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AUTHORIZING ADDITIONAL APPROPRIATIONS FOR PROSECUTION OF PROJECTS IN CERTAIN COMPREHENSIVE RIVER BASIN PLANS FOR FLOOD CONTROL, NAVIGATION, AND FOR OTHER PURPOSES

TO AUTHORIZE APPROPRIATIONS FOR THE ADMINISTRATION OF THE DEEP-WATER PORT ACT OF 1974

GOVERNMENT

Storage



(95-9) DOCUMENTS

HEARING JUL 12 1977

BEFORE THE

COMMITTEE ON WATER RESOURCES

OF THE

COMMITTEE ON

PUBLIC WORKS AND TRANSPORTATION

HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 5885

AUTHORIZING ADDITIONAL APPROPRIATIONS FOR PROSECUTION OF PROJECTS IN CERTAIN RIVER BASIN PLANS FOR FLOOD CONTROL, NAVIGATION, AND FOR OTHER PURPOSES

AND

H.R. 6401

TO AUTHORIZE APPROPRIATIONS FOR THE ADMINISTRATION OF THE DEEPWATER PORT ACT OF 1974

APRIL 25, 1977

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95TH CONGRESS
1ST SESSION

H. R. 5885

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 1977

Mr. JOHNSON of California (for himself, Mr. ROBERTS, Mr. HARSHBARGER, and Mr. DON H. CLAUSEN) introduced the following bill; which was referred to the Committee on Public Works and Transportation

A BILL

Authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) in addition to previous authorizations, there is
4 hereby authorized to be appropriated for the prosecution of
5 the comprehensive plan of development of each river basin
6 under the jurisdiction of the Secretary of the Army referred
7 to in the first column below, which was basically authorized
8 by the Act referred to by date of enactment in the second

- 1 column below, an amount not to exceed that shown opposite
- 2 such river basin in the third column below:

Basin	Act of Congress	Amount
Alabama-Coosa River Basin.....	Mar. 2, 1945	\$13,000,000
Arkansas River Basin.....	June 28, 1938	20,000,000
Arkansas-Red River Basin.....	Nov. 7, 1936	8,000,000
Brazos River Basin.....	Sept. 3, 1954	60,000,000
Central and Southern Florida.....	June 30, 1948	9,000,000
Columbia River Basin.....	June 28, 1938	77,000,000
Mississippi River and tributaries.....	May 15, 1928	453,000,000
Missouri River Basin.....	June 28, 1938	170,000,000
North Branch, Susquehanna River Basin.....	July 3, 1958	75,000,000
Ohio River Basin.....	June 22, 1936	60,000,000
Quachita River Basin.....	May 17, 1950	2,000,000
Red River Waterway project.....	Aug. 13, 1938	101,000,000
San Joaquin River Basin.....	Dec. 22, 1944	125,000,000
Santa Ana River Basin.....	June 22, 1936	3,000,000
South Platte River Basin.....	May 17, 1950	30,000,000
Tampa Harbor.....	Dec. 31, 1970	23,000,000
Upper Mississippi River Basin.....	June 28, 1938	2,000,000
White River Basin.....	do.	2,000,000

- 3 (b) Of the amount authorized for the Columbia River
- 4 Basin, \$1,000,000 shall be available for the local flood pro-
- 5 tection projects authorized by section 204 of the Flood Con-
- 6 trol Act of 1950, and the authorization for such local flood
- 7 protection projects is hereby increased to \$16,000,000.

- 8 (c) The total amount authorized to be appropriated by
- 9 this section shall not exceed \$1,239,000,000.

- 10 SEC. 2. The project for flood protection on the Sacra-
- 11 mento River, California, authorized by the Flood Control Act
- 12 approved March 1, 1917, as amended, is hereby further
- 13 amended to authorize the Secretary of the Army, acting
- 14 through the Chief of Engineers, to construct bank protection
- 15 works along the reach of the Sacramento River and its
- 16 tributaries from Red Bluff to Shasta Dam, subject to the
- 17 same requirements of non-Federal cooperation applicable to
- 18 other similar elements of the project, and to include mitigation

1 of fish and wildlife losses induced by the project. The evalua-
2 tion and justification of the project shall be based on the
3 overall benefits and costs of all project elements. In addition
4 to previous authorizations there is hereby authorized to be
5 appropriated the sum of \$25,000,000 to carry out the pur-
6 poses of this section.

95TH CONGRESS
1ST SESSION

H. R. 6401

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 1977

Mr. JOHNSON of California (for himself, Mr. ROBERTS, and Mr. DON H. CLAUSEN) introduced the following bill; which was referred jointly to the Committees on Merchant Marine and Fisheries and Public Works and Transportation

A BILL

To authorize appropriations for the administration of the Deepwater Port Act of 1974.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 25 of the Deepwater Port Act of 1974 (Public
4 Law 93-627) is hereby amended to read as follows:

5 “SEC. 25. There is authorized to be appropriated for
6 administration of this Act not to exceed \$2,500,000 for
7 the fiscal year ending September 30, 1978, not to exceed
8 \$2,500,000 for the fiscal year ending September 30, 1979,
9 and not to exceed \$2,500,000 for the fiscal year ending
10 September 30, 1980.”.

TABLE

TABLE showing the results of the survey of the
fisheries of the State of New York, conducted by
the Fish and Game Commission, during the year
1900.

1.	Salmon.	1,000,000
2.	Trout.	500,000
3.	Brook Trout.	250,000
4.	Perch.	100,000
5.	Rock Bass.	50,000
6.	White Bass.	25,000
7.	Striped Bass.	10,000
8.	Atlantic Salmon.	5,000
9.	Atlantic Trout.	2,500
10.	Atlantic Brook Trout.	1,250

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(IX)

H.R. 5885

TO AUTHORIZE ADDITIONAL APPROPRIATIONS FOR
FISCAL YEARS 1978 AND 1979 FOR PROSECUTION
OF PROJECTS IN CERTAIN COMPREHENSIVE RIVER
BASIN PLANS FOR FLOOD CONTROL, NAVIGATION,
AND FOR OTHER PURPOSES

MONDAY, APRIL 25, 1977

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER RESOURCES,
OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 2167, Rayburn House Office Building, Hon. Ray Roberts (chairman of the subcommittee) presiding.

Mr. ROBERTS. The subcommittee will come to order.

This morning the Subcommittee on Water Resources meets to receive testimony on H.R. 5885, the River Basin Monetary Authorization Act of 1977, and H.R. 6401, legislation authorizing appropriations for the administration of the Deepwater Port Act of 1974.

H.R. 5885 authorizes additional appropriations for projects in 18 river basin plans authorized for construction by the Corps of Engineers. The amounts authorized in the bill are designed to cover potential appropriations through fiscal year 1979.

Monetary authorizations first were put into effect by the Flood Control Acts of 1936 and 1938. They limit authority to appropriate and expend funds within specified basins or on specified major projects to levels below the total costs of the authorized basin developments or project. In this way, they give the Congress opportunity to review and control the rate of accomplishment of the basin plans and major projects to which they apply.

When the monetary authorization limit of a plan is approached, legislation is required to provide additional authorization so that appropriations can be made to permit the plan to continue. If such legislation is not forthcoming when needed, construction of projects cannot proceed, even if funds have been included in appropriations acts for this purpose.

At the present time, there are 29 basin development plans subject to basin monetary authorization limitations.

This morning our first witness is Gen. Ernest Graves, the Director of Civil Works for the Corps of Engineers.

We are also delighted to have him, but before I present him, I would call on the distinguished gentleman from California for his statement.

Mr. CLAUSEN. Thank you, Mr. Chairman.

I would like to associate myself with your remarks and also to welcome General Graves to this morning's hearing, and to congratulate him on his recent promotion. I understand that he will soon be assuming the duties as Deputy Chief of Engineers.

I think the Department of the Army has made an outstanding choice, and again I would like to compliment you, General Graves, on your new assignment.

I have a few concerns over the implementation of some of the Corps' programs, and I will get into these during the questioning portion of today's hearing.

I think that you should be aware of the fact that I have a particular concern over the implementation of section 73 of the 1974 Water Resources Development Act which, as you know, pertains to the non-structural flood control measures. It has been brought to my attention, as a result of discussions I have had with a number of people out in the field, the district engineers, that the cost factors associated with the nonstructural alternative is substantially greater than was ever anticipated at the time it was initiated.

While we have had an established Federal interest in the structural solution to some of these problems, it may very well be that we have not kept pace in relating the Federal interest in the nonstructural aspect of the program. This has come increasingly to my attention, and I think we are going to have to seriously evaluate section 73, the degree of flexibility that we need to have in coordinating both the structural and possibly the nonstructural alternative to many of the flood control problems in the country.

And again I want to welcome you and look forward to hearing your comments.

Mr. ROBERTS. General Graves, I also want to congratulate you, and say that we are delighted to see you move up the ladder, and we are pleased that General McGinnis will be coming up here. We will still be calling on you.

If you will, you may proceed in any way you see fit, and if you will, please, introduce the gentlemen with you.

TESTIMONY OF MAJ. GEN. ERNEST GRAVES, DIRECTOR OF CIVIL WORKS, OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY: ACCOMPANIED BY IRWIN REISLER, CHIEF, OFFICE OF POLICY; ALEX SHWAIKO, ACTING CHIEF, PLANNING DIVISION; EDWARD J. O'NEILL, JR., CHIEF, WESTERN BRANCH, PROGRAMS DIVISION; AND JAMES W. CARVER, PROGRAMS DIVISION

General GRAVES. Thank you, Mr. Chairman and Mr. Clausen.

I have with me Mr. Irwin Reisler, Chief of my Office of Policy; Mr. Alex Shwaiko, Chief of my Planning Division; and Mr. Ed O'Neill, who is from my Programs Division.

Thank you very much for your kind remarks. I want to say that General McGinnis, who will be taking my place as Director of Civil Works is an outstanding engineer and an outstanding officer.

I was privileged to have him as my district engineer in St. Paul when I was the division engineer in the north central division in Chicago, and know first hand about his ability. Of course, he has been doing an outstanding job as the division engineer of our southwestern division.

So I am very pleased to be able to turn over to him the responsibilities of this position, and I hope that I will have some opportunity to continue to contribute to this important program.

If I may turn to my statement, Mr. Chairman, it is not very long, and it has some slides with it, so I will go straight through it now, if I may.

Mr. ROBERTS. Thank you, sir.

General GRAVES. I am pleased to have this opportunity to appear before you in support of the administration's budget regarding increases in current limitations on river basin monetary authorizations. These increases are vitally important to allow continuation of activities now underway on authorized projects to meet urgent water resource needs.

These projects improve navigation, prevent flood damages, produce hydroelectric power, provide water supply, improve water quality, and offer water based recreational opportunities for the American public. They are authorized and constructed to alleviate water related problems and, hopefully, to prevent a recurrence of some of the more severe manifestations of these problems which have occurred in past years.

Beginning with the 1936 and 1938 Flood Control Act, Congress approved a number of basin and project plans. These basin and project plans were based on general survey data, were broad in nature, and lacked sufficient detail to assure the Congress that ultimate development would be fully acceptable.

Consequently, the Congress limited the amount that could be appropriated for these particular plans. The requirement for additional authorization as development of the basin plan proceeded, gave the Public Works Committees, and the Congress, the opportunity to review our progress as general plans evolved into definite project proposals.

In recent years, more detailed plans have been authorized with monetary authorization limitations. These limitations permit the Public Works Committees to review progress on these project or basin plans as they proceed, before committing the Congress to the full cost of these plans. The limitations on monetary authority subsequently have been increased by the Congress from time to time, to permit proceeding with construction of projects in the authorized plans.

There presently are 29 basin development plans subject to a monetary authorization limitation. The latest act providing increased monetary authorization was Public Law 94-347, which was signed into law on July 8, 1976. That act provided increased monetary authorizations for work expected to be accomplished through fiscal year 1977.

In accordance with section 607 of the Congressional Budget and Impoundment Control Act of 1974, we have prepared estimates of required increases in basin monetary authorizations for anticipated obligations through fiscal year 1979 based on the fiscal year 1978 budget and our within ceiling allowance for fiscal year 1978.

An administration bill, reflecting an additional requirement of \$367 million for 11 river basins through fiscal year 1979, was trans-

mitted to the Congress on March 25, 1977. As a result of the announcement of the President's decision on water resource projects on April 18, 1977, we have revised our estimates of required increases.

The Ohio River basin should be increased by \$5 million through fiscal year 1979. The requirements for the Missouri River basin have decreased by \$27 million. The total requirements are now \$355 million for 11 basins through fiscal year 1978 and an additional \$447 million for 14 basins through fiscal year 1979.

I would like to illustrate the concept of additional monetary authorization needs by referring to the situation in the Missouri River basin.

The total estimated cost of all features of the basin plan is \$2,661 million. The present monetary authorization limit on the amount which can be appropriated and obligated to advance the construction of authorized projects in the basin is \$1,867 million. The total amount appropriated to date is \$1,862 million, which is within the available authorizations.

Our projection of additional obligations through fiscal year 1978, based on the 1972 budget, would bring the total monetary authorization required to \$1,951 million, an increase of \$84 million. An additional \$60 million would be required through fiscal year 1979, bringing the total amount requested for this basin to \$144 million.

Extremely good construction weather in the Brazos and San Joaquin River basins over the last construction season and throughout the winter has permitted contractors on projects in these basins to make far more progress than we had anticipated. As a result, we would exhaust our current monetary authority by June if these projects were permitted to remain on their most efficient construction schedules.

We have found it necessary to direct our division engineers to prepare plans to reschedule their planned construction operations to remain within existing ceilings through September 30, 1977.

Other river basins could also exhaust existing authorization sooner than we now contemplate because of unprogramed requirements between now and the end of September. In any basin which reaches its authorized monetary limitations we will have no alternative except to shut down ongoing contracts, even though adequate funds might be available for transfer from other projects.

Seven other basins will exhaust current authorizations in October 1977, based on the budget program, but their current situation is not as critical as Brazos and San Joaquin basins. Two additional basins will exhaust their authorization during fiscal year 1978.

In previous years, it was the practice of the Congress to provide monetary authorization for a 2-year period, and, because our two year estimates of funding requirements were fairly optimistic, we are rarely faced with the possibility of having to terminate work on authorized projects due to the exhaustion of monetary authorizations.

Over the past several years, additional authorizations have been passed for our requirements only for the budget year and this has caused several problems. In addition to the problems we have this year on the Brazos and San Joaquin, we had similar problems last year on the South Platte and North Branch Susequehanna River basins. In addition to greater than anticipated contractor earnings, our projects are continually subject to inflationary cost increases.

The individual project costs used in development of the fiscal year 1978 budget and our monetary authorization requirements are based on prices and conditions in effect on October 1, 1976. As inflation continues throughout the budget period, extending through September 1978, work that is not already under contract is likely to cost more than our current estimates. This could create a requirement on individual projects greater than the budget amount we are now reporting.

Another factor is the possibility that Congress may appropriate different amounts of money for individual projects than requested in the budget.

As requested by your staff, the detailed justification data provided to your committee includes information on our full capability through fiscal year 1979. These capability amounts were developed considering each project by itself. They do not consider fiscal constraints, the administration's assessment of appropriate national priorities for Federal investments, nor the impact of stated capabilities for other individual projects on the corps' overall capability.

I urge the committee to give favorable consideration to our request for additional monetary authorizations so that we can continue making progress toward meeting the water resource needs of our Nation.

Sir, this concludes my statement. My staff and I will be pleased to respond to any questions you may have.

Mr. ROBERTS. Thank you, General Graves.

Again, what is the reason for the \$27 million decrease in the Missouri basin project?

General GRAVES. Sir, that reflects the fact that the President recommended deletion of funding, and deauthorization of a project in the Missouri basin, specifically the Hillsdale Lake project.

Mr. ROBERTS. The gentleman from California.

Mr. CLAUSEN. Yes, General Graves. Could you articulate a little bit more in specific terms on the reasons for the cost increases?

General GRAVES. Yes, Mr. Clausen. Our method of estimating costs and benefits, which is consistent with the law, provides these estimates at current prices. Therefore, there is no factor for inflation put in the estimates.

Now, since inflation is with us constantly, a logical question is why do we not put in inflation. You have to go back and review the history of this to understand why. There was a serious effort made in the fifties to work out a procedure for including inflation.

Of course, if you are going to include inflation in the cost, you have to include inflation in the benefits. Since Congress merits these on a cost-benefit ratio, it would only be valid if you used the same approach for benefits and cost.

During the period of time in the fifties, and over these several years, efforts were made for agreement on a method of including inflation in the benefit analysis, as well as the cost analysis. But in spite of experts at the time, trying their best, it was not possible to reach a consensus as to how to apply inflation on both sides of the equation. So it was decided that the best thing to do would be to use estimates based on current prices in presenting the project to Congress.

However, when you do this, of course, you have to accept the fact that every year, the inflation that has occurred since the preceding estimate, must be added into the cost estimate presented, and so, of

course, over time, as inflation affects projects, why the costs keep going up. This is the primary reason why these projects have their cost estimates increased, and, of course, if you are talking about a project which may take 15 years from the time it is first studied until it is completed, or even 20, inflation causes very large increases in costs over that time.

You can go back and see that inflation has caused increases in the cost of construction in less than 10 years of doubling, and if you go back 20 years, it is a factor of 3 or 4. This is the reason why you see these cost increases, because as a matter of established procedure, established policy, we quote our cost estimates at current prices, and do not provide, either in our analysis, or in our budget submission, for any inflation from year to year.

Mr. CLAUSEN. I am sure that the Chairman and most of the members feel essentially as I do, that we tend to acknowledge, and this is not just applied to your agency, we tend to acknowledge the existence of inflation, but I do not know that I have seen enough in the way of an adequate approach to address the problems properly.

Inflation seems to be an acceptable fact of life, and I am just wondering if all of the agencies of Government and the corps is included as part of the total effort, are trying to do something about this whole questions of inflation. I do not know that we are doing enough about it.

I do not see anything but budgetary discipline to bring this about.

General GRAVES. Well, certainly I believe that the President and Congress both scrutinized the total magnitude of our program with a view to having it fall within guidelines, which from an economic point of view, will tend to reduce inflation.

I think the overall budget process focuses very strongly on that. Within the corps itself, the best efforts we can make is to carry out our project as economically as possible, and we make an extra effort to control the cost of our projects. We use value engineering to try to carry out the projects more economically. We have controls that examine very carefully engineering changes to assure that they are not causing project increases.

We have given great attention to this. I know in the last 18 months that I have been in my current assignment the corps has instituted new controls to try to avoid cost increases from other sources. Of course, if we are able to carry out our projects in the most economical manner possible, then we avoid a contribution to inflation from having these projects be more costly than they have to be.

Mr. CLAUSEN. Well, I will not pursue it any further now. But I do want to pursue this with the corps in its entirety, because I want to satisfy myself that everything is being done that can be done.

Have the regulations implementing the section 73 authority, actually been promulgated?

General GRAVES. No, sir, they have not. They are in the final state of coordination within the administration.

The Office of the Secretary of the Army, of course, must coordinate these regulations with the Office of Management and Budget, and we are in the midst of that coordination process at this time.

Mr. CLAUSEN. I have not had a chance to discuss this with the chairman yet, but it may very well be that I will want to have some input

to you in the near future, as a result of the discussion that I have had with the district engineers.

I want to discuss this more fully, however, with Chairman Roberts.

Now, can our localities obtain the same Federal cost-sharing for flood control projects that are nonstructural as they are if the solution is to be a structural solution?

General GRAVES. We are very much aware of the problem you cite, Mr. Clausen, and we have been attempting to produce a regulation which would implement section 73, that basically would produce the result you describe. There has been concern about non-structural solutions, that somehow this would lead to projects different from what Congress intended.

However, I know that during the project review, we have discussed with representatives of the White House, and representatives of the Office of Management and Budget the concept that more expeditious implementation of section 73 was a way to avoid some of the environmental concerns which have been voiced by the President, and the Corps of Engineers was ready, willing and able to move more strongly toward nonstructural solutions, if only we could get an agreement on the proper implementation of section 73.

Mr. CLAUSEN. Does that include the cost sharing formula?

General GRAVES. That is at the heart of the problem.

Mr. CLAUSEN. Does that require congressional authority?

General GRAVES. No, sir. As I see it, the wording of section 73 would allow us to promulgate policy of the type you describe. There has been concern that somehow this might lead to a greater Federal interest in nonstructural solutions than in structural solutions, and that the regulation must be promulgated in a way that makes it more nearly the same.

In other words, the point is that having had so few of these, we cannot estimate the full financial impact of any particular regulation. We have tried theoretically to do this, but since we have had only a small sampling of these projects, it is difficult to be able to say well, we know from structural projects what the regulations produce in terms of an average share.

We have extensive data on what cost sharing amounts to, but when we go to nonstructural solutions, we have half a dozen projects that we have looked at, and they vary to some extent in the local share, and it is not easy under these circumstances to project the full financial impact. And this has, unfortunately, delayed implementing this regulation. But I am hoping that because of the President's concern about the environment, and the obvious fact that section 73 is an environmentally sensitive way to approach these problems, that this will give renewed impetus to getting this regulation promulgated.

Mr. CLAUSEN. I would remind the gentleman that while the President has expressed concern about environmental concerns, I would remind him that it was this committee that provided the authority for the nonstructural approaches to flood control. This is not something that is new. This committee has been ahead of this administration.

General GRAVES. I agree with you completely, sir, and the corps has been very desirous of implementing this authority.

But it has been laborious to work through the details.

Mr. CLAUSEN. Let me ask one final question, and then I want to yield to the other members.

Does the authorization that is recommended in your testimony, does it allow flexibility if the Congress decides to fund the projects that the President has recently authorized for deauthorization?

General GRAVES. No, sir, they do not provide a large amount of flexibility. They are based on the budget estimates themselves.

Mr. CLAUSEN. Thank you.

Mr. ROBERTS. Questions on the right?

Mr. GINN. No.

Mr. ROBERTS. Anybody have a statement?

Mr. ABDNOR. I would like to ask General Graves a question on a different subject.

Mr. ROBERTS. Mr. Abdnor.

Mr. ABDNOR. General Graves, this is off the subject a little. I want to ask you something about the bank stabilization program, and how it is coming along.

I am greatly interested in stream bank erosion because of what it is doing in my district.

I have the Fort Randall area, and it has been a tremendous problem for a long time. We discussed it here last year, and I think we added \$25 million authorization to the program. I am just wondering if we are making any headway?

I know we talk about continuing the program of additional flood control dams. But to me bank stabilization is very much a part of the program, and I have people who are losing acres and acres and acres from one year to the other.

General GRAVES. Sir, you will recall that the additional authorization approved by Congress also called for work on the Missouri. The President's budget request for 1978 does include a total of \$5 million for the bank stabilization evaluation and demonstration program. One and a half million of that is in the Mississippi River and tributaries appropriation. The other \$3.5 million is in the construction, general appropriation, and we have definite plans to use somewhat more than \$1 million, out of that \$3.5 million, for work on the Missouri River.

So I believe we are making progress, and that the additional authorization provided last year by the Congress was beneficial with moving this program ahead.

Mr. ABDNOR. How far does \$1 million go?

General GRAVES. Well, sir, it is a demonstration program, that is the way it was authorized by Congress, therefore, certainly \$1 million does not provide for bank stabilization for a whole long stretch of river.

However, I do think that it is establishing the most economical way to do this work, and if then it is decided to carry on the work in a larger scale, I think we have a firm basis for estimating what the cost of that would be, and so that the full financial impact can be assessed before Congress would make a decision on this point.

Mr. ABDNOR. Is some of this demonstration work going to be done in South Dakota, in the Fort Randall area?

General GRAVES. It is my understanding there is work in there.

Mr. ABDNOR. The devastation in that area is great.

General GRAVES. I am aware of the problem sir, and I agree with you, sir, that it is serious.

Mr. ABDNOR. One other thing, I assume under the law once you riprap or whatever you do then becomes the responsibility of the local sponsor whether it is a city or another subdivision of government or—as has been the case in South Dakota—a hospital. You would have nothing further to do with your work?

General GRAVES. Sir, I know there is a problem there, but I would have to defer to the division engineer, General Reed. I am very much aware that there is a problem, but I have never had a chance to go there myself, or at least not recently, and I have not talked with General Reed about it. So I am not up to speed on it.

Mr. ABDNOR. Say they get ready to work on the hospital. They do not have any record of the cost of maintaining a project like this, which could be very costly.

Are you satisfied that once these projects are put in by the Corps that they are pretty substantial, and maintenance of them is not that great?

General GRAVES. Well, I do not want to say that there is no problem.

However, it is the goal of the design effort to develop methods which will be relatively economical to maintain. I do not think there is any point in putting this work in if it has to be replaced every 2 years, or something of that type. But that is part of the demonstration, to see whether we can put something in that the maintenance cost will be within the capability of local interest.

Mr. ABDNOR. I think that is a very necessary thing—that people, towns, communities, hesitate to accept this responsibility until they have some idea of what it may involve. It could bankrupt a community if it did not work out properly.

The after-construction costs of a \$1 million project could be an impossible burden for a small, local sponsor to bear.

Thank you, Mr. Chairman.

Mr. ROBERTS. We appreciate very much having you with us. I would now like to be off the record.

[Discussion off the record.]

Mr. ROBERTS. General Graves, thank you very much.

General GRAVES. Mr. Chairman, thank you very much.

Mr. ROBERTS. Our next witness is Mr. Brent Blackwelder, Environmental Policy Center.

Mr. Blackwelder, we are glad to have you again, and will ask you to proceed.

TESTIMONY OF BRENT BLACKWELDER, ENVIRONMENTAL POLICY CENTER

Mr. BLACKWELDER. Thank you.

John Burdick of the Citizens Committee on Natural Resources was planning to be here, but something prevented him from attending, and he would like his brief statement included in the record.

Mr. ROBERTS. Without objection, so ordered.

[Statement referred to follows:]

STATEMENT OF JOHN BURDICK, CITIZENS COMMITTEE ON NATURAL RESOURCES

The Citizens Committee on Natural Resources believes that it is unwise to raise the authorization ceilings for several river basins by the very large amounts provided in H.R. 5885. President Carter is attempting to reduce spending on water resources projects, and we support him in this effort. Raising the ceilings on these basin authorizations is proceeding in the opposite direction. We find compelling reasons for arguing against continued large outlays of money for alterations of rivers and streams. These reasons are environmental, economic, social priorities, jobs and social equity to name a few. Let us discuss each in turn.

Some of the projects recently examined by President Carter would have major and severe environmental consequences. The Cache River channelization in Arkansas would eliminate the largest wintering area for mallards on the North American continent. Meramec Park Dam would ruin one of the nation's most beautiful caves. The bayous Chene, Boeuf, and Black Project would slice through some of our country's finest wetlands which play a vital role in the production of fish and shellfish in the Gulf of Mexico.

Far too many projects have been justified using unwarranted assumptions and could not withstand a realistic economic analysis. For example, 47% of the Corps recreation benefits on the Meramec Park Dam would come not from fishing, boating, picnicking, and the like but from sightseeing. We believe that it is hardly sound economic practice to allow agencies to justify their projects on the ground that people will come out simply to gaze at what has been built. The General Accounting Office has on numerous occasions criticized the benefit-cost accounting of the water development agencies. In a September, 1974, report entitled "Improvements Needed in Making Benefit-Cost Analyses for Federal Water Resources Projects", the G.A.O. criticized the Corps of Engineers for not properly looking at conditions with and without the project, for underestimating costs and overstating benefits, and for failing to give proper value to the forest or farm production eliminated by the project.

Turning to the question of social priorities and jobs, we wish to point out that spending money on water resource development creates fewer jobs per dollar spent than most other federal programs. In fact, the Corps of Engineers can be viewed as an unemployment agency in the sense that if people were not taxed to pay for water projects and simply allowed to spend that money as they wished, their personal consumption expenditures would generate more jobs nationwide. Even in the construction area more jobs can be created through expenditures on mass transit or waste treatment plants. Attached are figures on this subject developed by the Center for Advanced Computation at the University of Illinois. We ask that these figures be included in the record.

One of the most serious problems we have identified with some water projects is the narrowness of the class of beneficiaries or the fact that the majority of the benefits go not to those who need help the most. Here are some examples. Seventy percent of the water supply benefits from the Lufketa Dam in Oklahoma would go to one catfish farm. Fifty percent of the benefits of the Cache River channelization in Arkansas would go to fewer than 10% of the landowners. Two oil rig manufacturers would be the beneficiaries of the Chene, Boeuf, and Black projects in Louisiana. Barges benefit from the federal expenditures for building and maintaining the nation's inland navigation system without paying any tolls or user fees. Some of our country's biggest corporations own their own barge fleets and benefit from this subsidy. We do not believe that more money should be authorized for river basins involving navigation projects unless comprehensive user charge legislation is enacted.

In conclusion, there is strong evidence that a lot of tax money is being spent on unnecessary projects, on projects which disproportionately benefit the well-to-do, and on projects which do great damage to our nation's cultural and historical heritage and natural resources. For these reasons we urge the House Public Works and Transportation Committee to exercise restraint in authorizing additional funds for the various river basins.

Mr. BLACKWELDER. Thank you.

Mr. Chairman, I am here today speaking on behalf of the Environment Policy Center, and I would just summarize, rather than read my statement.

Mr. ROBERTS. I would appreciate if you would. The full text of your prepared statement will appear at this point in the record.

[Statement referred to follows:]

STATEMENT OF DR. BRENT BLACKWELDER, WASHINGTON REPRESENTATIVE OF THE ENVIRONMENTAL POLICY CENTER

I am here today representing the Environmental Policy Center to oppose H.R. 5885 which authorizes additional new money for carrying out water resources development projects in various river basins across the country. It is our feeling that far too many water resources projects are unnecessary or represent very expensive ways of meeting water resource problems. In the course of this testimony I wish to describe a number of reasons why comprehensive oversight hearings on water projects should be held prior to any increase in basin authorizations of the size envisioned in H.R. 5885. We are particularly concerned about the large increases for the Mississippi River and tributaries, the Missouri River Basin, the Ohio River Basin, and the Red River Waterway project.

The major concern I have is that water resources projects may in a number of instances actually be counterproductive, aggravating the very problem they are designed to solve. In the area of flood control this is especially evident. The Corps argues that flood damages prevented by its structures greatly exceed the cost of building these structures. These structures, in the Corps' words, pay for themselves. While acknowledging that various Corps' projects have made significant contributions to flood control, Professor Gilbert White and the Federal Task Force on Flood Control Policy said in their 1966 report that our nation's flood damages continue to rise despite the increasing outlays for flood control structures. The problem is that such projects are justified in part on promoting future flood plain development which the project will then protect. When an extraordinary flood comes along, exceeding the capacity of the project, damages are truly catastrophic because major development has been enticed onto the flood plain in the belief that it was now safe. Far too many projects with the justification of "promoting flood plain development" would be built under the authorizations provided in this bill.

In an article entitled "The 1973 Flood and Man's Constriction of the Mississippi River" (*Science*, August 29, 1975), C. B. Belt, Jr., argues that the Corps has completely changed the flood profile of the Mississippi so that with only a moderate amount of water moving down the river, flood crests are reaching record highs. Belt concludes: "Navigation works and levees make big floods out of moderate ones". A study from the Corps' own Vicksburg District Office concludes that by attempting to cut off the river meanders on the Mississippi to benefit navigation, the Corps has actually made the navigation channel less sound. The report, entitled "Metamorphosis of a River: A Comparison of the Mississippi River Before and After Cutoffs" contains data revealing the dramatic loss of depth in the channel as a result of straightening out the bends. These two studies strongly suggest that major oversight is needed in order to ascertain whether the pouring of more and more money into the Mississippi River is causing more problems that it is solving.

A recent article in the *Louisville Courier-Journal* about the recent flooding in East Kentucky and the failure of dams to prevent major flood damage discusses the fact that dams currently in place did not stop the flooding and that such dams as Paintsville now presently under construction would not make much difference. We believe that the tragic flooding in East Kentucky raises the question of whether we need to completely rethink our whole approach to flood control.

Turning to the impact of water projects on local communities, we would like to provide this Committee with some studies which suggest that water projects can have negative impacts on the local economy and can fail to generate benefits to help the local area. Professor Garrison's article "A Case Study of the Local Economic Impact of Reserve Recreation" points out that even a heavily used reservoir like Norris Lake in Tennessee which receives 2 million visitors annually has a negligible impact on the local economy. John Ballard, local govern-

ment extension specialist at the University of Missouri, points out in his article "Federal Reservoirs and Community Effects" that reservoirs can have a damaging effect on local economies by removing land from the tax rolls. Reservoirs he studied in Illinois failed to produce the expected benefits. Professor Shanks describes the impacts of the mainstem Missouri River reservoirs on the local economy in his paper "Missouri River Development Policy and Community Development." In comparing counties surrounding the reservoirs with control counties elsewhere in the same states, Professor Shanks concludes on all the indices of economic well-being, the counties surrounding the dams and reservoirs fared no better and sometimes worse than the control counties. Given the strong evidence contained in these and other papers, we believe that the House Public Works and Transportation Committee should not proceed with additional basin authorizations at this time, but instead should conduct an examination into some of the problem areas we have raised in this testimony. Such an examination, we feel, will demonstrate the need for comprehensive overhaul of the traditional approaches to water resources problems.

Mr. BLACKWELDER. It is our position, generally, that far too much money is spent on water resource programs of the type being carried out in these basin programs. What we are suggesting is that certain projects that we have examined have been found to be not meritorious, and for that reason we believe that it is undesirable to continuously elevate the ceiling for water projects.

Right now a coalition of over 20 national conservation groups is working to reduce the spending ceiling for the water resource development budget. It is our perception that a large number of these projects, including some of those in the President's review, are not needed, are counterproductive, and aggravate some of the problems that they are supposedly designed to solve, and for these reasons we do not believe that these projects should be built. Thus we believe the ceiling for the overall program can be lowered in proportion.

That is the thrust of my statement. In my statement I cite a number of studies; for example, Professor Belt's study on "The 1973 Flood and Man's Constriction of the Mississippi River" and the aggravation of floods on the Mississippi River to record heights. I cite a recent article in the Louisville Courier Journal about flooding that has just occurred in eastern Kentucky, and the fact that flood control devices in that area did not make much difference in alleviating some of the serious problems that did occur, and I cite, finally, some studies on the local economic impact of water resource projects. Studies of the Norris Reservoir in Tennessee, studies by John Ballard on reservoirs in Illinois, and finally studies by Professor Shanks of the Missouri River mainstem reservoirs. All of these studies cast some doubt as to the desirability, from the standpoint of the local economy, of taking significant farmlands out of production and putting it under water.

I have provided the committee with copies of these reports, and I would conclude by urging the committee to pursue oversight investigations into some of the major problems that we have identified with various projects. For example, we found, in looking at the Meramec Park Dam in Missouri, that 47 percent of the Corps of Engineers' recreation benefits came from sightseeing. That is to say people not coming to boat, picnics, swim, but simply to look at what was built. Now, we do not believe that this is a legitimate type of reason to justify a large Federal expenditure. In the case of the Cache River, Arkansas, we found 50 percent of the benefits of the project would go to less than 10 percent of the landowners. In the case of a project in Louisiana,

we found that the beneficiaries would be two oil rig operators who would have their profits increased, but they would not be paying any of the cost.

It is for these reasons that we want the committee to lower the ceiling for basin development projects.

Thank you.

Mr. ROBERTS. I hate to point out, because you are a good friend, you always make a good witness, and I hate to point out a couple of rather obvious errors.

First, you refer to the Meramec Lake. It is not a part of the basin program. It is not covered by the basins, it is a separate program, and the same would apply to the Bayous Chene, Boeuf, and Black. Neither of these projects are even touched by the bill that we have now.

The Cache River project is the only one.

Mr. BLACKWELDER. Mr. Chairman, we provided those simply as illustrations of projects that we have examined, to suggest to you that this is the type of oversight we think your committee could uncover if it looked at a number of the projects covered by these basin authorizations.

Mr. ROBERTS. But the projects are not in the bill.

Mr. BLACKWELDER. I understand that.

Mr. ROBERTS. Thank you very much.

We are always glad to have you, because we have been able to work with you on a great many projects, and I expect we are going to be working with you for a long time.

The gentleman from California.

Mr. CLAUSEN. Yes.

I am always pleased to have the counterinput that you provide.

Now, I wonder if you could give me a more specific example of what projects may be counterproductive, aggravating the very problems they are designed to solve.

Could you give me a specific example of what you mean?

Mr. BLACKWELDER. Let me give you two.

For example, in the Mississippi River, Professor Belt found that constriction of the river for navigation purposes through wing dikes, which are jetty-like structures inserted into the river, and construction of levees have reduced the carrying capacity of the channel. So that in 1973, when only a moderate volume of water was moving down the river, the flood crest reached record highs. What this means is that if we really did get a big flood, a lot of water moving down the river, levees at St. Louis would be overtopped. The work on the Mississippi is creating all type record crests. That is one example.

A second example would be eastern Kentucky itself. If you look at Fishtrap Reservoir that was built, it was not filled to capacity with water during the recent flood, yet down below the community was seriously damaged by floods. Building of upstream reservoirs did not in fact protect this community from floods. Again, Paintsville Dam in Kentucky is under construction now, but it would only contribute—it would give the residents a false sense of security.

One final example is simply that far too many projects are justified on the basis of flood development enhancement, or promotion of more development on the flood plain. When I examined the projects that

this committee authorized in 1974, as part of the Water Resource Development Act, I found that considerable number of them were justified, not on the basis of protecting existing development, but on the basis of promoting future flood plain development, which the project would then protect.

The problem with that is that at certain times an all time record flood will occur, such as a Hurricane Agnes, and because development is in the flood plain, which would not have been in there except for the Federal structure, damages exceed far and away what they would have been in the absence of the structure.

Right now we have a serious situation around the country, where we are creating potential for all types catastrophe, because development is sitting right there, and it can be damaged. I can include these figures, if you would like them, Mr. Chairman, for the record.

Mr. ROBERTS. Yes, we would appreciate that, Mr. Blackwelder.

[The following was received for the record.]

TABLE 1—THE PERCENTAGE OF FLOOD CONTROL BENEFITS ALLOCATED TO PROTECTING EXISTING DEVELOPMENT AND FUTURE DEVELOPMENT FOR PROJECTS AUTHORIZED IN THE 1974 WATER RESOURCES DEVELOPMENT ACT

Project	Annual flood prevention benefits		Percent for existing	Percent for future
	Existing	Future		
Clopton Crossing Dam (Texas).....	\$394,000	\$350,000	53	47
Pearl River basin (Miss).....	1,632,000	428,000	79	21
Pascagoula River basin (Mississippi).....	721,000	259,000	74	26
Days Creek Dam (Oregon).....	2,411,000	4,816,000	33	67
Spring River (Missouri).....	55,400	25,200	69	31
Salt River basin (Kentucky).....	830,000	560,000	60	40
Arkansas River above Johns Martin Dam (Colorado):				
(a) Florence.....	184,000	103,700	64	36
(b) Fountain Lake.....	785,800	407,600	66	34
(c) Test Reach.....	82,100	41,300	67	33
(d) La Junta.....	253,000	63,600	80	20

Source: "Benefit Claims of the Water Development Agencies: The Need for Continuing Reform" by Dr. Brent Blackwelder, Environmental Policy Institute.

Mr. CLAUSEN. I have a series of questions here that I want to direct to you. Let me ask a couple of them.

Could you list for me the projects that we are taking up today, that you consider exacerbate flood plain development?

Mr. BLACKWELDER. You mean of all the projects covered today?

Mr. CLAUSEN. In this basin authorization.

Mr. BLACKWELDER. That could take some time.

Mr. CLAUSEN. And then do you have an analysis of what flood plain development would occur without these projects?

Mr. BLACKWELDER. I do not think we do have that.

The point that we have been trying to make in supporting the non-structural program is that it makes more sense through zoning regulations and flood management from preventing that development occurring in the first place, rather than building a project that entices the project on there, and then subsequently find that damages will occur to that development after the structure has been in place.

Let me make it concrete by giving you an example. Applegate Dam is Oregon would be built high in the watershed, and would control one of the tributaries of the river. The basic justification for the project

rests on future flood plain development. But most of the flooding will occur when rainstorms hit elsewhere. By getting that development in there, people will think they are protected by Applegate Dam, but floods will occur from another branch, and the Federal taxpayer will be called on to make disaster relief payments. Why not take a non-structural approach to the flood plain in the Applegate Valley?

Mr. CLAUSEN. First of all, there is a limit to what our jurisdiction can provide by way of solutions. Because as you well know, when you talk about zoning, flood plain zoning, that happens to be a local responsibility. I mean that local government has jurisdiction over zoning.

The chairman and I have, as you know, over the years, tried to keep pace with what is going on, and is as I have pointed out, this committee was out in front in addressing the question of nonstructural alternatives.

As you know, the agencies, for as far too long, in my judgement, have been confined to the limitations of just structural alternatives, and there are so many variables to deal with when trying to develop solutions is not fair to them, and I think it is misleading to many others, to go forward with the idea that we can handle everything with a structural alternative.

I think in most cases Mr. Chairman, this committee has been ahead of the executive department in addressing the need for flexibility.

Mr. ROBERTS. I agree with the gentleman, and I hope that we will get some guidelines and some suggestions for the intervention of Federal development in the flood plain.

Most of the flood plain development will be financed or subsidized by one of the Federal departments, and I hope something can be done about it.

Any questions on the right?

Yes, the gentleman from Indiana.

Mr. CORNWELL. Yes, Mr. Blackwelder, all of the examples you cite to date are concerning rare and unusual weather patterns.

While we are responsible for a number of things here in Washington, we are not responsible for predicting the weather, and therefore, you ask for a deauthorization or reduction in the authorization of moneys, and at the same time you call for stronger, more directed, focally directed oversight.

Well, I do not now understand how we can possibly get to actually the root of the problem by deauthorization of a particular project because it rained in this area, and this year it did not. I cannot understand how that could be.

Mr. BLACKWELDER. In the first place, what we are saying is that the Federal Government has the responsibility, because it could be creating situations of major catastrophe by providing something that will entice development onto a flood plain, and that remark stands, regardless of whether rain occurs, or whether it does not occur.

Now, I think the criticism—

Mr. CORNWELL. But you said you do not know what the acreage is.

I could not tell you, if you named a flood plain, how much development would go in in the absence of a Federal project. We have not made any studies on that.

I could not tell you, if you named a flood plain, how much development would be projected for it in the absence of a project.

We do know, based on the Corps of Engineers' data, how much is projected to go in and be protected if a project is built. What I am suggesting is that that is bad Federal policy, because that sets us up for a never ending series of mounting flood damages, which has historically been the case. The 1966 Task Force on Federal Flood Control Policy examined the pattern of flood damage following the enactment of the Flood Control Act of 1936, and what it found was that the projects that were built to protect existing development, but increasingly over the years, that justification shifted toward future development, development which was not presently in place. The task force found that what was happening is that while more and more money was spent on flood control, damages also showed an upward trend, and they said somehow this has got to be reversed, because we are not solving the flood problem for the nation by this approach.

Their recommendations, over a decade old, hold true today. We are still floundering around, not implementing the type of proper flood plain management that they called for.

Mr. CORNWELL. Are you familiar with the Patoka Lake project in Indiana?

Mr. BLACKWELDER. I am familiar with certain aspects of Patoka Lake.

Mr. CORNWELL. What they probably will not know, until it is built, and it starts to rain—

Mr. BLACKWELDER. My only acquaintance with Patoka is the statement made several years ago by the Corps of Engineers in response to a question about the earthquake prone nature of the soil. The corps said this is the most prone earthquake soil we have ever seen. You shake it and it becomes liquid. That is the only acquaintance I have had with that project.

Mr. CORNWELL. That problem has been corrected by the Corps of Engineers, they have gone in and filled in and made antisite action.

Mr. BLACKWELDER. That assurance does not really assuage me, because of the problem that I have noted with the Wolf Creek Dam on the Cumberland River, which was built in 1951, and now is having to be completely rehabilitated at a cost of over \$100 million, 12 times the cost of the original structure.

If you locate dams in problematical terrain, in order to keep them safe and functioning, you have to continuously pour a lot of money in them, and while you may make them initially safe, some decades down the road some new work will have to be initiated.

Mr. CORNWELL. So you do not advocate any structural construction in any seismic zone?

Mr. BLACKWELDER. Generally, where there is serious seismic problems.

Mr. CORNWELL. No flood control for western Indiana?

Mr. BLACKWELDER. No; we have said wherever there is a flood problem, there ought to be a specific recommendation to solve that problem. It is just that we disagree with some of the approaches that have been advocated by the Corps of Engineers.

Mr. CORNWELL. Thank you, Mr. Chairman.

Mr. ROBERTS. The gentleman from Mississippi.

Mr. COCHRAN. Thank you, Mr. Chairman.

You know, it is ironic, Mr. Chairman, that we are having this hearing today, in that this is the 50th anniversary of the great flood of the Mississippi River of 1927. In reference to some statements of Dr. Blackwelder, about the Mississippi River project and the levee works that are in place now, which according to quotation from a book he cites, "navigation works and levees make big floods out of moderate ones," he suggests that the 1973 flood was caused as much by the work we have done on the Mississippi River tributaries problem, as much as anything else.

I would like to disagree. In 1973, in comparison to the 1927 flood, which was such a devastating event, in the Lower Mississippi Valley, it was estimated that there was more water coming down the river than there was in 1927.

As a result of the 1927 flood, we remember that over 200 lives were lost, thousands of head of livestock, were lost, thousands of people were left homeless, and millions of dollars in property damage was done.

In Mississippi and Louisiana and Arkansas, particularly where we are situated at the end of a big funnel, where 41 percent of the Nation's drainage passes right down our western border, in 1973, because of the expenditures we had made, on the Mississippi River's tributaries project, damages in just that 1 year alone that we saved by the work that was done, in stabilizing the levee works, was over \$14 billion.

We had invested only about \$2.5 billion in the Mississippi River tributaries project up to that point. That to me is a good cost benefit ratio, and I suggest that the author of this book that you cite here, and the conclusions that you make from it, are really erroneous, and so is your suggestion that we should not have done that work, and if we had not in 1973, we would have been better off.

I do not think that \$14 billion in damages that we would have invited by neglecting to do the work that we had done, would have justified the course that you and Mr. Belt suggest.

I think with respect to the oversight, it was certainly indicated, as a matter of fact, after the 1973 flood, and the successive floods in 1974 and 1975, which were quite unusual, and the damages were quite substantial, about \$1 billion in damages during those years. We had oversight hearings that were called for Vicksburg to study the Mississippi River and tributaries project, and the progress that had been made, whether we were going in the right direction or not. As a result of this there was a very detailed report made by our Investigations and Review Subcommittee. Jim Wright chaired those hearings down there, as I recall, and we had three or four members who came there and listened to testimony for a period of 2 days.

We had all kinds of groups represented. This was an in depth attempt at oversight of the Mississippi River and tributaries project by the Investigations and Review Subcommittee, and that report is available to you, and I would commend it to you as a description of what has been done on the project, what is anticipated to be done in the future, and how we can best use the resources we have to assure

the best flood control projection in the river valley that is available to us at costs we can afford.

Just this past week, during the Easter break, I took a trip through the Mississippi Delta as a followup to the hearings that we had in 1975, meeting with levee board commissioners, people in the affected area, local officials, Corps of Engineers' types, to review the progress that had been made since the 1975 hearings.

I think that we do a job of oversight here that may be overlooked by some, and this is just one area, and one river basin project, admittedly, out of a group that we are considering today, but I did not want the record to be silent, Mr. Chairman, with respect to the failure of the Public Works and Transportation Committee to engage in oversight, because we certainly have done that, and I think it is helpful to us to review the reports of oversight hearings, and I commend that one to you.

Mr. BLACKWELDER. May I respond?

Mr. COCHRAN. Surely.

Mr. BLACKWELDER. Well, when I referred to the amount of water moving down the river, I was referring to the gages at St. Louis, which are the subject of the article I cite in my testimony. You are referring to the flows as they move past the State of Mississippi, and those are two different points. So there is not a conflict between what I said and what you said.

Mr. COCHRAN. Well, I think the conflict is that you are suggesting, or at least intimating, that we ought not to have had the levee work done in the Lower Mississippi River. Because levee works makes big floods out of little ones.

Had we not have those levees, and had they not been in the shape that they were in, the fact is we would have sustained about \$14 billion worth of damage that we did not sustain.

Mr. BLACKWELDER. I am not disputing that at all.

The point that I was making in my statement very carefully is that once you have all that development in there, every time a flood goes by that is controlled, you are going to be saving a lot of dollars. There is no way to roll the clock back. But to make the claim that the projects pay for themselves, because all this damage is saved from just one storm, neglects the fact that development that goes in behind the levees would not have gone in there to start with. So it is not an accurate measure of the economic worth simply to use the "damages prevented" argument, if you see what I am getting at.

Now, the question that I was raising here relates to some of the reports that the corps itself has done, in addition to the Belt study. I believe that certain projects, such as the channelization of the Cache River basin and the western tributaries actually aggravate the problem that you are thinking of. These send the water down upon you. Our concern is that we reconcile all these diverse different interests. How does navigation, for example, relate to flood control? If it is true that wind dikes impair the carrying capacity of the channel for floods, then it is clear that at least we have some contradiction there that we have to resolve, and to my knowledge, that has not been addressed by the committee.

Mr. COCHRAN. Well, I appreciate your testimony, and I appreciate your raising these points about oversight, and the suggestion that we ought not to have the levee works along the Lower Mississippi Valley.

I will assure you that there are about 6 million people in the Lower Mississippi River Valley who really appreciate the work that has been done in the Mississippi River tributaries project, and would readily agree that the \$2.5 million investment that we have made has saved at least \$15 billion in only one year in damages, with no loss of lives, and a minimum loss of livestock, as compared to our experience 50 years ago this week, and they would certainly applaud the work that we have done, and that those that have gone before us have done, in trying to protect this great national asset there of the Mississippi Delta, and the fertile lands that we have, which put us in a position to export food and fiber to foreign countries, help balance our payments. These results more than justify, and speak to our continuing need for maintenance of the Mississippi River and tributaries project.

Thank you, Mr. Chairman.

Mr. ROBERTS. The gentleman from Louisiana.

Mr. BREAUX. Thank you, Mr. Chairman.

Mr. Blackwelder, I am sorry I did not get to hear all of your testimony. I was informed that you touched on a project that is in Louisiana, that you did not have in your prepared statement, the planning project.

Mr. BLACKWELDER. It was in the statement of Mr. Burdick.

Mr. ROBERTS. Mr. Burdick did not appear, and I pointed out this was not covered by the river basin project at all.

Mr. BREAUX. Well, since he talked about it, I would like to cover it just a minute, Mr. Chairman.

Did he say, or someone say if a project was only effective as far as two oil rig manufacturers—

Mr. BLACKWELDER. I said that the primary beneficiaries of that project were two oil rig manufacturers.

Mr. BREAUX. It is a good thing I was not here. Because I would have come right out of my chair. Because it is a thing that I have heard printed so many times in newspapers, including the Washington Post.

Do you have any idea how many subcontractors are involved that could use that project?

Mr. BLACKWELDER. I have no doubt—in fact, I think the corps has said 80. Eighty is the figure that the corps has used.

Mr. BREAUX. The next question.

Let me ask the questions, and I will let you respond as long as you want.

How many employees are involved in a project of that nature, by use of Boeuf and Black channel?

Mr. BLACKWELDER. How do you mean?

Mr. BREAUX. How many employees?

Mr. BLACKWELDER. Of the corps, or people who lived there, and fish, and so forth?

Mr. BREAUX. Let me try again. How many people, employees, would be using the Bayous Chene, Boeuf and Black navigation channel?

The reason I am asking this, because you start out with a blank statement that it is only going to benefit two major oil contractors.

Mr. BLACKWELDER. No; two major companies.

Mr. BREAUX. There are probably two major companies in the world that are involved in making offshore drilling platforms. But that is not the total picture.

Are you saying now, 80 subcontractors? Now, how many employees are involved in completing that channel, if it were alluded to be completed?

Mr. BLACKWELDER. I do not have that figure.

Mr. BREAUX. You see, for you to stand up here and say it is going to benefit two prime companies, that is not a complete statement.

For you not to go into considering how many people are involved in the subcontracting, in the employment field, how many people are actually involved so far as their jobs are concerned in the total project, I think for you to exclude that is totally misleading.

I have never heard anybody go into detail about the total number of employees.

Mr. BLACKWELDER. Let me say we are concerned with the fact that substantial part of the employment in that area is through the commercial fisheries.

Mr. BREAUX. Who would also be using the navigation channel to get to the Gulf of Mexico.

Mr. BLACKWELDER. Who would be severely damaged if these crucial wetlands around are damaged and destroyed by the navigation channel. That is the heart of our concern there.

Mr. BREAUX. Let us talk about that, then.

If you want to talk about the problem, let us talk about it.

But for you to come up in Congress, or in the newspapers, and say it is a bad project because it is only going to benefit two major companies, is misleading, and inaccurate, and does not talk about the complete picture.

Talk about salt water intrusion, talk about some of your other concerns, but do not say it benefits two companies, because that is totally inaccurate.

Mr. BLACKWELDER. I do not see anything that has been said to contradict me—the beneficiaries remain, if it were not for these two oil rig manufacturers, then that would not be the project.

And the question, and the debate, ought to center around the question: If you want to get oil rigs around the world market, where is the best place to ship them out of?

Mr. BREAUX. Do not come up and tell this committee that. You can say to the papers, if they are gullible enough to print it, fine, but do not come to the Congress and say it is going to benefit two companies, and it is not a good project. If it is a bad environmental project, say so. If you do not like the cost-benefit ratio, lay it on the table, but do not come up and say half truths. Because I think that is what you are doing.

Mr. BLACKWELDER. I disagree with you. The project is for the benefit of the two manufacturers, and the question should center, do we want to ship them out of New Orleans, or sacrifice the wetlands.

Mr. BREAUX. When you say only two companies, how about including the 80 subcontractors, and the people employed? It tells a little more of the story, does it not?

Mr. BLACKWELDER. No, sir, I do not think it does.

Mr. BREAUX. Well, thank you, Mr. Chairman.

Mr. ROBERTS. The gentleman from Georgia.

Mr. GINN. Dr. Blackwelder, how familiar are you with the de-frocked Russell project in Georgia?

Mr. BLACKWELDER. I am familiar with that, in that I know the Clark Hill area and the Savannah River.

Mr. GINN. Do you support the President's proposal to deauthorize that?

Mr. BLACKWELDER. Yes, sir, I do.

Mr. GINN. On what basis?

Mr. BLACKWELDER. Let me enumerate several bases.

First of all, flat water recreation is superabundant, in that Clark Hill has already been built on the Savannah River. Farming land would be inundated by the project.

With respect to the energy production of the project, I would just like to point out that a recent study has been done on one hydroelectric project in the Northeast, which found that for the amount of money invested in the hydro project, if that money were instead spent on insulating attics, 43 times the amount of energy would be saved.

I think the same economics would be true with respect to the Russell Dam. We would be far better off putting Federal money into insulation, and that sort of thing, and it would be tremendously of better benefit to the consumer.

Mr. GINN. It is my understanding that the Russell project passed the three basic criteria in this review. It has a favorable cost benefit ratio. It passed environmental review, economics review, the earthquake review, and yet the President continues to have it on his hit list.

Mr. BLACKWELDER. The corps said it passed all three criteria. We disagree that it passed the environmental criteria.

As a matter of fact, 18 national public interest and conservation groups issued a report on the Russell project in February, as one of the 15 most damaging in the country. I refer to this publication here, and so we see no way that it could be acknowledged to pass an environmental test.

Mr. GINN. Well, rather than take a lot more time, Mr. Chairman, I will relinquish.

Thank you, Doctor.

Mr. ROBERTS. Thank you, Dr. Blackwelder. We appreciate having you here. We disagree with you on a lot of subjects.

Mr. BLACKWELDER. Thank you very much for the time.

Mr. ROBERTS. We are delighted to have your input, and you always make a good witness.

The Chair would like to announce that we have just had a scheduled conference with the Senate, which most of us, many members of this committee are involved in, moved up to 9:30 tomorrow morning. We had planned a 10 o'clock meeting to pass out this bill. At least to have a markup, and it is rather up to the committee what we do.

We are trying to get a full quorum. It is not necessary. If someone wants a full quorum, then we can have one.

The Chair will ask shortly after we hear the next witness what your pleasure will be, and we will work on it on that basis.

Does the gentleman from California have a recommendation?

Mr. CLAUSEN. I would say we do one of two things, we either pass the legislation on up to the full committee for disposition without any kind of prejudice, or we take action on it, and as has been cited, we can do this if someone does not make a point of order; I think the committee action on the full committee is more binding.

H.R. 6401

TO AUTHORIZE APPROPRIATIONS FOR THE ADMINISTRATION OF THE DEEPWATER PORT ACT OF 1974

Mr. ROBERTS. The second bill on which we are hearing testimony today is H.R. 6401 which authorizes additional appropriations for administration of the Deepwater Port Act of 1974. This act provides for the licensing and regulation of deepwater port facilities. These facilities accommodate the deep-draft supertankers which are used for the transport of crude oil. The 1974 act authorized appropriations for its administration of \$2½ million a year for fiscal years 1975-1977. H.R. 6401 provides authorizations for an additional 3 years. Testifying on this bill is Ernest T. Bauer, acting director, Office of Deepwater Ports, U.S. Department of Transportation. Mr. Bauer, welcome to the subcommittee. If you will, please, introduce those who are accompanying you today.

TESTIMONY OF ERNEST T. BAUER, ACTING DIRECTOR, OFFICE OF DEEPWATER PORTS, DEPARTMENT OF TRANSPORTATION; ACCOMPANIED BY DONALD T. BLISS, DEPUTY GENERAL COUNSEL; COMDR. DAVID PARTIN, U.S. COAST GUARD, SENIOR STAFF MEMBER, DEEPWATER PORTS

Mr. BAUER. Mr. Chairman, I am Ernest T. Bauer, Acting of Director of the Office of Deepwater Ports. Accompanying me are Donald T. Bliss, Deputy General Counsel, the senior staff member of the Coast Guard, Office of Deepwater Port Projects, Comdr. David Partin.

We three constitute the group from the Department of Transportation who will talk about deepwater ports.

I have a short statement which I would like to read, and then we will be glad to answer any questions.

Mr. ROBERTS. Please proceed.

Mr. BAUER. I am Ernest T. Bauer, Acting Director, Office of Deepwater Ports in the Department of Transportation. I welcome this opportunity to appear before this subcommittee today to discuss the Department's Deepwater Port program, and to express our appreciation for the committee's prompt consideration of our authorizing legislation.

The authorization for appropriations contained in the Deepwater Port Act of 1974 expires at the end of fiscal year 1977. However, the administration of the Deepwater Port Act by the Department of Transportation is a continuous, active program, and therefore we have requested extension of the current authorization beyond the current expiration date.

As we indicated in our letter transmitting the proposal to the Congress, future expenses under the act will be primarily for administrative expenses and salaries. Accordingly, we are proposing that the act be amended to provide a permanent authorization of appropriations, so that funds necessary to carry out our activities under the act will be included in those funds requested by the Department in its yearly budget request for appropriations. I might add that this approach is consistent with the usual method of funding departmental administrative activities.

Mr. Chairman, when deepwater ports become operational in this country, they will provide a superior method—from both a cost and an environmental viewpoint—for handling that portion of oil which we cannot avoid importing for some years ahead in order to meet our energy needs. The immense capacity of supertankers will reduce significantly the per barrel cost of transporting oil. Also, the use of such tankers in conjunction with deepwater ports will reduce the danger of spills and increase environmental protection, since fewer conventional tankers would be required to deliver oil to our crowded harbors.

I would now like to highlight some of the Department's activities and progress toward achieving a viable operational deepwater ports program.

As you know, the Deepwater Port Act of 1974 created a Federal plan for authorizing and regulating offshore ports designed to receive oil from vessels too large to enter conventional ports. The Act authorizes the Secretary of Transportation to license owners and operators and to issue regulations to control the location, construction, and operation of deepwater ports. The Secretary is required to take steps to protect the marine and coastal environmental protection criteria.

In carrying out the Department's responsibilities under the act, former Secretary of Transportation Coleman approved on January 17, 1977, deepwater port license applications for LOOP, Inc., and Seadock, Inc. to construct and operate deepwater ports in the Gulf of Mexico off the coasts of Louisiana and Texas, respectively.

The Department's processing of these two license applications was completed in the approximate one year time frame provided for by the statute, and involved many different aspects of the proposed ports.

Environmental impact review received a high priority during the processing of these two applications, and the Department produced, through private consultants, comprehensive environmental impact statements for both proposed ports.

We also processed requests received from the States of Florida and Mississippi for adjacent coastal State status, but the requests were ultimately denied by the Secretary as not meeting the criteria established by the Act.

Another of our activities was the review in detail of an alternative deep-draft channel proposed by the Port of Galveston which we compared to the Seadock application. In approving the Seadock application, the Secretary found, after consideration of economic, social and environmental factors, that, of the two proposals, the Seadock proposal would better serve the national interest.

The Department conducted public hearings both in Louisiana and Texas, in May 1976, as required by the act, and a final public hearing was held in September 1976 in Washington, D.C.

Antitrust reviews of both applications were carried out by Department personnel, working in close cooperation with the Department of Justice and the Federal Trade Commission. This review resulted in conditions being included in the licenses that are designed to prevent anticompetitive practices in the operation of the ports. The licenses also contain conditions to ensure environmental protection and safety.

The issuance of licenses marked the beginning of the Department's responsibility with respect to the design, construction and operating phases of the ports. The two applicants must decide by August 1, 1977, whether or not they will accept the licenses. August 1 concludes a 6-month period during which the licensees are required to keep their membership open, in satisfaction of one of the antitrust conditions of the licenses.

At present, the Department is working with both licensees to agree on a form of financial guarantee (financial guarantees to cover construction, port removal, and oilspill liability) and Owners Agreement as required by the act.

We estimate that the ports may become operational within two years of acceptance of the licenses, or by mid-1979. During design and construction of the ports, the Department will conduct an engineering review of plans and monitoring aspects of the ports to insure conformity with license conditions and the environmental impact statements.

Once the port is operational, departmental monitoring teams will observe port operations to insure conformance with environmental and antitrust license provisions, as well as occupational safety.

Teams will board the tankers calling at the ports to oversee crude oil transfer operations and will continually monitor tanker safety. Surveillance flights over the ports will monitor any oilspill pollution.

In the civil rights area, an affirmative action program drafted by the licensees will be monitored to safeguard against any discrimination in employment.

Finally, the Department must remain prepared to process additional license applications as they are received.

Mr. Chairman, this concludes my prepared statement. We will attempt to answer any questions the subcommittee may have.

Thank you.

Mr. ROBERTS. Mr. Bauer, our bill would authorize \$2.5 million a year for the next three years. Is this amount sufficient?

And I might preface that by saying that I guarantee, as long as I sit in this chair, we will not authorize you a permanent authorization.

I think I speak for the entire membership of this committee, when I speak against a permanent authorization. So if it is necessary that you have that authority, I suggest you try to get it from another committee.

Mr. Clausen?

Mr. CLAUSEN. I think the chairman makes a very good point. At a time when everyone in the country is demanding more oversight from the Congress, granting a permanent authorization vacates our authority to carry out the oversight function.

I do not know if this is your idea, or is this an administration proposal?

Mr. BAUER. This is the Administration's proposal, prepared and submitted by the Department of Transportation. But I should be quick to say that the \$2.5 million that has been proposed, would be more than adequate to carry forth this function in the Department.

Mr. CLAUSEN. Could I ask a couple more questions?

Mr. ROBERTS. Yes, sure.

Mr. CLAUSEN. Mr. Bauer, have you received any applications for deepwater ports on the west coast, and if not, do you expect to receive any?

Mr. BAUER. We have not received any applications formally from people on the west coast, but there has been considerable discussion. There is some interest in deepwater ports, since there have been great difficulties, environmentally, as I understand it, with the placement of oil terminals onshore for the receipt of Alaskan crude.

Mr. CLAUSEN. How many applications for deepwater ports licenses are under consideration?

Mr. BAUER. Just two. One from LOOP, which is offshore Louisiana, and one from Seadock, which is offshore Texas. So both are in the Gulf of Mexico.

Mr. CLAUSEN. Could you discuss for the committee what role, if any, deepwater ports will play in the movement of the Alaskan oil?

Mr. BAUER. Well, any comment at the moment in that regard would be conjecture on my part. But, question of the receipt of Alaskan crude on the west coast is not solved, it is conceivable that Alaskan crude would be carried by tanker all the way through the Panama Canal and up to the gulf, and received at the two proposed deepwater ports that I am talking about. Certainly that would apply to the excess crude oil that is not required on the west coast, and which would be required in the Midwest of the country.

Mr. CLAUSEN. Well, as you know, this may be a very serious challenge to all of us.

I happen to be on another committee, the Investigations subcommittee of Interior, which deals with the disposition of the Alaskan oil, and as we see it now, the pipeline itself, as you know, is engineered to have a capacity of 2 million gallons a day—or rather, 2 million barrels a day.

In order to minimize the waxing volume, the volume and velocity has to be about $1\frac{1}{2}$ million barrels a day.

I only bring this to the committee's attention, and your attention, that we have serious problems that are going to have to be addressed with the Alaskan oil resources.

Mr. ROBERTS. Mr. Bauer, it is my understanding that—and I am sorry, and hope I am wrong—that the Governors of Louisiana and Texas are considering delicensing, I believe they approved both these projects, LOOP and Seadock.

Now they are proposing to delicense both of these, is that correct?

Mr. BAUER. I have not heard of that, Mr. Chairman.

Mr. ROBERTS. I believe it is in Texas, and I believe it is in Louisiana.

I am wondering if there is some reason. I am going to yield to the author of the bill.

I think it is true in Texas, so I will yield to the author of the bill. The gentleman from Louisiana.

Mr. BREAUX. I thank the chairman for yielding.

At least to my knowledge, I have absolutely no knowledge in Louisiana, to the deepwater ports, as the States have ruled, anything but 100 percent go. They have had no problems with it, as far as Louisiana is concerned.

Mr. BAUER. That is my understanding also, Mr. Chairman.

I might offer this idea in response to your comment. We understand that in the State of Texas, the legislature, right at the moment, is considering a piece of legislation in case Seadock makes a formal final decision not to go forward.

Apparently the State of Texas, in that eventuality, would attempt to pick up the pieces, so to speak, and try to move forward the proposal that Seadock has advanced. But as I understand it, only if Seadock decides not to go forward, and I do not believe that we are at that point. I have heard nothing to that effect.

Mr. ROBERTS. Well, I am pleased to hear that.

Mr. BAUER. Does that answer your question, sir?

Mr. ROBERTS. Yes, thank you.

Are there further questions?

The gentleman from Arkansas.

Mr. HAMMERSCHMIDT. I just wanted to ask Mr. Bauer a question regarding his response to the gentleman from California.

In the capability of the west coast to handle Alaskan oil, you mentioned that the alternative might be for tankers to have to go through the Panama Canal, but can supertankers use the Panama Canal?

Mr. BAUER. I am sorry.

Mr. HAMMERSCHMIDT. Can supertankers use the Panama Canal?

Mr. BAUER. No, supertankers cannot use the Panama Canal.

Mr. HAMMERSCHMIDT. So really you would not get the benefit of the economies of scale, lower transportation costs per barrel.

Mr. BAUER. That is correct. But I would not expect supertankers to be employed in the Alaskan trade any way. Because of the relatively short distance between Alaska and the lower 48 States, a much smaller sized vessel would probably be employed, and that kind of vessel undoubtedly could pass through the Panama Canal.

Mr. HAMMERSCHMIDT. Well, I guess what I am asking is would installation of deepwater ports then add anything to the capability of handling oil from Alaska?

Mr. BAUER. Certainly those facilities were not intended to handle crude from Alaska, as I think you are suggesting. The facilities were designed for very large crude carriers in the magnitude of 200,000 deadweight tons up to the maximum that we know today of 500,000 deadweight tons.

Mr. HAMMERSCHMIDT. I thank you.

Mr. ROBERTS. The gentleman from Louisiana.

Mr. BREAU. I just want to make a comment for the record, that my office, and many offices in Louisiana have had occasion to work with Mr. Bauer and his staff, and I think it is important for them to know that they have done a very good job.

We have not always been in agreement with the requirements and stipulations of the license applications, but I must say the way I have seen your office run, it is very commendable, and I think you have done an outstanding job for a Federal agency to get the work done as fast

as they did, I think is a good example that Government can work when it tries.

Mr. BAUER. Thank you very much, Mr. Breaux.

Mr. ROBERTS. Mr. Ginn?

Mr. GINN. Mr. Bauer, Mr. Clausen asked you if you received any applications from the west coast. I would like to ask you if you received any from the east coast?

Mr. BAUER. No, sir; not at all.

Mr. GINN. I would like to point out that you have done a tremendous job in acting on the two applications that you have considered.

If that is the only two, what does your office have to do now? Wait to see if the Seadock and LOOP accept the license?

Mr. BAUER. That is our posture right at the moment, yes, Mr. Ginn.

Mr. GINN. How many employees are in the Office of Deepwater Ports?

Mr. BAUER. We have only nine.

Mr. GINN. Only nine?

Mr. BAUER. Yes, sir.

Mr. GINN. Let me ask you this. Say Georgia applies for a deep-water port license, and we get one, how near does a refinery have to be?

It does not have to sit in the marshes of Georgia does it? Can you not pump oil into a pipe, and take it anywhere in the country?

Mr. BAUER. Yes, that is practically what we are doing in the case of LOOP. The Louisiana Deepwater Port.

Mr. GINN. Most of that would not be defined?

Mr. BAUER. Some of the refineries served by LOOP are as far away as Ohio and Illinois.

Mr. GINN. On the basis of the two operations that you have considered, what is the average cost to LOOP and Seadock to build these facilities?

Mr. BAUER. Of course, the cost changes almost daily with the inflation rate, but we are talking about each of these facilities costing in the magnitude of three-quarters of a billion dollars, or, \$750 million.

Mr. GINN. They would be stationary?

Mr. BAUER. Oh, yes, sir.

Mr. GINN. How far off the shore would they be?

Mr. BAUER. Well, that depends on the depth of the water. Each of these projects is meant to reach water depths of 100 to 110 feet. In the case of LOOP in Louisiana, the facility would be placed 18 miles off the coast of the State of Louisiana, and in the case of Seadock, that facility will be 26 miles off the coast of the State of Texas. The difference in distance is because you have to go further out in the gulf to reach deepwater for the Texas project.

Mr. GINN. One final question, Mr. Chairman.

Have you had any expressions of interest from officials of the State of Georgia in establishing a deepwater port off the coast of Georgia?

Mr. BAUER. No, sir.

Mr. GINN. Thank you, sir.

Mr. ROBERTS. May I make one request or suggestion, Mr. Bauer?

Would you, in letter form, either through the Secretary of Transportation, or otherwise, provide us what you think is necessary for authorization, since you are down to nine people? What you would need in the next years.

Mr. BAUER. Yes, sir, I will do that.

[The following was received for the record.]

SUBMISSION FOR THE RECORD FROM MR. BAUER

An annual authorization of \$2.5 million for each of the next three fiscal years would be ample to provide for the Department's resources needed to carry out the Deepwater Port Act of 1974. This authorization would not only cover the 9 positions in the Office of the Secretary concerned with policy development and overall guidance efforts, but it would also cover 29 positions in the Coast Guard concerned with implementing activities during 1978. This amount will also accommodate 19 additional Coast Guard personnel in 1979 and thereafter to be used in connection with the monitoring of deepwater port construction.

It should be added, however, that from the overall authorization funds, we anticipate an annual recovery to the Treasury of \$825,000 from license fees and reimbursements of costs in processing applications as provided for under section 5(h) (1) of the Deepwater Port Act of 1974. However, these funds must be included as part of the authorization since they will be obligated out of the Department's appropriations.

Mr. ROBERTS. Are there other questions?

Mr. Cochran?

Mr. COCHRAN. At the time we were considering this deepwater ports legislation, our Energy Subcommittee was charged with drafting this law, there was considerable talk about Ameraport, located off the coast of Mississippi and Alabama.

Have you had any preliminary negotiations with officials of the State of Mississippi and Alabama with respect to the Ameraport?

Mr. BAUER. Mr. Cochran, the Deepwater Ports Office that I represent, was created in July of 1975, and shortly after I came on board, we had some rather extensive discussions with the representatives of Ameraport which as you say is a combination of the States of Mississippi and Alabama, but I can honestly say we have not heard very much of anything since that time.

Mr. COCHRAN. Do you know why that has apparently been put on the back burner, or has that been abandoned totally?

Mr. BAUER. No, sir; I do not believe so. We understand that they are still active, and still promoting the idea. I have nothing more to offer. Maybe they are just waiting to see whether LOOP and Seadock are going to go forward.

Mr. COCHRAN. You mention in your testimony that both Mississippi and Florida have applied for certification as adjacent coastal States, and that they did not meet the criteria established by the act.

What criteria did they not meet in the applications submitted to you?

Mr. BAUER. Well, sir, there are three criteria stipulated in the statute which must be met to be considered an adjacent coastal State. I might say parenthetically that designation as an adjacent coastal State means that the adjacent coastal State so designated would have the power of veto over the proposals.

The three criteria are that the adjacent coastal State must be connected to the deepwater port by a pipeline, must be within 15 miles of the pipeline, or must, in the judgment of the Secretary, be subject to potential environmental damage that is either equal to or greater than that of the State which is connected by pipeline.

It was under that latter criterion that both Mississippi and Florida applied and the judgment of the Secretary was that they were not subject to equal or greater damage environmentally.

Mr. COCHRAN. And they applied with respect to the deepwater port that is planned for off the coast of Louisiana?

Mr. BAUER. They applied for adjacent coastal State status with respect to both of these ports.

Mr. COCHRAN. Thank you very much.

Mr. ROBERTS. The gentleman from Indiana.

Mr. CORNWELL. Thank you, Mr. Chairman.

Can you give us some sort of a ballpark figure of what this authorization would be?

Mr. ROBERTS. I did not understand you.

Mr. CORNWELL. Can you give us some ballpark figure on what the authorization is that you are asking?

Mr. BAUER. In my statement I ask for a permanent authorization, and the chairman indicated that that was impossible. Following his question, I agreed that an extension of the current \$2.5 million authorization would be more than adequate.

Mr. CORNWELL. You say you employ nine people in the Deepwater Ports Office, Department of Transportation?

Mr. BAUER. Yes, sir.

Mr. CORNWELL. And you said that, in your statement, that all of this is going to go for administrative costs and salaries?

Mr. BAUER. Yes, sir, but we also have a fairly substantial contingent from the Coast Guard that is working with us. The Secretarial Office of Deepwater Ports is providing only oversight, general supervision, policy guidance and leadership on the antitrust review, but most of the environmental problems and technical details, and the navigational problems associated with the deepwater ports have all been handled by the Coast Guard. So part of the \$2.5 million authorization would apply to them.

Mr. CORNWELL. Is the Coast Guard receiving it in some other manner?

Mr. BAUER. I am sorry?

Mr. CORNWELL. Would not the Coast Guard receive it in some other manner?

Mr. BAUER. I cannot answer that question.

Mr. CORNWELL. Well, one other question. Because we are talking about deepwater ports, and about the transfer of oil, which is in today's language, energy, and it is a very big issue, as you are well aware, why in your opinion do you not think that Secretary Adams was not included in the policy decision making of the energy package by the President, by his administration?

Mr. BAUER. I would not be able to give you an answer on that.

Mr. CORNWELL. According to an article in the New York Times, Secretary Adams was not approached, asked to participate in the decisionmaking on the energy policy.

Mr. BAUER. Perhaps the Deputy General Counsel would care to comment on that.

Mr. BLISS. It is my understanding that he did have some opportunity to contribute his ideas to the policy, and that there were some departmental contacts at the staff level. However, this is not a matter in which we have been involved personally, and I think the question could better be addressed to the Secretary.

Mr. CORNWELL. Would you ask the former member of this body formally why he did not have all that much input when he is dealing with energy in all levels of transportation, and now something that I did not know, deepwater ports.

Tell him he can reach me any time he would like.

Mr. ROBERTS. Mr. Ertel?

Mr. ERTEL. I am curious about the comment requesting authorization for \$2.5 million.

You say you have nine people. The authorization is for administrative and overhead. Then you try to attribute it to the U.S. Coast Guard.

I do not follow that. Would you explain that in more detail?

Mr. BAUER. The deepwater port effort, Mr. Ertel, in the Department of Transportation has consumed the 9 people I mentioned a minute ago, who are authorized in the Secretary's Office of Deepwater Ports, but also the U.S. Coast Guard, where we have a contingent of people in the magnitude of 35 to 40, who are also carrying out responsibilities under this statute.

Mr. ERTEL. But who is paying those people? Is it coming out of this budget?

Mr. BAUER. I assume it is, yes, sir.

Mr. ERTEL. Well, rather than assume, is it?

Mr. BAUER. Yes, sir, it is.

Mr. ERTEL. In other words, we are paying the Coast Guard personnel out of Deepwater Ports' authorization?

Mr. BAUER. Yes, sir.

Mr. ERTEL. So, in fact, the people that are being paid out of \$2.5 million would be something like 40 people rather than 9?

Mr. BAUER. Yes, sir.

Mr. ERTEL. Thank you.

Mr. ROBERTS. I am asking for a delineation of the personnel, so I agree it is a confined question.

Are there other questions?

This committee, of course, was primarily responsible for the legislation, deepwater ports, and we appreciate what you have done. We think they are essential.

It is with regret that I learned that some of the people that we are talking about are backing down.

Now, this would not come under Deepwater Ports as such, but are you familiar with the proposed Harbor Island project?

Mr. BAUER. No, sir.

Mr. ROBERTS. It is a Corps of Engineers' project, it is a fairly minor project that would take up to \$250,000 ton tankers.

We thank you for being with us, and we are glad you are working on it. We look forward to getting the amount of money that is being expended for the Coast Guard, and I am afraid we have a duplication in our appropriation, to be sure that is all we want to eliminate, and keep you in business.

Mr. BAUER. Thank you, Mr. Chairman.

Mr. ROBERTS. We apparently do not have quorum, so that Chair would suggest that we not attempt to markup on the bill we have before us.

Without objection, we stand recessed—the 10 o'clock meeting will have to be canceled tomorrow, because we have four or five members who are involved in conference with the Senate. Sometime this week we will meet on just markup—if you have not had a chance to familiarize yourself with the basis of money, please do so.

I do not think there is any question on the bill, but I would rather wait until we have a quorum, and I do appreciate all of you being here this morning.

We will stand in recess.

[Whereupon, at 11:42 a.m., the subcommittee adjourned, subject to the call of the Chair.]





