enclosed in accordance with the provisions of 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,

CHARLES F. LUCE,
Under Secretary of the Interior.

KENNEWICK DIVISION EXTENSION, YAKIMA PROJECT, WASH.

*Estimated additional personnel and funds for construction (in compliance with Public Law 801, 84th Cong.)*¹

	1st year	2d year	3d year	4th year	5th year
Executive direction: Administrative services and support—Clerical and stenographic (Subtotal, administrative).....	(2)	2	2	2	1
Substantive (program): Engineering aids and technicians (Subtotal, substantive).....		2	2	2	
Total positions.....		4	4	4	1
Total estimated additional man-years ²		4	4	3.1	0.4
Expenditure for additional man-years ³		\$20,400	\$20,400	\$15,870	\$2,040
Total estimated man-years of civilian employment.....		19.0	25.4	20.0	1.0
Total estimated expenditures:					
Project personal services.....		\$142,065	\$193,617	\$156,652	\$8,878
All other.....		567,935	2,706,383	1,065,348	57,122
Total estimated expenditures.....	\$110,000	710,000	2,900,000	1,222,000	66,000

¹ Salary levels are those which became effective July 3, 1966.

² 1st year activity will use general investigations personnel and details from other offices.

³ Data shown for additional man-years, and expenditures for additional man-years are estimated for recruitment outside the Bureau within the regional area. Regional experience indicates that such recruitment is only necessary for the low-grade engineering and clerical positions (FS-3 and GS-4). The region does not have available experience records on the net effect to recruitment requirements from outside the Bureau which may result from the transfer of career personnel between regions to fill key positions.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., February 21, 1967.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of January 24, 1967, requesting the views of the Bureau of the Budget on S. 370, a bill "To amend the Act of June 12, 1948 (62 Stat. 382), in order to provide for the construction, operation, and maintenance of the Kennewick division extension, Yakima project, Washington, and for other purposes."

The Kennewick division extension would make irrigation water available to an additional 6,300 acres of land which for the most part are presently unirrigated. The total investment is presently estimated at \$6,141,700, and the additional authorization required is approximately \$5,352,000.

The Department of the Interior, in a report being submitted to your committee, recommends amendments to reflect recently enacted legislation regarding power assistance to irrigation and increases in construction costs.

The Bureau of the Budget would have no objection to enactment of S. 370 if amended as recommended by the Department of the Interior.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

Senator ANDERSON. This measure has been favorably considered by this committee and by the Senate in previous sessions of Congress.

In the 89th Congress, this committee held hearings and reported favorably on the Kennewick Division extension. The bill—at that time S. 794—was passed by the Senate on February 10, 1965.

The hearings from the 89th Congress on this bill will be incorporated, by reference, into the record of these hearings. That record set forth statements and communications from officials and local people in the districts where this project is situated, explaining the need for the legislation and endorsing the bill.

The subcommittee is fortunate to have as our first witness the author of the bill, Senator Jackson of Washington.

STATEMENT OF HON. HENRY M. JACKSON, A U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator JACKSON. Mr. Chairman, my statement this morning is on behalf of myself and my colleague from the State of Washington, Senator Magnuson. We are requesting that early and favorable action be taken by the subcommittee on S. 370, a bill to provide for the construction, operation, and maintenance of the Kennewick division extension, Yakima project, Washington. This bill is identical to S. 794, which passed the Senate during the 89th Congress.

The purpose of S. 370 is to bring 6,300 acres of land in the Kennewick division under irrigation. This would be accomplished through appropriate amendments to the act of June 12, 1948, which authorized the Kennewick division. The act of 1948 authorized the Secretary of the Interior to construct extra capacity in the division's main canal to provide for future irrigation of approximately 7,000 acres. S. 370 would make use of this extra capacity.

The project has an extremely high benefit to cost ratio in excess of 4 to 1.

While basically an irrigation development, there would also be benefits to wildlife resources.

The local people in this part of my State have long been interested in full development of irrigable lands in the area. They strongly support this project and urge favorable action by the committee.

I have received a number of communications concerning S. 370 and I would like to request that they be made a part of the record of the committee's hearings.

Senator ANDERSON. Without objection, they will be made a part of the record.

Senator JACKSON. Mr. Chairman, I would also like to submit for the record a statement on this legislation by my colleague from the State of Washington, Senator Magnuson.

Senator ANDERSON. Without objection, the statement will be a part of the record.

(The statement referred to follows:)

STATEMENT OF HON. WARREN G. MAGNUSON, U.S. SENATOR FROM THE STATE OF WASHINGTON

Mr. Chairman: I appreciate this opportunity to appear before the Subcommittee on Irrigation and Reclamation of the Senate Committee on Interior and Insular Affairs.

I am here today to request early Committee approval of Senator Jackson's S. 370, a bill to amend the act of June 12, 1948 (62 Stat. 382), in order to provide for the construction, operation, and maintenance of the Kennewick division extension, Yakima project, Washington, and for other purposes. This legislation is identical to bills introduced by Senator Jackson and co-sponsored by me in the 88th and 89th Congress and which were approved by the Interior Committee and passed by the U.S. Senate.

The purpose of the Kennewick division extension is to provide water for the irrigation of 6,300 acres of land in Benton County, Washington. This land is located in the Columbia River Valley in the southern part of the State of Washington.

Most of the land now lying within the Kennewick extension area is dry sagebrush land, useful only for livestock grazing. With the advent of irrigation this land will be able to produce row crops of beans and potatoes and specialty crops of grapes, sweet cherries, prunes, peaches, and apricots. The surrounding area presently produces some of the finest juice grapes in the country.

The Kennewick extension land is quite near the developing Tri-City area of Richland, Kennewick, and Pasco. While this population center has a very good future growth potential, it is now undergoing the severe strains of shifting from a nuclear weapons economic base at the Hanford Atomic Plant to a more diversified economy. Until the full potential of nuclear diversification has been developed and the planned Fast Flux Test Facility (a nuclear breeder reactor) has been developed, this area is going to be facing a number of economic problems as evidenced by the AEC decision to shut down another plutonium reactor in fiscal 1968.

For maximum economic benefit to the local communities immediate authorization and construction of the Kennewick extension is needed. Delay would probably result in an economic benefit when it would be less needed. The economic slack needs to be taken up now.

I would like to close my statement with the note that this project has an extremely high benefit-to-cost ratio of 3.5 to 1. It is a financially sound project of exceptional merit.

Senator JACKSON. Mr. Chairman, Congresswoman May from the State of Washington, has also submitted a statement for the record.

Senator ANDERSON. Without objection the statement will be included.

(The statement referred to follows:)

STATEMENT BY THE HONORABLE CATHERINE MAY, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. Chairman, I appreciate this opportunity to go on record in support of S. 370—legislation authorizing the proposed Kennewick division extension of

the Yakima Reclamation Project. I introduced in the House of Representatives on January tenth of this year, a similar measure, H.R. 861.

The Kennewick division extension would deliver irrigation water to 6,300 acres of land south of the Yakima River near its confluence with the Columbia River between Benton City and Richland.

The most recent of the six operating divisions of the Yakima Project is the existing Kennewick division, which serves about 19,000 acres of land. Extra capacity for another 7,000 acres was originally built into the division's main canal, and the authorization act of 1948 recognized the cost of the construction of such extra capacity as a deferred obligation.

The lands which would be served by the Kennewick extension are for the most part dry and relatively barren. We are all aware of the steadily worsening world food crisis, and the fact that the world has begun to eat more than it is growing. We are only beginning to feel the effects of this trend now, and it may well be that by the time the new land of the Kennewick extension is ready to go into production, we will need every acre of it.

When irrigated, the land will be especially adapted for the growing of row crops primarily, and of specialty crops and fruit, such as asparagus, mint, prunes, peaches, apricots, sweet cherries, grapes and the like.

An excellent cost-benefit ratio of more than 4 to 1 is reported for the proposed project.

The effects of this project on the economy of the area will be indeed beneficial. With the closing of Larson Air Force Base and the downward trend in atomic energy work at Hanford, the Kennewick extension will provide an excellent economic boost for the region.

While basically an irrigation project, the extension will also substantially enhance wildlife resources. The Fish and Wildlife Service has reported that the project will be beneficial to upland game birds.

But it is people with whom we are primarily concerned, and the people of the area, of the state, and of the Nation will benefit from the Kennewick division extension.

I have selected from my files, Mr. Chairman, a cross-section of letters which I have received, in support of the proposed Kennewick extension. I wonder if they might be made a part of the record.

Thank you for giving me the opportunity to present this statement.

Senator ANDERSON. We have as our next witness this morning Mr. Dominy, Commissioner of the Bureau of Reclamation. Mr. Dominy is accompanied by Mr. Nelson, Mr. Casey and Mr. Gugel of his staff.

STATEMENT OF FLOYD E. DOMINY, COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR; ACCOMPANIED BY HAROLD T. NELSON, REGIONAL DIRECTOR, REGION 1; JIM T. CASEY, ASSISTANT CHIEF, DIVISION OF PROJECT DEVELOPMENT; AND FREDERICK GUGEL, ENGINEER

Mr. DOMINY. Mr. Chairman, we are here to testify on behalf of the Department and the administration in full support of S. 370, which would authorize the construction of the Kennewick division extension of the existing Yakima project in the State of Washington.

In the interests of saving time, I have a very brief statement here. I think it covers the highlights of this project with which this committee is thoroughly familiar, it having been presented to you twice before and having received the approval of the Senate twice before.

This bill would amend the act of June 12, 1948, to provide for the construction, operation, and maintenance of the Kennewick division extension, Yakima project, Washington. The Secretary's feasibility report on the extension has been printed as House Document 296, 88th Congress, and was the basis of our testimony to this committee on S. 794, 89th Congress. That measure, as amended by the committee, was passed by the Senate on February 10, 1965. We recom-

mend amendments to S. 370 which will conform it to recently enacted laws with regard to financial assistance that would be provided to this irrigation development from power revenues of the Federal Columbia River power system.

The Kennewick division extension is designed to provide an adequate water supply for the irrigation of 6,300 acres of land in Benton County, southern Washington. The Kennewick division is the most recently constructed division of the Yakima project. The Secretary of the Interior was authorized by the act of June 12, 1948, to construct extra capacity in the Kennewick main canal so that we would provide for the future irrigation of approximately 7,000 acres of land.

Major new facilities of the Kennewick division extension would be a third pump at Chandler pumping plant, the mile-long Kiona siphon, a distribution system, and drainage facilities to serve about 6,700 acres of land. Nearly all of the lands within the extension are presently dry, supporting only sagebrush and native grasses used for livestock grazing. About 70 percent of the extension acreage to be developed for irrigation would most likely be devoted to feed and general row crops. Specialty crops now being grown on adjoining areas, and which we think ultimately might also be grown in the extension area are mint and asparagus. Grapes, sweet cherries, prunes, peaches, and apricots will also be grown to a considerable extent.

The water supply for the extension would consist primarily of return flows from irrigated lands upstream, supplemented by natural flows of the Yakima River. In 1931 our Bureau obtained a permit from the State of Washington for the Kennewick Irrigation District to divert up to 1,600 cubic feet per second for irrigation and power purposes. This permit fully covers the needs of the extension lands.

As presented in our feasibility report—House Document 296, 88th Congress—the construction cost of the extension, based on January 1962 prices, was estimated to be \$4,695,000. At current prices updated to January 1967 the cost is estimated to be \$5,325,000. Provision is made in the legislation for adjustment of the appropriation ceiling if price indexes change further.

The current estimated investment costs of \$6,141,700, which includes assigned storage costs, and assigned deferred main canal costs, and an irrigation power suballocation tentatively are allocated \$6,009,500 to irrigation and \$132,000 to fish and wildlife. Annual operating costs are allocated \$48,530 to irrigation and only \$1,070 to fish and wildlife.

The costs allocated to irrigation would be reimbursable without interest. In accordance with the Federal Water Project Recreation Act, the costs allocated to fish and wildlife would be nonreimbursable, as they consist wholly of joint costs.

Annual irrigation benefits total \$886,200 and include direct benefits of \$384,300 and indirect and public benefits of \$501,900. Annual fish and wildlife benefits amount to \$5,500 and are based on the beneficial effects which irrigation of the extension lands would have on upland game and birds.

The annual equivalent cost of the proposed development amounts to \$254,400. The ratio of all benefits to costs is 3.5 to 1.

Senator ANDERSON. I think you might comment on what the average benefit is ordinarily—1 or 2 to 1. This is 3.5 to 1.

Mr. DOMINY. This is 3.5 to 1 and even if you use only direct benefits ration is still 1.5 to 1. So this is a very fine project.

It is proposed that the same general irrigation repayment terms used in the Kennewick division repayment contracts also be applied to the extension. Because the extension lands are presently undeveloped, a 10-year development period is recommended. Present repayment provisions require that all of the Kennewick division's reimbursable irrigation costs be repaid within 66 years following delivery of water. Therefore, construction payments by extension water users would be made over a 56-year period after the initial 10-year development period.

Water users could pay \$68,420 annually for irrigation service, or \$14.03 per acre. These revenues, during the 56-year repayment period, would meet all annual operating costs and in addition, would repay \$1,716,960, or about 30 percent of the capital costs allocated to irrigation. Financial assistance in the amount of \$4,033,240 would be needed to complete repayment of the irrigation allocation.

The bill, S. 370, is consistent with our feasibility report which proposed that the financial assistance to irrigation required beyond the Yakima project revenues be derived from revenues of the McNary Dam power project, which was appropriate under the repayment and accounting procedures in use at the time that report was prepared. However, the enactment in the 89th Congress of section 2 of Public Law 89-448 (80 Stat. 200), as amended by section 6 of Public Law 89-561 (80 Stat. 700), established new procedures and limitations for financial management of the Federal Columbia River power system and the associated Federal projects. Together these two sections provide a legislative policy under which the construction costs allocated to irrigation on future Federal reclamation projects in the Columbia Basin, to the extent they are beyond the ability of the irrigation water users to repay, shall be charged to and returned within the irrigation repayment period from net revenues derived from the Federal Columbia River power system. The amendment proposed in the Department's report on the bill is designed to make the bill consistent with these repayment procedures, and we strongly recommend its adoption.

There is strong support for the plan of development among local interests and representatives of the State of Washington. We recommend favorable consideration of the Kennewick division extension and early action toward enactment of S. 370.

One point I would like the committee to understand is these extension lands will be incorporated as part of the existing Kennewick division. It will not be a separate irrigation district. They will all be operated under one management at the local level for operation and maintenance and financial management.

The lands are of high quality with a sizable percentage of class 1 and class 2 lands, and only a relatively small percentage of class 3. They can bear a little higher cost than the existing Kennewick division lands and they will bear a little higher cost because they have to pump their water in an additional pump lift.

Part of the land has an additional lift of about 30 feet and part of it has a lift of about 160 feet. They will pay that additional cost and not be a burden on the remaining lands of the division.

Senator JACKSON. I have no questions. The committee went into this very carefully at the last session when it was passed. Since then we have resolved important questions concerning the use of power revenues by statutory action.

You will recall, Mr. Chairman, that last year there was some discussion about whether this project ought to be tied to revenues from McNary Dam or tied to the Bonneville revenues as a whole. That issue has since been resolved, and is no longer a matter of any concern because of the basin account formula which has been worked out. Am I not correct in that Mr. Dominy?

Mr. DOMINY. That is correct. We are proposing an amendment which ties that in now, Senator Jackson.

Senator ANDERSON. In the previous bill we had added some language about a period of 10 years from date of enactment for production on newly irrigated lands brought in, et cetera.

Mr. DOMINY. Yes. We propose a 10-year development period before the repayment would start. That is consistent.

Senator ANDERSON. You see no objection to it?

Mr. DOMINY. No, sir; incidentally I am sure the committee will be pleased to know there is no excess land problem here. Of the 6,700 acres, 2,000 is owned by the Federal Government which will be divided into homestead lands for entry and the balance is in private ownership well within the limits of the excess land laws.

Senator ANDERSON. My original proposal was not so much for a development period as the fact it has surplus crops we were worried about. I quote from the bill: "Section 2. No water shall be delivered to any water user on the Kennewick division extension for a period of 10 years from the date of enactment of this authorizing act for the production on newly irrigated lands of any basic agricultural commodity * * *"

Mr. DOMINY. There would be no objection to that. The majority of this land is now in grass and sagebrush. It is not producing anything. I am sure that there would be no problem including that provision in for 10 years after the project is developed.

Senator ANDERSON. Well, there are a great many people who think we raise too much wheat down there. In a very short time we will not be doing that as a result of the present surplus crop depreciation. Any objection on writing it in now?

Mr. DOMINY. No, sir; there would be no objection.

Senator MOSS. Mr. Chairman, I think surplus crops have almost become a thing of the past now from the way I read, but I would think there would be no objection to that.

Senator ANDERSON. I think so, too. But once in a while a situation changes and we may have some surplus again.

Senator Allott?

Senator ALLOTT. In your statement, Mr. Dominy, you say that the annual irrigation benefits total \$886,000 and include direct benefits of \$384,000 and indirect, \$502,000, approximately.

Now, what are these indirect and public benefits?

Mr. DOMINY. I would like to have Regional Director Nelson explain the process of our benefit-cost ratio analysis in that regard, Senator Allott.

Senator ALLOTT. In other words, what I am saying, and I think I should emphasize this, is that the so-called indirect and public benefits are in a ratio of a little over 5 to 4 on this project.

Mr. NELSON. Senator Allott, a great deal of the production from this project requires additional agricultural processing, and a good part of that additional 500,000 indirect and public benefits has to do

with the additional investments that will be required and the additional uplifting of local economy due to that processing.

For instance, there undoubtedly will be some grapes grown. There will undoubtedly be some small fruits and also some alfalfa. And then, I think the balance of that which is a relatively smaller part of it has to do with the additional investments required in the local community in the way of transportation, and so on. And then, of course, there is the settlement opportunities, not only on the privately owned lands but on the 2,000 acres of Federal lands that will bring in new investments and that part of that settlement opportunity benefit runs about \$100,000.

The community benefit—community facility part is quite small. That is \$33,000. And that is from additional investments which will take place in the cities of Kennewick and Kiona, and so on; processing.

Senator ALLOTT. To what extent have you changed the method of computing benefits? It seems to me, you are getting into a pretty nebulous area when you talk about feasibility and when the indirect and public benefits are on a basis of more than 5 to 4 on the direct irrigation benefits from the project.

Mr. DOMINY. Well, this is a continuing problem that we have, particularly with the Bureau of the Budget, in analyzing our project benefits and costs. Our study on the Columbia Basin project, Senator, is pretty convincing to me. We took 10,000 acres of land that previously was dryfarmed and now is under irrigation and compared it with 10,000 acres of identical land immediately adjacent to it that continued to be dryfarmed and we find that all of the benefits are 17 to 1 in favor of the 10,000 irrigated acres.

Senator JACKSON (now presiding). There are 10,000 acres under irrigation?

Mr. DOMINY. Yes, under irrigation. It is 17 to 1 in State, local, and Federal tax revenue returns, carloadings, postal resets, number of new businesses, in number of new job opportunities. So I think the indirect benefits are in fact there, although they are difficult to measure. They are difficult to prove, but I am sure you appreciate, from your experience with irrigation in Colorado, that there are tremendous indirect benefits when we put these lands into higher intensive use.

Senator ALLOTT. Well, I know there are indirect benefits but I question, and I always have questioned, the advisability of considering these so strongly in a feasibility estimate.

You talk at one place in your statement here about growing feed crops and then you say later it might go into other produce, such as prunes, and—

Mr. DOMINY. Specialty crops. I think this will be the history of it.

Senator ALLOTT. Specialty crops. Do you think you can justify a \$14 a year irrigation cost for feed grains?

Mr. DOMINY. Well, of course, that is a weighted average for all the lands. These are very productive lands. They have a very good outlook for alfalfa hay on the coast, and the market for alfalfa hay in this area has been real good and stays good.

Senator ALLOTT. Do you know what the market is at the present time?

Mr. DOMINY. It is up over \$30 a ton at the farm for alfalfa hay and has been consistently running at that level in this area. Most of the

dairy farms in the big city areas of Washington do not have any feed base around the dairy. They have to go a long way to get their high protein alfalfa to keep up the production in their herds.

So I think some of this land will probably remain in alfalfa. But a lot of the better lands where they have good air drainage and can avoid any possibility of spring frosts will, I think, go into fruits and specialty crops.

Senator ALLOTT. Well, even at \$30 I do not think you can justify the production of alfalfa on a water charge of \$14 a year. You might do it for the first 4 or 5 years, but you will not do it after that.

Mr. DOMINY. Well, the existing Kennewick division—they are running a little over 5 tons to the acre on an average of high quality hay, and, of course, not all the lands are in alfalfa. This is a weighted average of cost per acre.

Senator ALLOTT. How old is the Kennewick division?

Mr. DOMINY. It was authorized in 1948 and the first water was delivered in about 1952 or 1953.

Senator ALLOTT. I think that is all, Mr. Chairman.

Senator JACKSON. The Kennewick division, of course, is part of the Yakima project, which is one of the first reclamation projects and one of the first to pay out.

Mr. DOMINY. That is right. The Tieton division of the Yakima project was the first one to pay off its 40-year repayment obligation.

Senator JACKSON. Senator Moss?

Senator MOSS. This bill is identical, I take it, with the one we had before the committee last session with the exception of tying it into revenues from the Bonneville Power Administration; is that right?

Mr. DOMINY. Yes, the bill needs to be amended to do that, because it is identical with what you passed before.

Senator MOSS. It is entirely identical and has not been amended on that point?

Mr. DOMINY. Yes.

Senator JACKSON. That was done prior to the matter relating to the Columbia Basin account. Since then, that matter has been resolved. The bill was simply reintroduced as it passed last session, and it contained the provision tying the power subsidy to McNary Dam, which is no longer necessary.

Mr. DOMINY. That is right.

Senator MOSS. I recall that we went into this at some length last time.

I do not have any more questions.

Senator JACKSON. Senator Jordan?

Senator JORDAN. I have no questions, Mr. Chairman. I thought it was a good project before and I think it is a good project now.

Mr. DOMINY. The only other thing that needs to be adjusted in the bill, Mr. Chairman, is the cost ceiling because of the indexing up.

Senator JACKSON. Right. The October 1966 price figure instead of the previous figure. That is an increase of a little less than \$200,000 from the 88th Congress to the 90th.

Mr. DOMINY. Yes, we changed it from 1962. It is a 5-year adjustment because the old figure was clear back on 1962 costs.

Senator JACKSON. It is now on October 1966 prices.

Mr. DOMINY. We have updated it right to the current time.

Senator JACKSON. Senator Hatfield?

Senator HATFIELD. No questions.

Senator JACKSON. Any further questions, gentlemen? If not, the communications previously referred to will be inserted at this point. (The communications referred to follow:)

WASHINGTON STATE RECLAMATION ASSOCIATION,
Yakima, Wash., February 16, 1967.

HON. HENRY M. JACKSON,
*Senator from Washington,
Senate Office Building,
Washington, D.C.*

DEAR SENATOR JACKSON: As you are well aware, the Washington State Reclamation Association has gone on record by resolution approving and supporting the irrigating of the Kennewick Extension. However, for the benefit of your committee, we wish to reiterate the fact that the Washington State Reclamation Association has gone on record approving the irrigating of 6300 acres of land in the Kennewick Irrigation District, which is commonly known as the Kennewick Extension. This Association has approved by resolution this irrigation project ever since the land owner's committee of the Kennewick Extension was formed and had sought our aid and assistance beginning in 1962.

Sincerely yours,

H. G. WELLS,
Secretary-Treasurer.

SPOKANE CHAMBER OF COMMERCE,
Spokane, Wash., January 27, 1967.

HON. HENRY M. JACKSON,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR JACKSON: The Washington State Reclamation Association strongly supports the authorization of the Kennewick Extension of the Yakima Project, and the Touchet Division of the Walla Walla Project.

Resolutions endorsing the construction of the projects have been adopted at the past two State Association meetings.

The Directors of the Association know that you are supporting legislation for the authorization of the Projects, and wish to offer you their encouragement, as do I as Director of the National Reclamation Association from the State of Washington.

If you have any suggestions for our being truly helpful, please let me know.

Yours sincerely,

L. W. MARKHAM,
General Manager.

KENNEWICK IRRIGATION DISTRICT,
Kennewick, Wash., February 17, 1967.

HON. HENRY M. JACKSON,
*Chairman, Senate Committee on Interior and Insular Affairs,
Senate Office Building, Washington, D.C.*

DEAR SENATOR JACKSON: Was recently informed that a hearing has been set for February 23, 1967, on Senate Bill No. 370.

Our Board of Directors desires to go on record as being in favor of the passage of this bill at an early date.

Enclosed is a copy of Resolution No. 67-2, which was passed by the Board of Directors on February 7, 1967. We wish to have it become a part of the records of the hearing on February 23, 1967.

Sincerely yours,

CALVIN R. LIEBEL,
Secretary-Manager.

RESOLUTION NO. 67-2 OF THE KENNEWICK IRRIGATION DISTRICT

Whereas the general plan of irrigation development contemplated in the organization of the Kennewick Irrigation District is one that involved, among other things, the acquisition, construction, reconstruction, improvement and

extension of works for the reclamation of lands within the District, and the operation and maintenance of all such works;

Whereas the general plan of development of the "Kennewick Division Extension" determined by the United States Bureau of Reclamation, is the result of extensive and thorough investigation by that Bureau with respect to the available water supply, the character of the soil and its suitability to irrigation, the requisite works for supplying and distributing water and other problems bearing on the feasibility of the project, and, taking these investigations into account, this general plan has been found to be feasible by the Bureau of Reclamation, and the Bureau having recommended Amendment of Act of June 12, 1948 (62 Stat. 382) to accomplish this work: Now, therefore, be it

Resolved, the Board of Directors of Kennewick Irrigation District is in favor of construction of the "Kennewick Division Extension", under the provisions of applicable federal and state laws; and, it is further

Resolved, That the Secretary-Manager be directed to forward copies of this resolution to Honorable Catherine May and Senator Henry M. Jackson.

Passed by the Board of Directors of Kennewick Irrigation District this 7th day of February, 1967.

ROBERT E. TWEEDT.
CARL W. PETERSEN.
FRANK LAMPSON.

TRI-CITIES CHAMBER OF COMMERCE,
Tri-Cities, Wash., February 13, 1967.

Senator HENRY M. JACKSON,
*Chairman, Interior and Insular Affairs Committee,
U.S. Senate, Washington, D.C.*

DEAR SENATOR JACKSON: The Tri-Cities Chamber of Commerce has unanimously endorsed the Kennewick District Extension of the Yakima Project which is understood to be coming up for hearing on February 23, 1967. Our reasons for endorsement of the project follow:

1. This would bring to fruition the Yakima Project started in 1904 and would add some 6300 acres of irrigation land.
2. This area is particularly suited to the production of soft fruit which would result in high income crop land.
3. The addition of this land under cultivation would provide summer employment for the youth of this area which is sorely needed.

Your efforts in behalf of this project are sincerely appreciated and we shall eagerly look forward to its authorization in the not too distant future.

Yours very truly,

R. L. ELMGREN, *President.*

SPOKANE, WASH., *February 3, 1967.*

HON. HENRY M. JACKSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR JACKSON: In the 89th Congress, S. 794 providing for construction of Kennewick division extension works was approved by the Senate but did not pass the House. Thus, the Kennewick extension area remains a "future" project as it has for many—too many—years.

It is my hope that you and Senator Magnuson will reintroduce the measure in the 90th Congress and continue to give it your full support.

I would appreciate knowing if there is any action that I can put forth to help in this endeavor.

Sincerely,

DAVID R. HAMM.

RAYMOND, WASH., *January 5, 1967.*

Senator HENRY M. JACKSON,
Senate Office Building, Washington, D.C.

DEAR SENATOR JACKSON: During the 89th Congress you, and Senator Magnuson, introduced S. 794 which provided for the construction of the Kennewick division extension of the Yakima Project.

The Bill died in Committee as you well know, we are in hopes that you will consider introducing the bill again in the current session of Congress.

We strongly support the bill, feeling that the economic value to the area is needed.

It seems the long-predicted world food crisis is now beginning.

The State Department's top expert said in a news item to-day, for the first time the United States no longer has enough food surplus to meet all claims made against it.

We think if water would be on this land, it would help in many ways.

Sincerely,

Mrs. ADDIE B. SHAY.

WASHINGTON STATE SENATE,
March 6, 1967.

HON. HENRY M. JACKSON,
*Senate of the United States,
Washington, D.C.*

DEAR SENATOR JACKSON: I have the honor to transmit herewith a certified copy of Senate Resolution 1967-24 adopted by the Senate of the State of Washington.

Respectfully yours,

WARD BOWDEN,
Secretary of the Senate.

[Enclosure]

SENATE RESOLUTION 1967-24

(By Senators Mike McCormack and Damon R. Canfield)

Whereas construction of the Kennewick extension reclamation project will complete the development of the Yakima Valley's Federal reclamation system; and

Whereas this achievement of turning a desert into one of the Nation's most productive agricultural areas stands as a monument to the pioneers who conceived the project; and

Whereas the 6,800-acre Kennewick extension project will make vital contributions to the agricultural economy of the area; and

Whereas such row crops as sugarbeets, vegetables, alfalfa hay, and fruit crops such as peaches, apricots, cherries, and apples will be grown on the project, all contributing to the Nation's nutrition and not being crops in any surplus category; and

Whereas the Senate Committee on Interior and Insular Affairs has before it legislation sponsored by Senators Henry M. Jackson and Warren G. Magnuson, authorizing the Kennewick extension project: Now, therefore, be it

Resolved, That the Senate commend Senators Jackson and Magnuson for introducing this authorizing legislation, S. 370, and that the Washington State Senate indicates its full support for the measure and urges its speedy enactment by the Congress; be it further

Resolved, That copies of this resolution be sent to those named above, and Secretary of the Interior Stewart L. Udall; the members of the congressional delegation from Washington State, and the Honorable Wayne N. Aspinall, chairman of the House Committee on Interior and Insular Affairs.

I, Ward Bowden, Secretary of the Senate, do hereby certify this is a true and correct copy of the resolution adopted on March 3, 1967.

WARD BOWDEN,
Secretary of the Senate.

Senator JACKSON. That concludes the hearing on the Kennewick extension. We will now turn to other business.

(Whereupon the committee turned to other business.)

○

We strongly support the bill to limit the redemption value to the face of the note. It is our belief that the bill will be passed by the House and the Senate. The House has passed the bill and the Senate is expected to pass it in the near future. We think it would be well to have the bill passed by the House and the Senate as soon as possible. We think it would be well to have the bill passed by the House and the Senate as soon as possible.

WASHINGTON STATE BANK
 1000 1st Ave.
 Seattle, Wash.

Mr. [Name]
 [Address]
 [City, State]
 Dear Sir:

I have the honor to acknowledge the receipt of your letter of the 10th inst. regarding the proposed bill to limit the redemption value of the note to the face of the note. I am glad to hear that you are in favor of the bill and I am sure that the bill will be passed by the House and the Senate as soon as possible.

Sincerely,
 [Name]

The proposed bill to limit the redemption value of the note to the face of the note is a very important one. It will prevent the note from being redeemed at a value in excess of its face value. This is a very important provision and it is our belief that it will be passed by the House and the Senate as soon as possible. We think it would be well to have the bill passed by the House and the Senate as soon as possible.

WASHINGTON STATE BANK
 1000 1st Ave.
 Seattle, Wash.

Senator Jackson. This contains the hearing on the proposed bill to limit the redemption value of the note to the face of the note. We will now turn to other bills.